

# Report on Corporate Governance

## Guiding Scope of Corporate Governance

**Corporate governance** is the set of processes, customs, policies, laws and institutions affecting the way a corporation is directed, administered or controlled. Corporate governance also includes the relationships among the many stakeholders involved and the goals for which the corporation is governed. The principal stakeholders are the shareholders, management and the board of directors. Other stakeholders include employees, suppliers, customers, banks and other lenders, regulators, the environment and the community at large. \*

**Corporate governance** involves a set of relationships between a company's management, its board, its shareholders and other stakeholders .... also the structure through which objectives of the Company are set, and the means of attaining those objectives and monitoring performance are determined. \*\*

Fundamental objective of Corporate Governance is the enhancement of the long term shareholders' value while at the same time protecting the interests of the other stakeholders.\*\*\*

Principles of sound Corporate Governance had been etched and followed in India ages before the modern corporate was born in the World. **Kautilya**, the first recorded and renowned Economist of India, lays down the following four principles of Governance in his **Arthashastra**.

- Raksha - Protection
- Vridhi - Enhancement
- Palana - Maintenance
- Yogakshema - Safeguarding

The aforesaid four principles of Governance are at the core of the currently evolving principles of

\* Wikipedia

\*\* OECD Principles on Corporate Governance

\*\*\* SEBI Report on Corporate Governance, January 2000

modern Corporate Governance. Sound Corporate Governance mandates that investment of the shareholders be prudently protected, their wealth be systematically enhanced through entrepreneurial and productive use of the assets, their resources be managed and maintained with utmost care and caution with a fiduciary responsibility while simultaneously and uncompromisingly safeguarding the interests of all the other stakeholders, including society at large.

## 1. Company's Philosophy on Code Governance

'Attainment of the right results with right means' summarises GMR's way of corporate governance. We do not merely search the pages of legislation to lay the path of our Governance. Transcending this limited legal form and gauging into the hearts and minds of all the stakeholders gives us the substance and spirit of this 'means-to-ends process'. For us Corporate Governance is not destination, but a journey, a journey wherein we seek to perpetually improve the conscience of the well balanced interests of all the stakeholders as we walk the miles, spend the years, do more projects and spread our presence through continents to touch more and more lives. Balancing the interests of all the stakeholders is a challenge that we constantly face in this marathon.

Our seven values, which we are in the process of making the genetic code of the organisation, vibrate and resonate with the spirit of principles of governance.

- **Entrepreneurial** culture of the organisation builds value adding business and enhances shareholders' value.
- **Teamwork and Relationships** bring in the synergy of human intelligence, contributing to organisation's

well being, openness and transparency.

- **Deliver the Promise** puts in place the system of responsibility and accountability at every level.
- **Learning** not only makes organisation more agile and competitive but also enhances the employees' knowledge, competencies and net worth and thus builds his/her career with increased rewards.
- **Social Responsibility** value makes us totally responsible for legal and tax compliances, safeguards the interests of the society and nature and recognises the needs of the needy for channeling organisation's resources for their redressal and upliftment.

- **Respect for Individual** treats every shareholder, employee, vendor, customer, citizen and other stakeholder with care, sensitivity and dignity.

- **Humility**, above all, constantly keeps achievement-triggered-arrogance-tendency under ever-awakened vigil and empowers us to discharge our fiduciary duty with complete responsibility.

While we go beyond the legal provisions of Corporate Governance as explained above, the statutory compliances in this regard are set forth below.

## 2. Board of Directors

### A. Composition of the Board

As on March 31, 2008, the Board consists of fourteen Directors, including one Executive Chairman and one Managing Director. 12 Directors are Non-Executive Directors; out of them 7 are Independent Directors. All important strategic policy matters are deliberated at the Board meetings where the role of Independent Directors is crucial. The Independent Directors are all expert professionals with high credentials, who actively contribute in the deliberations of the Board.

The Board constitutes the following:

| Sl. no. | Name of Director          | Director Identification Number [DIN] | Category           | Number of other directorships held in other public limited companies # |          | Number of committee* chairmanships/ memberships held in other public limited companies as on March 31, 2008 |        |
|---------|---------------------------|--------------------------------------|--------------------|--|----------|---|--------|
|         |                           |                                      |                    | Chairman   | Director | Chairman  | Member |
| 1.      | Mr. G. M. Rao             | 00574243                             | Executive Chairman | 5  | –        | –   | –      |
| 2.      | Mr. G. B. S. Raju         | 00061686                             | MD                 | 3  | 4        | –   | 2      |
| 3.      | Mr. Srinivas Bommidala    | 00061464                             | NEPD               | 6  | 6        | –   | 4      |
| 4.      | Mr. Kiran Kumar Grandhi   | 00061669                             | NEPD               | –  | 6        | –   | –      |
| 5.      | Mr. B. V. N. Rao          | 00051167                             | NEPD               | 8  | 2        | 1   | 3      |
| 6.      | Mr. K. Balasubramanian    | 00009132                             | NEPD               | –  | 5        | 1   | 2      |
| 7.      | Mr. Arun K. Thiagarajan   | 00292757                             | NEID               | –  | 10       | 1   | 5      |
| 8.      | Mr. K.R. Ramamoorthy      | 00058467                             | NEID               | 1  | 8        | 2   | 5      |
| 9.      | Dr. Prakash G. Apte       | 00045798                             | NEID               | –  | 6        | –   | –      |
| 10.     | Mr. R.S.S.L.N. Bhaskarudu | 00058527                             | NEID               | 1  | 3        | 2   | 1      |
| 11.     | Mr. T.R. Prasad           | 00084175                             | NEID               | –  | 8        | 2   | 5      |
| 12.     | Mr. Udaya Holla           | 00245641                             | NEID               | –  | 3        | –   | –      |
| 13.     | Mr. Uday M. Chitale       | 00043268                             | NEID               | –  | 6        | 3   | 1      |
| 14.     | Mr. O. Bangaru Raju**     | 00082228                             | NED                | –  | 3        | –   | 2      |

MD - Managing Director

NEPD - Non-Executive Promoter Director

NEID - Non-Executive Independent Director

NED - Non-Executive Director

# Other companies do not include alternate directorships, directorships of private limited company, Section 25 companies and companies incorporated outside India.

\* Committee means Audit Committee and Shareholders' Transfer & Grievance Committee.

\*\* Appointed as an Additional Director with effect from October 18, 2007.

Relationships between directors inter-se.

| Sl. no. | Name of the Director    | Relationship   |
|---------|-------------------------|--|
| 1       | Mr. G. M. Rao           | Father of Mr. G. B. S. Raju and Mr. Kiran Kumar Grandhi, father-in-law of Mr. Srinivas Bommidala   |
| 2       | Mr. Srinivas Bommidala  | Son-in-law of Mr. G. M. Rao, brother-in-law of Mr. G. B. S. Raju and Mr. Kiran Kumar Grandhi       |
| 3       | Mr. G. B. S. Raju       | Son of Mr. G. M. Rao, brother of Mr. Kiran Kumar Grandhi, brother-in-law of Mr. Srinivas Bommidala |
| 4       | Mr. Kiran Kumar Grandhi | Son of Mr. G. M. Rao, brother of Mr. G.B.S Raju, brother-in-law of Mr. Srinivas Bommidala          |

**B. Board meetings:**

Eight Board Meetings were held during the financial year ended on March 31, 2008. These meetings were held on May 22, 2007, June 30, 2007, July 27, 2007, August 18, 2007, August 30,

2007, October 18, 2007, January 24, 2008 and February 28, 2008. The maximum gap between two meetings was 97 days.

