



16th September, 2011

Bombay Stock Exchange Limited
PJ Towers, Dalal Street,
Mumbai - 400 001.

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Ex Bandra East,
Mumbai – 400 051.

Dear Sir,

Sub: Investment in large thermal coal projects with integrated infrastructure (rail and port facilities) in the Galilee Basin, Australia

Ref: BSE Scrip Code: 532708 and NSE Scrip Code: GVKPIL

With reference to the captioned subject, this is to inform you that an Independent Sub-Committee of the Board of Directors of the Company at its meeting held on today i.e. 16th September, 2011 has unanimously approved and taken on record the following viz.,

1. GVK Power and Infrastructure Limited ("GVKPIL") to participate as an investor for the acquisition of a major coal resource and infrastructure development project in the Galilee Basin, Queensland, Australia. The investment is being made in GVK Coal Developers (Singapore) Pte Limited ("GVKCD") a step down subsidiary of GVK Natural Resources Private Limited ("GVKNRPL") a GVK Group company. The coal resource consists of a 7.9 billion tonnes compliant with Australia's Joint Ore Reserves Committee (JORC) resource categorisation with a 3.3 billion tonnes reserves in Measured + Indicated categories along with a 495 km rail line and a 60 million tonnes per annum port at Abbot Point.
2. GVKNRPL has entered into a transaction through subsidiaries (incorporated in Singapore) to acquire:
 - a. 79% shareholding in Alpha Coal Project and Alpha West Coal Project, located in the Galilee basin in Queensland. The balance 21% will be retained by Hancock Prospecting Pty Ltd. The JORC study estimates the combined resources at Alpha and Alpha West at 3.6 billion tonnes.
 - b. 100% shareholding in Kevin's Corner Coal Project, located adjacent to Alpha Coal Project. The JORC study estimates the resources to be around 4.3 billion tonnes.
 - c. 100% shareholding in the proposed rail project connecting the above coal projects to the port of Abbot Point and in the proposed port expansion project to export the coal from the aforesaid coal projects.

GVK Power & Infrastructure Ltd
Paigah House, 156-159, Sardar Patel Road
Secunderabad 500 003
Andhra Pradesh, India

T +91 40 2790 2663/64 F +91 40 2790 2665
www.gvk.com



ENERGY
AIRPORTS
TRANSPORTATION
REALTY
HOSPITALITY
LIFE SCIENCES



3. GVKPIL will initially have a 10% stake in GVKCD with an option to increase upto 49%. The balance 90% is held by GVKNRPL. The acquisition offers the following benefits to GVKPIL.
 - a) good investment opportunity with significant value upside.
 - b) option to enter into long term coal purchase contracts up to 20 Million tonnes per annum (to supply around 7,500 megawatts of power generating capacity) for securing long term fuel supplies for its subsidiary GVK Energy Limited.
 - c) option to take a lead role in the company that will own the rail and port projects, on mutually agreed terms with GVKNRPL.
4. As a part of fostering the relationship between the GVK Group and the Hancock Group, Mrs. Georgina Hope Rinehart (the Chairman of the Hancock Group) has been invited to join the board of GVKPIL as a non-executive director.
5. The cost of acquisition is around US\$ 1.26 Billion, payable in a phased manner to the Hancock Group with US\$ 500 Million payable at Closing. Of the balance amounts, US\$ 200 Million will be paid one year from Closing and US\$ 560 Million will be paid on financial close for the project (anticipated to be in 2012) but in any event, no later than 3 years from Closing.
6. The acquisition cost is proposed to be funded by loan availed by GVKCD from banks. The security for this loan comprises of the assets of the acquisition target companies and Security provided by GVKNRPL and GVKPIL. GVKNRPL will provide a guarantee to the extent of 51% of the outstanding facility amount (subject to applicable RBI Regulations) and GVKPIL would provide a Corporate Guarantee to the extent of 49% of the outstanding facility amount. GVKNRPL and GVKPIL will also execute an equity subscription agreement in connection with the facility subject to applicable RBI regulations.
7. Additionally, GVKPIL will pledge the Shares of GVK Energy Limited and GVK Transportation Limited to secure the equity requirements of the projects including debt service requirements.





In terms of clause 36 of the listing agreement, it is further informed that GVK Energy Limited, GVK Airport Developers Private Limited and GVK Transportation Private Limited, subsidiaries of GVKPIL at their respective board meetings held on today i.e. 16-09-2011 have also approved and taken on record the following;


- a) To pledge shares held by GVKPIL in one or more of these companies
- b) To open one or more bank accounts in each of these companies and to create security in favour of the lenders.
- c) To provide certain undertakings in relation to acquisition financing to be availed by GVKCD.

Further update, if any, on the subject will be intimated in due course.

This is for your information and record.

Thanks & regards,

For GVK Power & Infrastructure Limited


P V Rama Seshu
GM & Company Secretary

