

# TG govt takes over Hyd Metro for ₹15,000 crore

## L&TMRHL gets new board after takeover, CS to chair

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The state government on Saturday issued orders formalising the acquisition of 100 per cent equity stake in L&T Metro Rail (Hyderabad) Limited (L&TMRHL) by Hyderabad Metro Rail Limited (HMRL) at a cost of ₹15,000 crore, including debt, with April 30, 2026 set as the transaction closing date.

Following the takeover, the government has nominated a new board of directors for L&TMRHL. Chief Secretary K. Ramakrishna Rao has been appointed as chairman, while HMRL managing director Sarfaraz Ahmad will serve as managing director.

Other members on the board, who are appointed as directors are senior IAS and IPS officials, who include special chief secretary, MA&UD, Jayesh Ranjan; special chief secretary, TR&B, Vikas Raj; principal secretary, finance, Sandeep Kumar Sultania; DGP B. Shivadhar Reddy; metropolitan commissioner, HMDA, Sarfaraz Ahmad; managing director, HMWS&SB, K Ashok Reddy; CMD, TGSPDCL, Jitesh V Patil; and joint managing director, HMRL, Shivendra Pratap.

The government has also approved the allotment of shares to nominee directors and shareholders

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post-acquisition, with one share each allocated to chairman and directors and the remaining shares to HMRL. The managing director of HMRL has been directed to take further necessary action to complete the process.

The state government has issued orders approving a comprehensive framework for the takeover of Hyderabad Metro Rail Phase-I by Hyderabad Metro Rail Limited (HMRL), including financial structuring, legal safeguards and operational continuity. The government cleared the acquisition of 100 per cent equity stake in L&T Metro Rail (Hyderabad) Limited at a cost of ₹15,000 crore, while deciding that the existing interest-free loan of ₹1,900 crore, with a net present value of ₹366.92 crore as on April 30, 2026, will neither be deducted from the purchase consideration nor written off, and will continue as an outstanding liability in the company's books.

The Cabinet sub-committee recommendations were approved in full, including a decision not to seek indemnity from L&T

on GHMC property tax dues, while obtaining specific indemnities on liabilities relating to stamp duty (₹123.95 crore), labour cess (₹163.74 crore), TGSPDCL tariff issues (₹15.38 crore) and advertisement tax (₹75.12 crore). L&T will also be given specific power of attorney to represent the company in pending court cases, while change-in-law claims including viability gap funding will continue with the company for future action by the state and Central governments.

The government permitted continuation of 115 employees of the existing company for one year at an annual cost of about ₹24.3 crore to HMRL and allowed engagement of seven CXO-level officials from L&T for six months in an advisory role at L&T's cost. The managing director of HMRL has been authorised to restructure staff strength as required. The state will bear interest of ₹10.47 crore on commercial papers maturing between May 1 and June 1, 2026, and HMRL has been permitted to seek refinancing guarantee from Indian

Railway Finance Corporation (IRFC) for commercial paper liabilities of ₹3,810 crore falling due after the closing date.

To fund the takeover, the government approved an IRFC loan of ₹13,615 crore, backed by a state guarantee, letter of undertaking and RBI debit mandate, with repayment over 20 years to be serviced through metro revenues. The Principal Secretary, Finance, has been authorised to execute guarantee documents, while HMRL and the resultant state-owned entity will enter into a tripartite agreement with IRFC for refinancing. Permission has also been granted to open escrow accounts and execute agreements with L&T, IRFC and IDBI Bank as escrow agent.

Further, the government approved equity support of about ₹1,385 crore through HMDA, allowed signing of the share purchase agreement after Cabinet Sub-Committee approval for resource mobilisation, and cleared a transition services agreement to ensure uninterrupted metro operations. HMRL has also been permitted to proceed without reference to the Competition Commission of India, as the equity component is below ₹2,000 crore, and authorised to execute all necessary agreements and documents to complete the takeover.