**C. Directors' attendance record:**

The attendance of Directors at the Board meetings held during the financial year ended March 31, 2008 and at the previous Annual General Meeting held on August 30, 2007 was as under.

| Name of the Directors     | Board meetings during the period April 1, 2007 to March 31, 2008 |          | Whether present at the previous AGM | Whether present at the previous EGM |
|---------------------------|--|----------|-------------------------------------|-------------------------------------|
|                           | Held   | Attended |                                     |                                     |
| Mr. G. M. Rao             | 8  | 8        | Yes                                 | Yes                                 |
| Mr. Srinivas Bommidala    | 8  | 3        | Yes                                 | No                                  |
| Mr. G. B. S. Raju         | 8  | 5        | Yes                                 | No                                  |
| Mr. Kiran Kumar Grandhi   | 8  | 2        | Yes                                 | No                                  |
| Mr. B. V. N. Rao          | 8  | 6        | Yes                                 | Yes                                 |
| Mr. K. Balasubramanian    | 8  | 6        | Yes                                 | Yes                                 |
| Mr. P B Vanchi+           | 3  | 2        | NA                                  | NA                                  |
| Mr. Arun K. Thiagarajan   | 8  | 7        | Yes                                 | No                                  |
| Mr. K. R. Ramamoorthy     | 8  | 7        | Yes                                 | Yes                                 |
| Dr. Prakash G Apte        | 8  | 6        | Yes                                 | No                                  |
| Mr. R.S.S.L.N. Bhaskarudu | 8  | 7        | Yes                                 | No                                  |
| Mr. Udaya Holla           | 8  | 4        | No                                  | Yes                                 |
| Mr. Uday M. Chitale       | 8  | 8        | Yes                                 | No                                  |
| Mr. T.R. Prasad           | 8  | 8        | No                                  | Yes                                 |
| Mr. O.B. Raju*            | 3  | 1        | NA                                  | Yes                                 |

+ Ceased to be a Director with effect from July 30, 2007

\* Appointed as an Additional Director with effect from October 18, 2007

**D. Profile of Directors being appointed in the ensuing Annual General Meeting to be held on August 19, 2008**

i) **Mr. K. Balasubramanian**, 65, Director, has been on the Company's Board since 2004. He is also on the Board of few subsidiaries of the Company. Before he joined the Board, his last professional

assignment was as the Managing Director and CEO of ING Vysya Bank. He has nearly 40 years of experience in international banking and worked with four large banks in India and abroad. In his 25 years tenure with American Express Bank, he held several senior positions such as the Country Head for Korea and India as well as the Chief Credit

Officer for the Asia-Pacific region and Indian subcontinent.

He holds 51,000 equity shares of the Company as on March 31, 2008.

Details of his directorships and committee memberships are as follows:

| Sl. no. | Name of the Company (Directorship)          | Committee chairmanship /memberships   |
|---------|---|---|
| 1.      | GMR Infrastructure Limited                  | Member - Remuneration Committee, Management Committee, Debenture Allotment Committee, Treasury Committee        |
| 2.      | GMR Hyderabad International Airport Limited | Member - Audit Committee  |
| 3.      | GVL Investments Private Limited             | -   |
| 4.      | GMR Varalakshmi Foundation                  | Member - Management Committee, Steering Committee for Education, Steering Committee for Community Services Wing |
| 5.      | GMR Holdings Private Limited                | -   |
| 6.      | Easy Access Financial Services Limited      | -   |
| 7.      | D Q Entertainment Limited                   | Chairman - Audit Committee  |
| 8.      | Coromandel Fertilizers Limited              | Member - Audit Committee  |

ii) **Mr. K.R. Ramamoorthy**, 68, Director, has been on the Company's Board since September 2005. He is also on the Board of some subsidiaries of the Company. He is a very senior banker, with over four decades of commercial and banking experience in India. He served as the Chairman

and Managing Director of Corporation Bank and ING Vysya Bank. He is currently the Non-Executive Chairman of ING Vysya Bank. He has been consulting for World Bank, IFC and commercial banks in India and other developing countries. His services are also being availed by World Bank, IMF

and IFC. Presently, he is also on the Boards of several other companies as Independent Director. He holds nil equity shares of the Company as on March 31, 2008.

Details of his directorships and committee memberships are as follows:

| Sl. no. | Name of the Company (Directorship)                | Committee chairmanship /memberships  |
|---------|---|--|
| 1.      | GMR Infrastructure Limited                        | Chairman - Audit Committee, Remuneration Committee and Treasury Committee, Member - Shareholders' Transfer & Grievance Committee |
| 2.      | GMR Power Corporation Private Limited             | Member - Audit Committee   |
| 3.      | GMR Ambala Chandigarh Expressways Private Limited | Chairman - Audit Committee<br>Member - Remuneration Committee  |
| 4.      | GVL Investment Private Limited                    | -  |
| 5.      | ING Vysya Bank Limited                            | Member - Audit Committee, Corporate Governance Committee   |
| 6.      | The Clearing Corporation of India Limited         | Member - Audit Committee   |
| 7.      | Subros Limited                                    | Member - Audit Committee   |
| 8.      | Nilkamal Plastics Limited                         | Chairman - Audit Committee   |
| 9.      | Fidelity Trustee Company Private Limited          | Member - Audit Committee   |
| 10.     | Amrit Corp. Limited                               | -  |
| 11.     | Ujjivan Financial Services Private Limited        | -  |
| 12.     | Gryffon Investment Advisors Private Limited       | -  |
| 13.     | ABC Paper Limited                                 | Member - Audit Committee   |

iii) **Dr. Prakash G. Apte**, 61, Director, has been on the Company's Board since September 2005. He holds a doctorate degree in Economics from the Columbia University. He also holds a post graduate diploma in management from the Indian Institute of Management, Kolkata and B.Tech. (Mechanical Engineering) from the Indian Institute of Technology, Mumbai. He was a Director of the Indian Institute of Management, Bangalore. Currently, he is UTI Chair Professor at the Indian

Institute of Management, Bangalore. He taught Economics at the Vassar College, Poughkeepsie, the US and Columbia University. He was a consultant at Edison Electric Institute, New York and a project manager at Centron Industrial Alliance, Mumbai. He has published four books and several articles in academic journals and professional media. He has served on expert committees appointed by NSE and SEBI and is a consultant to several leading organisations in

Government, public and private sectors. He has also been a visiting faculty at the Katholieke Universiteit Leuven, Belgium. He is also on the Boards of several other companies.

He holds 15,000 equity shares of the Company as on March 31, 2008.

Details of his directorships and committee memberships are as follows:

| Sl. no. | Name of the Company (Directorship)                 | Committee chairmanship /memberships                 |
|---------|--|---|
| 1.      | GMR Infrastructure Limited                         | Member - Remuneration Committee, Treasury Committee |
| 2.      | GVL Investments Private Limited                    | -   |
| 3.      | Bharat Earth Movers Limited                        | -   |
| 4.      | UTI Asset Management Company Private Limited       | -   |
| 5.      | Power Finance Corporation of India Limited         | -   |
| 6.      | Multi Commodity Exchange of India Limited          | -   |
| 7.      | Hindustan Petroleum Corporation Limited            | -   |
| 8.      | Deposit Insurance and Credit Guarantee Corporation | -   |

iv) **Mr. R.S.S.L.N. Bhaskarudu**, 67, Director, has been on the Company's Board since September 2005. He is also on the Board of GHIAL, a subsidiary of the Company. He is a graduate Electrical Engineer from the College of Engineering, Andhra University. He has over 45 years of experience with proven track record in

management and leadership positions. He served more than twenty one years at Bharat Heavy Electricals Limited (BHEL). During his tenure in BHEL, he was involved in the development and production of turbine generator sets, including auxiliaries all over the country. He also worked for over 16 years with Maruti Udyog Limited (MUL)

from its inception. He served as the Managing Director of MUL. He also served as a Member / Chairman of the Public Enterprises Selection Board of the Government of India. He is also on the Boards of several other companies.

