

Report on Corporate Governance

I. Company's Philosophy on Corporate Governance

The chosen vision of your Company is institution in perpetuity. We are also deeply conscious that while doing business successfully we will actively cater to building of nation and society around us. The long term interest particularly in infrastructure domain is closely woven with stakeholders

alignment. Your Company has large number of stakeholders in all spheres of business and society. It will be our endeavor to constantly promote and enhance the stakeholders legitimate interests.

While we go beyond the legal provisions of Corporate Governance, the report on statutory compliances in this regard are set forth below:

II. Board of Directors

a. Composition of the Board

The Board consists of Fourteen (14) Directors, including one Executive Chairman and one Managing Director. Twelve (12) Directors are Non-Executive Directors; out of them Seven (7) are Independent Directors. The Independent Directors are professionals with high credentials, who actively contribute in the deliberations of the Board, covering all strategic policy matters and strategic decisions.

The Board comprises of the following Directors:

Sl. No.	Name of Director	Director Identification Number [DIN]	Category@	Number of other Directorships held in other Public Limited Companies as on 31-03-2014 #		Number of committee Chairmanships / memberships held in other Public Limited Companies as on 31-03-2014 *	
				Chairman	Director	Chairman	Member
1.	Mr. G. M. Rao	00574243	Executive Chairman	5	-	-	-
2.	Mr. Grandhi Kiran Kumar	00061669	Managing Director	2	5	-	5
3.	Mr. Srinivas Bommidala	00061464	NEPD	2	6	-	4
4.	Mr. G.B.S. Raju	00061686	NEPD	1	5	-	2
5.	Mr. B.V.N. Rao	00051167	NENID	3	5	1	3
6.	Mr. O. Bangaru Raju	00082228	NENID	-	11	-	8
7.	Mr. K. V. V. Rao	01165942	NENID	-	1	-	-
8.	Mr. N. C. Sarabeswaran	00167868	NEID	-	11	4	3
9.	Dr. Prakash G. Apte	00045798	NEID	-	-	-	-
10.	Mr. R.S.S.L.N. Bhaskarudu	00058527	NEID	-	4	4	1
11.	Mr. S. Sandilya	00037542	NEID	2	2	3	2
12.	Mr. S. Rajagopal	00022609	NEID	1	10	4	5
13.	Mr. C.R. Muralidharan	02443277	NEID	-	4	1	2
14.	Mr. V. Santhana Raman	00212334	NEID	-	2	-	-

@NEPD - Non-Executive Promoter Director, NENID - Non-Executive Non-Independent Director, NEID - Non-Executive Independent Director.

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

* Committee means Audit Committee and Shareholders' Grievance Committee.

Relationships between directors inter-se

Name of the Director	Relationship
Mr. G. M. Rao	Father of Mr. G. B. S. Raju and Mr. Grandhi Kiran Kumar, Father-in-law of Mr. Srinivas Bommidala
Mr. Srinivas Bommidala	Son-in-law of Mr. G. M. Rao, Brother-in-law of Mr. G. B. S. Raju and Mr. Grandhi Kiran Kumar
Mr. G. B. S. Raju	Son of Mr. G. M. Rao, brother of Mr. Grandhi Kiran Kumar, Brother-in-law of Mr. Srinivas Bommidala
Mr. Grandhi Kiran Kumar	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 March 31, 2014. These meetings were held on May 30, 2013, July 27, 2013, August 13, 2013, September 17, 2013, November 12, 2013, January 13, 2014, January 24, 2014, and February 11, 2014. The maximum gap between two meetings was 61 days.

c. Directors' Attendance record

The attendance of Directors at the Board Meetings held during the financial year ended March 31, 2014 and at the previous Annual General Meeting (AGM) is as under:

Name of the Directors	Board Meetings during the period April 01, 2013 to March 31, 2014		Whether present at the Previous AGM held on September 17, 2013
	Held	Attended #	
Mr. G. M. Rao	8	6	Yes
Mr. Grandhi Kiran Kumar	8	7	Yes
Mr. Srinivas Bommidala	8	3	Yes
Mr. G. B. S. Raju	8	4	No
Mr. B. V. N. Rao	8	5	Yes
Mr. O. Bangaru Raju	8	7	Yes
Mr. K. V. V. Rao	8	8	Yes
Mr. K. R. Ramamoorthy*	8	3	Yes
Mr. N. C. Sarabeswaran	8	8	Yes
Dr. Prakash G. Apte	8	6	Yes
Mr. R.S.S.L.N. Bhaskarudu	8	8	Yes
Mr. S. Sandilya	8	8	Yes
Mr. S. Rajagopal	8	8	Yes
Mrs. Vijaya Mohan Ram*	8	2	NA
Mr. C.R. Muralidharan**	8	4	NA
Mr. V. Santhana Raman**	8	5	NA

#Attendance includes participation through video conference.

* Ceased to be a director with effect from September 17, 2013.

