

State govt. approves ₹13,615 cr. loan for takeover of HMR Phase-I

The Hindu Bureau
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The Telangana government has formally approved the acquisition of the 100% equity stake held by Larsen & Toubro (L&T) in L&T Metro Rail (Hyderabad) Limited (L&TMRH), paving the way for Phase-I of the Hyderabad Metro Rail (HMR), spanning 69.2 km, to become a fully State-owned entity, through an official order issued on Friday.

The government has also cleared a major debt refinancing package through the Indian Railway Finance Corporation (IRFC) to ensure the financial stability of metro operations, approving a purchase consideration of ₹15,000 crore for acquiring L&T's equity in L&TMRH.

This will be funded through an IRFC loan of ₹13,615 crore, equivalent to the outstanding debt as of April 30, 2026.

The loan will carry a repayment period of 20 years, and L&TMRH—which will become a state-owned entity post takeover—will service the debt through its operational revenues. The Telangana government will extend a guarantee for the loan and issue a Letter of Undertaking to IRFC for refinancing the existing debt.

An equity infusion of about ₹1,385 crore to HMR

through the Hyderabad Metropolitan Development Authority (HMDA) has also been approved.

Detailed proposal

The decision follows a detailed proposal submitted by the HMR Managing Director, based on the recommendations of the Cabinet Sub-Committee (CSC) that met on April 10, according to the order issued by Special Chief Secretary Jayesh Ranjan.

The ₹900-crore interest-free loan extended to L&TMRH by the previous government under a supplementary concessionaire agreement in 2022, whose net present value (NPV) is ₹366.92 crore as on April 30, 2026, will not be deducted from the purchase consideration and will continue to be reflected as an outstanding loan in the company's books.

The State government will bear the interest cost of ₹10.47 crore on commercial papers maturing between May 1 and June 1, 2026. In addition, IRFC will be requested to provide a refinancing guarantee for commercial papers worth ₹3,810 crore falling due after the transaction's closing date at the end of April. To ensure uninterrupted metro operations, the government has approved the retention of 115 L&TMRH employees for one year at HMR's cost, estimated at ₹24.3 crore annually.