He holds nil equity shares of the Company as on March 31, 2008.

Details of his Directorships and Committee memberships are as follows:

| Sl. no. | Name of the Company (Directorship)          | Committee chairmanship /memberships  |
|---------|---|--|
| 1.      | GMR Infrastructure Limited                  | –  |
| 2.      | GMR Hyderabad International Airport Limited | –  |
| 3.      | Haryana Aban Power Company Limited          | –  |
| 4.      | Rashtriya Ispat Nigam Limited               | Chairman- Audit Committee & Tech. Bench Marking Committee, Member - High Power Steering Committee. |
| 5.      | Global Vectra Helicorp Limited              | Chairman - Audit Committee, Member - Investors' Grievance Committee.                               |
| 6.      | Murari Power Generation India Pvt. Ltd      | –  |

**v) Mr. O. B. Raju**, 51, has been on the board since October, 2007. He has 24 years of diverse experience in finance and infrastructure businesses and held key positions. He is a Chartered Accountant and has been associated

with GMR Group's business activities since 1991. He held various senior positions and he was the Managing Director for two road companies. Presently, he is the Managing Director of GMR Highways Private Limited, CEO- SI & CPD (Strategic

Initiatives and Central Procurement) and part of the senior leadership team.

He holds 20,000 equity shares of the Company as at March 31, 2008.

Details of his directorships and committee memberships are as follows:

| Sl. no. | Name of the Company (Directorship)                              | Committee chairmanship /memberships |
|---------|---|-------------------------------------|
| 1.      | GMR Infrastructure Limited                                      | –                                   |
| 2.      | GMR Tuni-Anakapalli Expressways Pvt. Ltd                        | Member - Audit Committee            |
| 3.      | GMR Tambaram-Tindivanam Expressways Pvt. Ltd                    | Member - Audit Committee            |
| 4.      | Delhi Aerotropolis Private Limited,                             | –                                   |
| 5.      | GMR Highways Pvt. Ltd.  | –                                   |
| 6.      | Delhi International Airport Private Limited, Alternate Director | –                                   |

#### E) Code of Conduct

As per requirement of Clause 49 of the Listing Agreement with the stock exchanges, the Board has laid down a code of conduct for all Board members, senior management personnel and designated employees of the Company. The code of conduct is posted on the website of GMR Group ([www.gmrgroup.in](http://www.gmrgroup.in)). All Board members and senior management personnel affirm compliance with the code on an annual basis, and the declaration to that effect by Mr. G. M. Rao, Executive Chairman and Mr. G. B. S. Raju, Managing Director & Group CFO, is attached to this report.

#### F) Risk management

In a dynamic industry such as infrastructure, risk is an inherent aspect of business. The risk management function therefore is integral to the Company and its objectives include ensuring that the critical risks are identified continuously, monitored and managed effectively in order to protect the Company's businesses.

A comprehensive and integrated risk management framework forms the basis of all the de-risking

efforts of the Company. The framework includes risk bulletins for various sectors of businesses. Prudential norms at limiting exposures are an integral part of this framework. Formal reporting and control mechanisms ensure timely information availability and facilitate proactive risk management. These mechanisms are designed to cascade down to the level of line managers so that the risks at the transactional level are identified and steps are taken towards mitigation in a decentralised fashion.

At the enterprise level, de-risking of the Company's business risk is sought to be achieved by a policy of undertaking diversified projects in different segments, geographies and revenue models. The Board of Directors is responsible for monitoring risk levels on various parameters and ensures implementation of mitigation measures, wherever required.

The risk management framework is designed to address what the management believes can be largely quantified and mitigated. The framework classifies these risks as follows:

**Business risks** ■ Client concentration ■ Contracts ■

Regulatory ■ Technological obsolescence - **Financial risks** ■ Interest rates ■ Foreign exchange fluctuations ■ Liquidity management - **Legal and Statutory risks** ■ Contractual liabilities ■ Statutory compliance ■ Fixed asset ■ Employee insurance - **Organisational and Management risks** ■ Leadership development ■ Human resource management ■ Process maturity ■ Internal control systems - **Political risks.**

During the year, a process was set up to inform the Board/Audit Committee members about the risk assessment and minimisation procedures. These procedures are subjected to a periodical review to ensure that the management controls the risk through means of a properly defined framework.

A detailed note on risks and concerns affecting the businesses of the Company is provided in Management Discussion and Analysis.

#### G) Subsidiary companies

The Company monitors the performance of its subsidiary companies, inter alia, by the following means:

a) The financial statements, in particular the



investments made by subsidiary companies, are reviewed by the Audit Committee of the Company periodically.

b) The minutes of the Board / Audit Committee meetings of the subsidiary companies are noted at the Board / Audit Committee Meetings respectively of the Company.

c) The details of significant transactions and arrangements entered into by the subsidiary companies are placed before the Board of the Company periodically.

### 3. Audit Committee

#### a) Constitution of Audit Committee:

i. The Audit Committee comprises the following Directors as members:

| Sl. no. | Names                   | Designation |
|---------|-------------------------|-------------|
| 1.      | Mr. K. R. Ramamoorthy   | Chairman    |
| 2.      | Mr. Arun K. Thiagarajan | Member      |
| 3.      | Mr. Udaya Holla         | Member      |
| 4.      | Mr. Uday M. Chitale     | Member      |

ii. Previous Annual General Meeting of the Company was held on August 30, 2007. Mr. K.R. Ramamoorthy, Chairman of the Audit Committee has attended the meeting.

The composition of the Audit Committee, consisting only Independent Directors', meets the requirement of Section 292A of the Companies Act, 1956, and Clause 49 of the Listing Agreement with the stock exchanges.

Mr. A. S. Cherukupalli, Company Secretary and Compliance Officer, acts as Secretary to the Audit Committee.

#### b) Meetings and attendance during the year:

During the financial year ended on March 31, 2008, four Audit Committee meetings were held on June 29, 2007, July 27, 2007, October 17, 2007 and January 23, 2008. The attendance of the Audit Committee members was as under:

| Sl. no. | Names                   | No. of meetings |          |
|---------|-------------------------|-----------------|----------|
|         |                         | Held            | Attended |
| 1       | Mr. K. R. Ramamoorthy   | 4               | 4        |
| 2       | Mr. Arun K. Thiagarajan | 4               | 3        |
| 3       | Mr. Udaya Holla         | 4               | 3        |
| 4       | Mr. Uday M. Chitale     | 4               | 4        |

A special meeting of the Committee was held on April 11, 2008 exclusively to consider the issues relating to adequacy of internal control processes, performance of Auditors, Accounting Policies etc. The Committee also spent an exclusive session to review Enterprise Risk Management Process implemented in the Company and its subsidiaries.

