



L&T Press Release

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L&T House, 2nd Floor,
Ballard Estate, Mumbai 400 001
Tel: 91 22 6752 5656 / 895
Fax: 91 22 6752 5796

L&T Metro Rail (Hyderabad) Limited achieves Financial Closure for Hyderabad Metro Rail Project

The Largest Ever Fund Tie-up in an Indian PPP Project

Hyderabad, April 05, 2011: L&T Metro Rail (Hyderabad) Limited, the SPV incorporated to implement the Hyderabad Metro Project, has achieved financial closure for the project. The financial closure has been achieved in a record time of 6 months and is the largest fund tie-up in India for a PPP (Public Private Partnership) project till date.

A consortium of banks led by State Bank of India has sanctioned the entire debt requirement of ₹11480 crore for the project. The equity component for the project, expected to be around ₹3440 crore, would be infused primarily by the L&T Group. The project will get a viability gap grant of ₹1458 crore from the Central Government through the Government of Andhra Pradesh.

A total of ten banks have participated in the funding for this prestigious project. Leading banks which will be associated with the project, in addition to State Bank of India, include Canara Bank, Indian Bank, Indian Overseas Bank, Jammu & Kashmir Bank, Punjab & Sind Bank, State Bank of Hyderabad, State Bank of Mysore, State Bank of Patiala and Syndicate Bank.

Project Background

The Hyderabad Metro Project was announced by the Government of Andhra Pradesh (GoAP) on PPP mode under the Design, Build, Finance, Operate and Transfer (DBFOT) basis and the bidding process was as per the guidelines specified by the Government of India (Ministry of Urban Development, Planning Commission and Ministry of Finance). L&T emerged the lowest bidder in the face of stiff competition (the bid winning criteria was Minimum Grant quoted by the bidder) and signed the Concession Agreement through its SPV, L&T Metro Rail (Hyderabad) Limited, with the Government of Andhra Pradesh on September 4, 2010.

L&T Metro Rail (Hyderabad) Limited has already submitted a Performance Guarantee for ₹360 crore to GoAP underlying its clear intent to execute the prestigious project in the stipulated time frame. As per the Provisions of Concession Agreement, construction will have to be completed in 5 years. The concession period for the project is 35 years (including 5 years of construction period) and is extendable by an additional 25 years.

Project Details

Hyderabad Metro Project is one of the most prestigious and the biggest PPP contract in the Metro Sector in the world involving the construction of 71.16 km of elevated metro rail in three corridors criss-crossing the city of Hyderabad. Eco-friendly elevated metro stations would be located along the route at roughly every 1 km distance with passenger access through staircases, escalators and lifts. The project will be well integrated with the existing suburban railway network (MMTS) and bus stops so as to ensure seamless and comfortable travel for passengers. Adequate parking and circulation areas adjoining the stations will be provided at 25 locations along the corridor.

This project will use state-of-the-art technology which includes the latest metro cars, signaling & communication system leading to automatic train operations. The automatic fare collection system will provide a user-friendly facility to use and share the ticketing system with the other modes of transport over a period.

The project allows the right to develop 18.5 million sq.ft. of Transit Oriented Development. Once implemented, Hyderabad will probably be the first city in India with integrated urban planning with inter modal connectivity and convenient sky-walks making seamless commuting a reality.

Project Benefits

With the ever increasing population (population increased from 4.48 million in 1991 to 6.38 million in 2001 and is currently estimated to be around 9 million in the city) and the number of registered private vehicles (22.8 lakh in 2007 which increased to 28 lakh at present showing a growth of 7% per annum), commuting is becoming increasingly unsafe and time consuming. The metro system being planned for the city can carry the same amount of traffic as 7 lanes of bus traffic or 25 lanes of private motor cars and is more reliable, comfortable and safer than road-based systems. It will reduce journey time by anything between 50% to 75%. Since this project will help in reducing carbon emitting cars and public transport buses along the metro corridor by running electric trains, it will be environmentally friendly and provide the citizens with a world class commuting experience.

The project is also expected to trigger mammoth economic activity in and around the city and provide employment to about 50,000 people including 1200 to 1500 technical professionals during construction.

Current Status of Project

Pre-construction works for the project has already commenced. Soil testing and topographical surveys have been completed in most locations along the alignment and conceptual engineering is nearing completion. Conceptual engineering is being undertaken by AECOM-Feedback Venture consortium. AECOM, the lead member of the consortium, is the industry leader in design of Mass Rapid Transit Systems and is ranked as the No. 1 design firm in 'The Top 500 Design Firms as per ENR (Engineering Review) 2010'.

The alignment of the corridors of the project is being finalised in a manner that the heritage structures of the city are least affected.

Louis Berger Consulting Pvt. Ltd., a major US-based consultancy company with wide experience in the metro rail sector, has been appointed by GoAP through Hyderabad Metro Rail Limited as the Independent Engineer for the project after a rigorous competitive bidding process. The Independent Engineer shall oversee design and execution of the project so that it meets the technical specifications, key performance indicators and safety standards as laid down by the concession agreement.

About the Developer

L&T Metro Rail (Hyderabad) Limited is a subsidiary of L&T Infrastructure Development Projects, an Infrastructure Development arm of L&T. L&T is a USD9.8 billion technology, engineering and construction company with global operations. It is one of the largest and most respected companies in the private sector, known for its project management and execution capabilities of large infrastructure projects in the domestic and international arena.

A strong customer-focused approach, the constant quest for top-class technology and quality, backed with a commitment to nation building have enabled L&T to attain and sustain a leadership position in its major lines of business over the past seven decades and become a premier institution in engineering and construction.