

GVK POWER & INFRASTRUCTURE LIMITED

PRESS RELEASE

Hyderabad, October 07, 2008

1. GVKPIL divests its Stake in GVK Aviation Private Limited

GVK Aviation Pvt. Ltd. was a 100% subsidiary of GVK Power & Infrastructure Limited (GVKPIL) and is engaged in the business of aviation, owning & chartering of private aircrafts & helicopters. In view of recent developments world over, it has been deemed fit to focus on the core infrastructure business. Hence, it was no longer considered appropriate to retain the nominal investment of Rs. 1.99 Crores in GVK Aviation Pvt. Ltd. amounting to 100% stake, and the same has been divested at cost as on 30th September 2008. This divestment will have no impact on the Profit & Loss Account of GVKPIL.

2. Clarification on Slum Rehabilitation of MIAL

With regard to the slum rehabilitation & resettlement at MIAL, the company would like to clarify that MIAL entered into an agreement with HDIL in October 2007 whereby HDIL is required to clear 276 acres of encroached airport land by September 2011. As per the agreement, MIAL will not incur any expenditure for the slum clearance project. All the expenditure in connection with the rehabilitation & resettlement of slums will be incurred by HDIL. In consideration for clearing the slums at their cost, HDIL will be entitled to TDRs on the entire resettlement area and also 65 acres from the 276 acres of cleared land.

3. Status of Project Financing

Equity requirements for this financial year needed for the upcoming projects have already been met. For instance, Rs. 105.85 Crores has already been infused as equity into the Rs. 850 Crores SEZ Project. Likewise, Rs. 142.89 Crores and Rs.295.70 Crores have been infused as equity into Alaknanda Hydro Project & Goindwal Sahib Thermal Project respectively as on 30th September 2008.

Financial closure is being contemplated for Goindwal Sahib Pvt. Ltd., the 540 MW thermal power project in Punjab, and also for GVK Infratech Pvt. Ltd., the 3,207 acre multi-product SEZ in Tamil Nadu.

As part of the company's strategy to build a war chest for its expansion plans, a divestment of the sub-holding company GVK Energy Ltd. is being contemplated. Discussions are on with private equity entities and a decision will be taken at an appropriate time.

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