#### c) The terms of reference of the Audit Committee are as under:

a) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

b) Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.

c) Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:

- Any changes in accounting policies and practices.
- Major accounting entries based on exercise of judgment by the management.
- Qualifications in draft audit report.
- Significant adjustments arising out of audit.
- The going concern assumption.
- Compliance with accounting standards.
- Compliance with listing and other legal requirements concerning financial statements.
- Any related party transactions i.e. transactions of the Company of material nature, with promoters or the management, their subsidiaries or relatives, etc. that may have potential conflict with the interests of the Company at large.

d) Reviewing with the management, external and internal auditors, the adequacy of internal control systems.

e) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

f) Discussion with internal auditors any significant findings and follow-up there on.

g) Reviewing the findings of any internal

investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

h) Discussion with external auditors before the audit commences, nature and scope of audit as well as post-audit discussions to ascertain any area of concern.

i) Reviewing the Company's financial and risk management policies.

j) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

k) Reviewing, with the management, the statement of uses/ application funds raised through an issue ( public issue, right's issues, preferential issue, etc.), the statement of funds utilised for purposed other than those stated in the offer document /prospectus /notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or right issue, and making appropriate recommendation to the Board to take up steps in this matter.

### 4. Remuneration Committee

#### a) Constitution of Remuneration Committee:

The Remuneration Committee comprises the following Directors as members:

| Sl. no. | Names                  | Designation |
|---------|------------------------|-------------|
| 1       | Mr. K. R. Ramamoorthy  | Chairman    |
| 2       | Mr. G. M. Rao          | Member      |
| 3       | Mr. K. Balasubramanian | Member      |
| 4       | Dr. Prakash G. Apte    | Member      |
| 5       | Mr. Udaya Holla        | Member      |

Mr. A. S. Cherukupalli, Company Secretary and Compliance Officer, acts as Secretary to the Remuneration Committee.

#### b) Attendance during the year:

During the financial year ended on March 31, 2008, one Remuneration Committee meeting was held on January 23, 2008. Attendance of the

Remuneration Committee members was as under:

| Sl. no. | Names                  | No. of meetings attended |
|---------|------------------------|--------------------------|
| 1.      | Mr. K. R. Ramamoorthy  | 1                        |
| 2.      | Mr. G. M. Rao          | 1                        |
| 3.      | Mr. K. Balasubramanian | –                        |
| 4.      | Dr. Prakash G. Apte    | 1                        |
| 5.      | Mr. Udaya Holla        | 1                        |

**c) The terms of reference of the Remuneration Committee are as under:**

i. Meetings of the Committee shall be held whenever matters pertaining to the remuneration payable, including any revision in remuneration payable to Executive / Non-Executive Directors are to be made.

ii. Payment of remuneration shall be approved by a resolution passed by the Remuneration Committee.

iii. All information about the Directors /Managing Directors /Wholetime Directors i.e., background

details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders.

iv. The committee shall take into consideration and ensure the compliance of provisions under Schedule XIII of the Companies Act, 1956, for appointing and fixing remuneration of Managing Directors /Wholetime Directors.

v. While approving the remuneration, the committee shall take into account financial position of the Company, trend in the industry, qualification, experience and past performance of the appointee.

vi. The Committee shall be in position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and the shareholders.

vii. Following disclosures on the remuneration of Directors shall be made in the section on the Corporate Governance of the Annual Report:

■ All elements of remuneration package of all the Directors i.e. salary, benefits, bonus, stock options, pension etc.

■ Details of fixed component and performance-linked incentives, along with the performance criteria.

■ Service contracts, notice period, severance fees.

■ Stock option details, if any - and whether issued at a discount as well as the period over which accrued and over which exercisable.

**d) Remuneration policy**

Remuneration of the Executive Chairman, Managing Director or Executive Director is determined periodically by the Remuneration Committee within the permissible limits under the applicable provisions of law and as approved by shareholders. Non-Executive Directors are paid sitting fees within the limits prescribed under law.

**e) Details of remuneration paid during the financial year ended March 31, 2008 to the Directors are furnished hereunder.**

| Sl. no. | Name                      | Salary & commission (Rs.) | Perquisites (Rs.) | Sitting fees (Rs.) | Total (Rs.) | No. of shares held |
|---------|---------------------------|---------------------------|-------------------|--------------------|-------------|--------------------|
| 1.      | Mr. G. M. Rao             | 32769994                  | 668               | –                  | 32770662    | 1665               |
| 2.      | Mr. Srinivas Bommidala    | –                         | –                 | –                  | –           | 100830             |
| 3.      | Mr. G. B. S. Raju         | 19648523                  | 13874             | –                  | 19662397    | 100830             |
| 4.      | Mr. Kiran Kumar Grandhi   | –                         | –                 | –                  | –           | 100830             |
| 5.      | Mr. B. V. N. Rao          | –                         | –                 | –                  | –           | 70000              |
| 6.      | Mr. K. Balasubramanian    | –                         | –                 | –                  | –           | 51000              |
| 7.      | Mr. P. B. Vanchi +        | –                         | –                 | 20000              | 20000       | NA                 |
| 8.      | Mr. Arun K. Thiagarajan   | –                         | –                 | 200000             | 200000      | 18000              |
| 9.      | Mr. K. R. Ramamoorthy     | –                         | –                 | 300000             | 300000      | Nil                |
| 10.     | Dr. Prakash G Apte        | –                         | –                 | 150000             | 150000      | 15000              |
| 11.     | Mr. R.S.S.L.N. Bhaskarudu | –                         | –                 | 150000             | 150000      | Nil                |
| 12.     | Mr. Udaya Holla           | –                         | –                 | 180000             | 180000      | Nil                |
| 13.     | Mr. Uday M. Chitale       | –                         | –                 | 240000             | 240000      | 15000              |
| 14.     | Mr. T. R. Prasad          | –                         | –                 | 180000             | 180000      | Nil                |
| 15.     | Mr. O. Bangaru Raju*      | –                         | –                 | –                  | –           | 20000              |

+ Ceased to be a director with effect from July 30, 2007

\* Appointed as an Additional Director with effect from October 18, 2007

The Company does not have any stock option plan or performance-linked incentive for the Director(s).

## 5. Shareholders' Transfer and Grievance Committee

### a) Constitution of the committee:

The Shareholders' Transfer and Grievance Committee comprises the following Directors as members:

| Sl. no. | Names                 | Designation |
|---------|-----------------------|-------------|
| 1.      | Mr. Udaya Holla       | Chairman    |
| 2.      | Mr. K. R. Ramamoorthy | Member      |
| 3.      | Mr. G. B. S. Raju     | Member      |
| 4.      | Mr. B. V. N. Rao      | Member      |

The composition of the committee meets the requirement of Clause 49 of the Listing Agreement with the stock exchanges.

Mr. A. S. Cherukupalli, Company Secretary and Compliance Officer, acts as Secretary to the Shareholders' Transfers and Grievance Committee.

### b) Attendance of members of Shareholders'

### Transfer & Grievance Committee during the year:

During the financial year ended on March 31, 2008, Shareholders' Transfer & Grievance Committee meetings were held five times on May 22, 2007, June 30, 2007, July 27, 2007, October 17, 2007 and January 23, 2008. The attendance of the Shareholders' Transfer & Grievance Committee members is as under:

| Sl. no. | Names                 | No. of meetings Held |          |
|---------|-----------------------|----------------------|----------|
|         |                       | Held                 | Attended |
| 1       | Mr. Udaya Holla       | 5                    | 3        |
| 2       | Mr. K. R. Ramamoorthy | 5                    | 5        |
| 3       | Mr G. B. S. Raju      | 5                    | 2        |
| 4       | Mr. B. V. N. Rao      | 5                    | 4        |

### c) The terms of reference of the Shareholders' Transfer & Grievance Committee are as under:

- Allotment of all types of securities to be issued by the Company.

- Transfer, transposition and transmission of securities.
- Issuance of duplicate shares or other securities.
- Dealing with complaints about non-receipt of declared dividend, non-receipt of Annual Reports, etc.
- Investigate into other investor's complaints and take necessary steps for redressal thereof.
- To perform all functions relating to the interests of shareholders / investors of the Company as may be required by the provisions of the Companies Act, 1956, Listing Agreements with stock exchanges and guidelines issued by SEBI or any other regulatory authority.
- Authorise Company Secretary or other persons to take necessary action on the above matters.
- Appointment and fixation of remuneration of the Registrar and Share transfer Agent and Depositories and to review their performance.

The details of the complaints received during the financial year 2007-08 and the status of the same are as below:

| Sl. no. | Particulars  | No. of complaints received | No. of complaints resolved | Pending complaints |
|---------|--|----------------------------|----------------------------|--------------------|
| 1       | Non-receipt of Annual Reports  | 5                          | 5                          | Nil                |
| 2       | Non-receipt of refund orders   | 12                         | 12                         | Nil                |
| 3       | Non-receipt of electronic credit                                     | 50                         | 50                         | Nil                |
| 4       | Non-receipt of allotment/call notice                                 | 0                          | 0                          | Nil                |
| 5       | Non-receipt of stickers  | 0                          | 0                          | Nil                |
| 6       | Non-receipt of share certificates                                    | 29                         | 29                         | Nil                |
| 7       | Complaints received through SEBI (Non receipt of sub divided shares) | 2                          | 2                          | Nil                |
| 8       | Complaints through stock exchange (Non receipt of Annual Report)     | 1                          | 1                          | Nil                |
| 9       | Non-receipt of dividend warrants                                     | 10                         | 10                         | Nil                |
|         | Total  | 109                        | 109                        | -                  |

## 6. Management Committee

### a) Constitution of Management Committee:

The Management Committee comprises the following Directors as members:

| Sl. no. | Names                   | Designation |
|---------|-------------------------|-------------|
| 1.      | Mr. G. M. Rao           | Chairman    |
| 2.      | Mr. G. B. S. Raju       | Member      |
| 3.      | Mr. Srinivas Bommidala  | Member      |
| 4.      | Mr. Kiran Kumar Grandhi | Member      |
| 5.      | Mr. B.V. N. Rao         | Member      |
| 6.      | Mr. K. Balasubramanian  | Member      |
| 7.      | Mr. P.B. Vanchi+        | Member      |

+Ceased to be a Director and member of the Committee with effect from July 30, 2007

Mr. A. S. Cherukupalli, Company Secretary and Compliance Officer, acts as Secretary to the Management Committee.

### b) Attendance of members of Management Committee during the year:

During the financial year ended on March 31 2008, five Management Committee meetings were held on May 9, 2007, November 26, 2007, December 12, 2007, February 2, 2008 and March 22, 2008 and the attendance of members are as follows:

| Sl. no. | Names                   | No. of meetings Held |          |
|---------|-------------------------|----------------------|----------|
|         |                         | Held                 | Attended |
| 1.      | Mr. G. M. Rao           | 5                    | 5        |
| 2.      | Mr. Srinivas Bommidala  | 5                    | 4        |
| 3.      | Mr. G. B. S. Raju       | 5                    | 1        |
| 4.      | Mr. Kiran Kumar Grandhi | 5                    | 1        |
| 5.      | Mr. B. V. N. Rao        | 5                    | 4        |
| 6.      | Mr. K. Balasubramanian  | 5                    | 3        |
| 7.      | Mr. P.B. Vanchi +       | 1                    | 0        |

+Ceased to be a Director and member of the Committee with effect from July 30, 2007



**c) The terms of reference of the Management Committee are as under:**

Decision-making relating to operational matters like investments in new projects, financial matters, capital expenditure, purchases and contracts - non-capital (including services), sales and marketing, long-term contracts, stores, HR-related matters, establishment and administration, writing-off of assets, etc.

Decision-making relating to IPO matters like quantum of issue, issue price, appointment of lead managers and other intermediaries, registrars to the issue, bankers to the issue, listing of shares, execution of all the documents pertaining to IPO, etc.

## 7. Debentures Allotment Committee

**a) Constitution of Debenture Allotment Committee:**

The Debentures Allotment Committee comprises the following Directors as members:

| Sl. no. | Names                  | Designation |
|---------|------------------------|-------------|
| 1.      | Mr. Srinivas Bommidala | Member      |
| 2.      | Mr. G. B. S. Raju      | Member      |
| 3.      | Mr. B. V. N. Rao       | Member      |
| 4.      | Mr. K. Balasubramanian | Member      |

**b) Attendance of members of Debentures Allotment Committee during the year:**

No meeting of Debentures Allotment Committee was held during the financial year 2007-08.

**c) The terms of reference of the Debenture Allotment Committee are as under:**

Issuance and allotment of debentures on such terms and conditions as may be prescribed from time to time in this regard.

## 8. Treasury Committee

**a) Constitution of Treasury Committee:**

The Board has constituted the Treasury Committee vide resolution dated January 9, 2008 comprising the following members:

| Sl. no. | Names                  | Designation |
|---------|------------------------|-------------|
| 1.      | Mr. K. R. Ramamoorthy  | Chairman    |
| 2.      | Mr. G. B. S. Raju      | Member      |
| 3.      | Mr. K. Balasubramanian | Member      |
| 4.      | Dr. Prakash G. Apte*   | Member      |
| 5.      | Mr. A. Subba Rao       | Member      |
| 6.      | Mr. R. Ram Mohan       | Member      |

\* appointed as a member w.e.f January 24, 2008

**b) Attendance of members of Treasury Committee during the year:**

During the financial year ended on March 31 2008, two Treasury Committee meetings were held on January 11, 2008 and February 8, 2008 and the attendance of members is as under:

| Sl. no. | Names                  | No. of meetings |          |
|---------|------------------------|-----------------|----------|
|         |                        | Held            | Attended |
| 1.      | Mr. K. R. Ramamoorthy  | 2               | 2        |
| 2.      | Mr. G. B. S. Raju      | 2               | 1        |
| 3.      | Mr. K. Balasubramanian | 2               | 1        |
| 4.      | Dr. Prakash G. Apte    | 1               | 0        |
| 5.      | Mr. A. Subba Rao       | 2               | 2        |
| 6.      | Mr. R. Ram Mohan       | 2               | 1        |

**c) The terms of reference of the Treasury Committee are as follows:**

Formulate the policy for short-term deployment of funds; decide the type of instruments, manner and structure of investments or placement of funds.

## 9. General Body Meetings

**a) Annual General Meetings**

The venue, date and time of the Annual General Meetings held during the preceding three years and the Special Resolutions passed thereat are as under:

| Year    | Venue   | Date & time                  | Special resolutions passed   |
|---------|---|------------------------------|--|
| 2006-07 | NIMHANS Convention Centre,<br>Hosur Road,<br>Bangalore - 560 029      | August 30, 2007<br>10.30 a.m | 1. U/S 163 of the Companies Act, 1956, approval for keeping of register of members etc at the office of Karvy Computershare Private Limited, the Company's Registrar and Share Transfer Agent of the Company, within the city of Bangalore.<br><br>2. U/S 31 of the Companies Act, 1956, alteration of Article 82 of Articles of Association pertaining to the Powers of the Board with regard to borrowing.<br><br>3. U/S 81(1A) of the Companies Act, 1956, approval for issue of equity shares / convertible securities to any person.<br><br>4. U/S 61 of the Companies Act, 1956, approval for variation in utilisation of IPO proceeds |
| 2005-06 | Chancery Hall,<br>Taj West End Hotel,<br>M G Road, Bangalore - 560001 | August 7, 2006<br>3.30 p.m.  | Not passed any special resolution  |
| 2004-05 | 25/1, Skip House, Museum Road,<br>Bangalore - 560025                  | August 31, 2005<br>9.30 a.m. | U/S. 17 of the Companies Act, 1956, alteration of Object Clauses of Memorandum of Association.   |

## b) Extra Ordinary General Meetings

Venue, date and time of the Extra ordinary General Meetings held during the preceding 3 years and the Special Resolutions passed thereat are as under:

| Year    | Venue   | Date & time                     | Special resolutions passed  |
|---------|---|---------------------------------|---|
| 2007-08 | Dr. Ambedkar Bhavan,<br>Millers Road, Vasanth Nagar,<br>Bangalore - 560 052 | November 26, 2007<br>11.00 A.M  | U/S 81 (1A) of the Companies Act, 1965, Issue of securities through Qualified-Institutional Placements (QIPs)   |
| 2006-07 | 25/1, Skip House, Museum Road,<br>Bangalore - 560 025                       | May 20, 2006<br>11.00 A.M       | Not passed any special resolution.  |
|         | The Parliament Room, Hotel Taj Mahal,<br>Mansingh Road, New Delhi - 110 001 | April 25, 2006<br>12.00 Noon    | 1. Approval for preferential issue of equity shares to the ICICI Trusteeship Services Limited (ICICI Emerging Sectors Fund).<br>2. U/S 31 of the Companies Act, 1956, replacing new set of Articles of Association of the Company.  |
|         | 25/1, Skip House, Museum Road,<br>Bangalore - 560 025                       | April 19, 2006<br>11.00 A.M     | Approval for preferential issue of equity shares to the India Development Fund (IDF).   |
| 2005-06 | 25/1, Skip House, Museum Road,<br>Bangalore - 560 025                       | February 28, 2006<br>11.00 A.M  | 1. U/S 16, 94 of the Companies Act, 1956, Increase of authorised share capital of the Company and consequently alteration of Memorandum of Association.<br>2. U/S 81(1A) of the Companies Act, 1956, approval for issue of equity shares or convertible securities or any other securities.   |
|         | 25/1, Skip House, Museum Road,<br>Bangalore - 560 025                       | September 29, 2005<br>11.00 A.M | 1. U/S 16, 94 of the Companies Act, 1956, reclassifying preference shares to equity shares. Increase of authorised share capital of the Company and consequently alteration of Memorandum of Association.<br>2. U/S 31, of the Companies Act, 1956, alteration of Article 95 of the Articles of Association pertaining to number of directors.<br>3. Issue of Bonus shares. |

## c) Special Resolutions passed through postal ballot:

A Special Resolution was passed on August 30, 2007, by the Company's members through postal ballot, under Section 17 of the Companies Act, 1956, to amendment of Clause No. I(c) and Clause 4(a) of Clause III (A) of the Object Clause of the Memorandum of Association of the Company, enabling the Company to increase its prospects in other infrastructure projects by entering into the upcoming infrastructure projects like development, maintenance and operation of Special Economic Zones or other export promotion parks, software technology parks, electronic hardware parks, bio-technology parks and any other industrial parks and subscription or investment in equity or other types of debt instruments or other forms of financing relating to such projects.

## d) The Person who conducted the Postal Ballot exercise:

The Board had appointed Mr V Sreedharan of M/s V Sreedharan & Associates, Company Secretaries, Bangalore, as scrutinizer to conduct the postal ballot voting process, in fair and transparent manner.

## e) Procedure for postal ballot:

- Postal ballot forms were dispatched to all shareholders separately with draft resolution and explanatory statement pursuant to Section 173 (2) of the Companies Act, 1956, for obtaining the approval of the members.
- Members were requested to carefully read the instructions in the postal ballot form, record their assent or dissent therein and return the said form duly completed, in original, in the self-addressed pre-paid envelope, so as to reach the addressee not later than the close of business hours on

August 25, 2007.

After scrutinising all the ballot forms received, the scrutiniser submitted a report to the Chairman. The results of the voting conducted through postal ballot were as under:

|  |              |
|--|--------------|
| Number of valid postal ballot forms received                                   | 3,411        |
| Number of invalid postal ballot forms received                                 | 149          |
| Votes in favor of the resolution (No. of equity shares)                        | 27,11,31,773 |
| Votes against the resolution (No. of equity shares)                            | 719          |
| Percentage of the votes cast 'for' the Resolution out of the total valid votes | 99.99%       |

The Special Resolution as per the Notice dated June 30, 2007 for alteration of the Objects Clause was accordingly passed with the requisite majority. The same was announced by Chairman

to the members in the Annual General Meeting held on August 30, 2007.

## 10. Disclosures

a. Disclosures on materially significant related party transactions i.e., transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives, etc., that may have potential conflict with the interests of the Company at large.

The transactions with related parties are mentioned at page no. 130 may be verified in the Annual Report. None of the transactions with related parties were in conflict with interest of the Company.

b. Details of non-compliance by the Company, penalties, strictures imposed on the Company by the stock exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There has been no instance of non-compliance by the Company on any matter related to capital markets during the last three years; hence no penalties or strictures have been imposed by the stock exchange or SEBI or any statutory authority.

## 11. Means of communications

The Company has been sending Annual Reports, notices and other communications to each household of shareholders through post or courier modes.

The quarterly / annual results of the Company as per the statutory requirement under Clause 41 of the Listing Agreement with stock exchanges are generally published in the 'Asian Age' and 'Samyukta Karnataka' (a regional daily in Kannada language). The Company also publishes its consolidated financial statements in Economic Times, Business Line, Business Standard and Financial Express. Quarterly and Annual Financial Statements, along with segment report, are posted on the GMR Group website ([www.gmrgroup.in](http://www.gmrgroup.in)), BSE website ([www.bseindia.com](http://www.bseindia.com)) and NSE website ([www.nseindia.com](http://www.nseindia.com)). The presentations made to analysts and others are also posted on the GMR Group website. The quarterly shareholding pattern of the Company is posted on [www.corpfilings.co.in](http://www.corpfilings.co.in) and the GMR Group website ([www.gmrgroup.in](http://www.gmrgroup.in)).

## 12. Management discussion and analysis report (MDA)

MDA forms part of the Directors' Report and is given at page no may be verified of this Annual Report.

## 13. General shareholder information

a) **Date, time and venue of the 12th AGM:**  
Tuesday, August 19, 2008 at 2.30 p.m. at Jnana Jyothi Auditorium, Central College Campus, Palace Road, Bangalore - 560 001.

b) **Financial calendar:**  
The financial year is April 1 to March 31 and

financial results are proposed to be declared as per the following tentative schedule.

| Particulars  | Tentative schedule               |
|--|----------------------------------|
| Financial reporting for the quarter ending June 30, 2008                 | Second fortnight of July 2008    |
| Financial reporting for the quarter/half year ending September 30, 2008  | Second fortnight of October 2008 |
| Financial reporting for the quarter/nine months ending December 31, 2008 | Second fortnight of January 2009 |
| Financial reporting for the quarter/year ending March 31, 2009           | Second fortnight of May 2009     |
| Annual General Meeting for the year ending March 31, 2009                | August/September 2009            |

### c) Book closure date:

The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, August 12, 2008 to Tuesday, August 19, 2008 (both days inclusive) for the purpose of the 12th Annual General Meeting.

### d) Dividend payment date:

In order to conserve the funds for the improvement and expansion plans of the Company, the Board has not recommended any dividend for the financial year 2007-08.

### e) Listing on stock exchanges:

#### (i) Equity shares:

The Company's shares are listed on the following stock exchanges with effect from August 21, 2006.

| Name of the stock exchange               | Address  | Stock code |
|--|--|------------|
| National Stock Exchange of India Limited | Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 400 051. | GMRINFRA   |
| Bombay Stock Exchange Limited            | Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001                                  | 532754     |

Annual listing fees for the year 2008-09 have been paid by the Company to both the Stock Exchanges.

#### (ii) Privately placed debt instruments:

The Company's privately placed debt instruments are listed on the Bombay Stock Exchange Limited. The stock code is 934728, 934729, 934730 and 934751. Annual listing fees for the year 2008-09 have been paid by the Company.

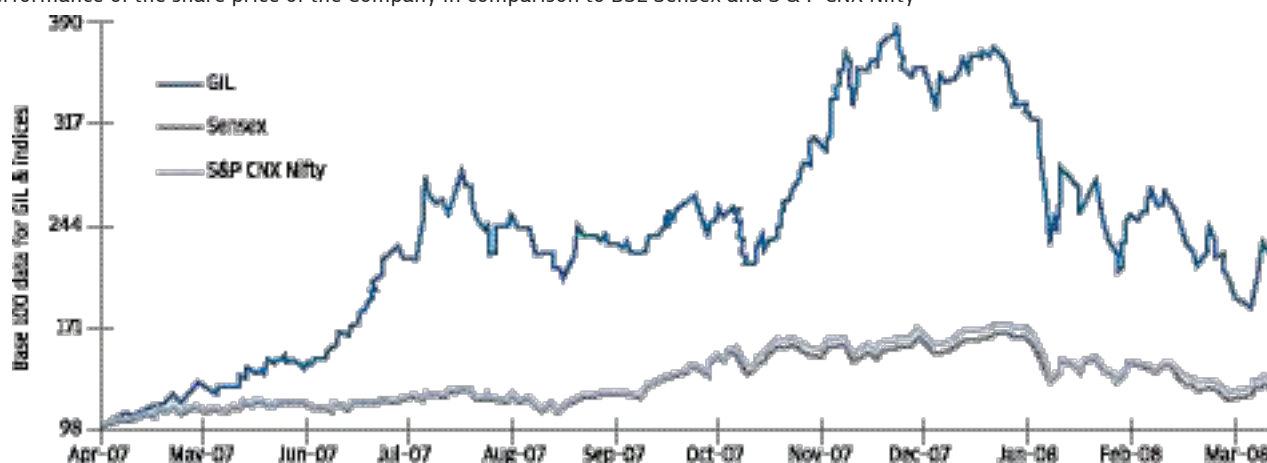
f) Stock market data relating to shares listed:

(Amount in Rs.)

| Month          | NSE     |        | BSE     |        |
|----------------|---------|--------|---------|--------|
|                | High    | Low    | High    | Low    |
| April 2007     | 426.40  | 327.00 | 428.00  | 327.15 |
| May 2007       | 515.80  | 417.00 | 516.30  | 416.00 |
| June 2007      | 754.00  | 483.50 | 753.80  | 484.15 |
| July 2007      | 1009.00 | 721.00 | 1005.00 | 729.80 |
| August 2007    | 937.30  | 669.00 | 877.25  | 670.00 |
| September 2007 | 891.00  | 169.20 | 891.80  | 169.25 |
| October 2007*  | 189.40  | 138.00 | 189.70  | 139.15 |
| November 2007  | 259.90  | 170.40 | 259.80  | 170.25 |
| December 2007  | 269.80  | 220.00 | 268.70  | 220.50 |
| January 2008   | 260.40  | 111.10 | 260.90  | 115.00 |
| February 2008  | 190.90  | 141.00 | 190.40  | 141.00 |
| March 2008     | 173.40  | 125.10 | 179.00  | 125.00 |

\*Subdivision of equity shares of Rs. 10 each into 5 equity shares of Rs. 2 each took place during FY2007-08. The record date for the subdivision was October 8, 2007.

Performance of the share price of the Company in comparison to BSE Sensex and S & P CNX Nifty



g) Registrar & Transfer Agents (RTA):

Main Office:

Karvy Computershare Private Limited

Unit: GMR Infrastructure Limited  
Plot no. 17 to 24, Vittal Rao Nagar  
Madhapur, Hyderabad - 500 081  
Telephone No. 040 - 23420819 to 24  
Fax No. 040 - 23420814  
Email ID: einward.ris@karvy.com

Branch Office:

Karvy Computershare Private Limited

No. 51/2, TKN Complex, Vani Vilas Road,  
Opp. National College, Basavanagudi,  
Bangalore 560 004  
Telephone: 080-41204350  
Fax No.: 080-26621169  
Email id: bangalore@karvy.com

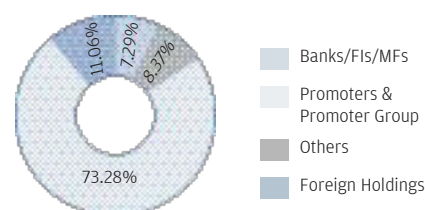
h) Share transfer procedure:

The share transfers which are received in physical form are processed and the share certificates are returned within a period of 7 days from the date of receipt, subject to the documents being valid and complete in all respects. The Board of Directors of the Company has delegated powers of approving transfers and transmission of securities to the Shareholder's Transfer & Grievance Committee. The committee has authorised each member of the committee to approve the transfer of shares up to 20000 shares per transfer deed, and Company Secretary and other specified executives of the Company to approve the transfer of shares up to 10000 shares per transfer deed. A summary of the transfer transmissions/de-materialisation request/re-materialisation requests approved by

the Committee/Executives is placed before the Committee/Board at every meeting. The Company obtains half-yearly certificates from a Company Secretary in Practice on compliance regarding share transfer formalities and submits a copy thereof to the Stock Exchanges in terms of Clause 47 (c) of the Listing Agreement.

i) Distribution of shareholding as on March 31, 2008

Distribution by category



| Sl. no. | Category                                      | No. of shareholders | Total no. of shares held | % of total shareholding |
|---------|---|---------------------|--------------------------|-------------------------|
| 1.      | Promoters - bodies corporate                  | 1                   | 1333613610               | 73.25                   |
| 2.      | Promoters individuals/ Hindu undivided family | 10                  | 622985                   | 0.03                    |
| 3.      | Foreign institutional investors               | 163                 | 187560258                | 10.30                   |
| 4.      | Resident individuals                          | 419491              | 100474186                | 5.52                    |
| 5.      | Bodies corporate                              | 3284                | 47995529                 | 2.64                    |
| 6.      | Foreign venture capital                       | 1                   | 9866825                  | 0.55                    |
| 7.      | Indian financial institutions / banks         | 50                  | 118579844                | 6.51                    |
| 8.      | Mutual funds                                  | 42                  | 14209790                 | 0.78                    |
| 9.      | Non-resident Indians                          | 3857                | 3848858                  | 0.21                    |
| 10.     | Overseas bodies corporate                     | 2                   | 17925                    | 0.00                    |
| 11.     | Clearing members                              | 559                 | 3664705                  | 0.20                    |
| 12.     | Trusts  | 17                  | 203573                   | 0.01                    |
|         | <b>Total</b>                                  | <b>427477</b>       | <b>1820658088</b>        | <b>100.00</b>           |

#### Distribution by size

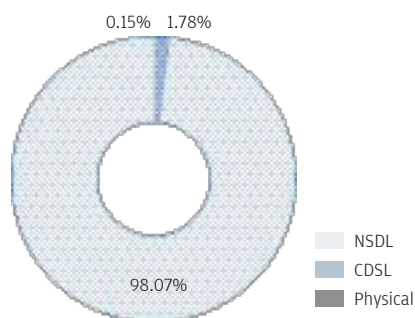
| Sl. no. | Range of equity shares held | March 31, 2008      |               |                   |               | March 31, 2007      |            |                  |               |
|---------|-----------------------------|---------------------|---------------|-------------------|---------------|---------------------|------------|------------------|---------------|
|         |                             | No. of shareholders | %             | No. of shares     | %             | No. of shareholders | %          | No. of shares    | %             |
| 1.      | 1 - 500                     | 394487              | 92.28         | 45962224          | 2.53          | 44656               | 95.63      | 4545426          | 1.37          |
| 2.      | 501 - 1000                  | 18642               | 4.36          | 14993076          | 0.82          | 933                 | 2.00       | 757919           | 0.23          |
| 3.      | 1001 - 2000                 | 8152                | 1.91          | 12722569          | 0.70          | 452                 | 0.97       | 706354           | 0.21          |
| 4.      | 2001 - 3000                 | 2257                | 0.53          | 5753290           | 0.32          | 189                 | 0.40       | 496585           | 0.15          |
| 5.      | 3001 - 4000                 | 864                 | 0.20          | 3116402           | 0.17          | 85                  | 0.18       | 313539           | 0.09          |
| 6.      | 4001 -5000                  | 816                 | 0.19          | 3896859           | 0.21          | 89                  | 0.19       | 424739           | 0.13          |
| 7.      | 5001 - 10000                | 1016                | 0.24          | 7602649           | 0.42          | 115                 | 0.25       | 886741           | 0.27          |
| 8.      | 10001 and above             | 1243                | 0.29          | 1726611019        | 94.83         | 176                 | 0.38       | 322952697        | 97.54         |
|         | <b>Total</b>                | <b>427477</b>       | <b>100.00</b> | <b>1820658088</b> | <b>100.00</b> | <b>46695</b>        | <b>100</b> | <b>331084000</b> | <b>100.00</b> |

#### j) Dematerialisation of shares and liquidity:

The Company's shares are available for dematerialisation in both the depositories, i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 99.85 per cent of shares have been dematerialised as on March 31, 2008.

ISIN: INE776C01021 (Fully Paid Shares)

INS9776C01029 (Partly Paid Shares)



| Category     | No. of shares     | % of shareholding |
|--------------|-------------------|-------------------|
| CDSL         | 32321783          | 1.78              |
| NSDL         | 1785509575        | 98.07             |
| Physical     | 2826730           | 0.15              |
| <b>Total</b> | <b>1820658088</b> | <b>100.00</b>     |



**k) Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity:**

Not Applicable

**l) Investor correspondence:**

**Registered office address**

Skip House, 25/1, Museum Road,  
Bangalore-560 025

Telephone No. +91 80 40534000

Tele fax No. +91 80 22213091

Website: www.gmrgroup.in

**Company Secretary and Compliance Officer**

**Mr. Adiseshavaram Cherukupalli**

Skip House, 25/1, Museum Road,  
Bangalore-560 025

Telephone No. +91 80 40534281

Tele Fax No. +91 80 22213091

E-mail:

adiseshavaram.cherukupalli@gmrgroup.in

**Associate Company Secretary**

**Mr. Narendra Singh**

Skip House, 25/1, Museum Road,  
Bangalore-560 025

Telephone No. +91 80 40534126

Tele Fax No. +91 80 22213091

E-mail: narendra.singh@gmrgroup.in

**m) Prevention of insider trading:**

In accordance with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 1992, the Company has instituted a comprehensive code of conduct for prohibition of insider trading in the Company's shares.

**n) Secretarial audit for reconciliation of capital:**

As stipulated by SEBI, a qualified practicing company secretary carries out the secretarial audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and paid-up capital. This audit is carried out every quarter and the report there on is submitted to the stock exchanges, NSDL and CDSL and is placed before the Shareholders Transfer and Grievance Committee of Board of Directors of the Company. The audit, inter alia, confirms that the total listed and paid-up capital of the Company is in agreement with the aggregate of the total no. of shares in dematerialised form held with NSDL and CDSL and total no. of shares in physical form.

**o) Corporate Identity Number (CIN)**

Corporate Identity Number (CIN) of the Company, allotted by the Ministry of Corporate Affairs, Government of India is L45203KA1996PLC034805.

**p) Whistle blower policy**

To maintain high level of legal, ethical and moral standards and to provide a gateway for employees to voice concern in a responsible and effective manner about serious malpractice, impropriety, abuse or wrongdoing within the organisation, the Company has formulated a whistle blower policy applicable to the Company and its subsidiaries. In terms of this policy, employees of the Company and its subsidiaries are allowed to raise concerns on issues of malpractice, impropriety, abuse or wrongdoing without fear or reprisal and to ensure

that no employee feels that he/she is at a disadvantage to raise legitimate concerns. Any unlawful activity, breach of policy/code of conduct, fraud and corruption, financial malpractice, unethical or improper conduct, abuse of power, abuse of children and vulnerable adults, etc. constitute the malpractice, impropriety, abuse and wrongdoing. The employees can raise his/her concerns to the designated ombudsperson and further action will be taken as per the procedures laid down. This mechanism has been communicated to all concerned and posted on the Group's intranet. During the year under review the company / ombudsperson did not receive any complaint and concern.

**q) Compliance certificate of the auditors**

Certificate from the Auditors of the Company, M/s. Price Waterhouse, Chartered Accountants, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed hereinafter.

**r) Adoption of non-mandatory requirements of Clause 49**

1. The Company has constituted a Remuneration Committee, Treasury Committee, Debenture Allotment Committee and Management Committee of the Board, a note on which are given elsewhere in this report.
2. The Company is in the regime of unqualified audit report financial statements.
3. Whistle blower policy is in place.

## CEO / CFO certification

To the Board of Directors,  
GMR Infrastructure Limited

We hereby certify that:

- a) We have reviewed the financial statements and the cash flow statement of the Company for the year ended March 31, 2008 and to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the auditors and the Audit Committee:
  - i) Significant changes in internal control over financial reporting during the year;
  - ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.
- e) The disclosures have been received from the senior management personnel relating to the financial and commercial transactions in which they or their relatives may have personal interest. However, none of these transactions have conflict with the interest of the Company at large.

For GMR Infrastructure Limited

Sd/-

**G. M. Rao**

Executive Chairman

For GMR Infrastructure Limited

Sd/-

**G. B. S. Raju**

Managing Director & Group CFO

Place: Bangalore  
Date : May 20, 2008

To  
The Members of GMR Infrastructure Limited

### Sub: Declaration by the CEO under Clause 49 (I) (D) (II) of the Listing Agreement

We, G. M. Rao, Executive Chairman and G. B. S. Raju, Managing Director and Group CFO of GMR Infrastructure Limited, to the best of our knowledge and belief, declare that all the members of the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of the Company for the year ended March 31, 2008.

Place: Bangalore  
Date : May 20, 2008

Sd/-  
**G. M. Rao**  
Executive Chairman

Sd/-  
**G. B. S. Raju**  
Managing Director & Group CFO

## Auditors' certificate regarding compliance of conditions of Corporate Governance

To the Members of GMR Infrastructure Limited

We have examined the compliance of conditions of Corporate Governance by GMR Infrastructure Limited ('the Company'), for the year ended March 31, 2008, as stipulated in Clause 49 of the Listing Agreements of the said Company with stock exchanges in India.

The compliance of conditions of the Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Sd/-  
**P. Rama Krishna**  
Partner  
Membership Number 22795  
For and on behalf of  
Price Waterhouse  
Chartered Accountants

Place: Bangalore  
Date : July 10, 2008