** Appointed as a director with effect from September 17, 2013.

III. Committees of the Board

1. Audit Committee

a. Composition of Audit Committee:

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

Names	Designation
Mr. N. C. Sarabeswaran	Chairman
Mr. S. Rajagopal	Member
Mr. R. S. S. L. N. Bhaskaradu	Member

ii. Previous Annual General Meeting of the Company was held on September 17, 2013. Mr. N. C. Sarabeswaran, Chairman of the Audit Committee has attended the meeting. The composition of the Audit Committee, consisting of only the Independent Directors, meets the requirements of Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. C. P. Sounderarajan, Company Secretary and Compliance Officer, acts as Secretary to the Audit Committee.

b. Meetings and attendance during the year:

During the financial year ended March 31, 2014, Seven Audit Committee meetings were held on May 29 & 30, 2013, July 27, 2013, August 12, 2013, November 11, 2013, December 02, 2013, February 10, 2014 and March 20, 2014.

The attendance of the Audit Committee members is as under:

Names	No. of the Meetings	
	Held	Attended
Mr. K. R. Ramamoorthy*	7	3
Mr. N. C. Sarabeswaran	7	7
Mr. S. Rajagopal**	7	4
Mr. R. S. S. L. N. Bhaskarudu	7	7

*Ceased to be a member with effect from September 17, 2013.

** Appointed as a member with effect from September 17, 2013.

Special meetings of the Committee were held on December 2, 2013 and March 20, 2014 exclusively to review the reports of Management Assurance Group (MAG), note the presentation by Statutory Auditors on the Companies Act, 2013, note the functioning of Whistle Blower Mechanism, review the items arising out of requirement of Clause 49 of the Listing Agreement and note the audit issues status across the business sectors.

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

- 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;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company;
- Approval of payment to statutory auditors for any other services

rendered by the statutory auditors;

- iv. Reviewing, with the management, the annual financial statements and auditors' report thereon before submission to the board for approval, with particular reference to:
 - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - (b) Changes, if any, in accounting policies and practices and reasons for the same;
 - (c) Major accounting entries involving estimates based on the exercise of judgment by management;
 - (d) Significant adjustments made in the financial statements arising out of audit findings;
 - (e) Compliance with listing and other legal requirements relating to financial statements;
 - (f) Disclosure of any related party transactions; and
 - (g) Qualifications in the draft audit report.
- v. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- vi. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- vii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- viii. Approval or any subsequent modification of transactions of the company with related parties;
- ix. Scrutiny of inter-corporate loans and investments;
- x. Valuation of undertakings or assets of the company, wherever it is necessary;
- xi. Evaluation of internal financial controls and risk management systems;
- xii. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- xiii. Reviewing the adequacy of internal audit function, if any, 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;
- xiv. Discussion with internal auditors of any significant findings and follow

up there on;

- xv. 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;
- xvi. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- xvii. 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;
- xviii. To review the functioning of the Whistle Blower mechanism;
- xix. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

2. Nomination and Remuneration Committee

a. Composition of Nomination and Remuneration Committee:

The Nomination and Remuneration Committee comprises of the following Directors as members:

Names	Designation
Mr. R. S. S. L. N. Bhaskarudu	Chairman
Mr. B.V.N. Rao	Member
Dr. Prakash G. Apte	Member
Mr. N.C. Sarabeswaran	Member

Mr. C. P. Sounderajan, Company Secretary and Compliance Officer, acts as the Secretary to the Nomination and Remuneration Committee.

b. Meetings and Attendance during the year:

During the financial year ended March 31, 2014, two meetings of the Committee were held on May 29, 2013 and July 27, 2013.

The attendance of the Nomination and Remuneration Committee members are as under:-

Names	No. of the Meetings	
	Held	Attended
Mr. K. R. Ramamoorthy*	2	2
Dr. Prakash G. Apte	2	2
Mr. R. S. S. L. N. Bhaskarudu	2	2
Mr. B.V.N. Rao	2	1
Mr. N.C. Sarabeswaran	2	2

*Ceased to be a member with effect from September 17, 2013.

c. The terms of reference of the Nomination and Remuneration Committee are as under:

- i. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance;
- ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- iii. Formulation of criteria for evaluation of Independent Directors and the Board;
- iv. Devising a policy on Board diversity;
- v. Ensuring that the Board comprises of a balanced combination of Executive Directors and Non-Executive Directors;
- vi. All information about the Directors / Managing Directors / Whole time Directors/Key Managerial Personnel i.e., background details, past remuneration, recognition or awards, job profile shall be considered and disclosed to shareholders, where required;
- vii. The Committee shall take into consideration and ensure the compliance

of provisions under Schedule V of the Companies Act, 2013 for appointing and fixing remuneration of Managing Directors / Whole time Directors;

viii. 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;

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

d. Remuneration Policy

Remuneration of the Executive Chairman, Managing Director or Executive Director is determined periodically by the Nomination and 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.

As per Group HR policy, the compensation of the employees is reviewed on an annual basis as per the Performance Management Process and Compensation policy. The company's performance review period is from 1st April to 31st March and compensation review is from 1st July each year.

e. Details of remuneration paid during the financial year ended March 31, 2014 to the Directors are furnished hereunder:

Name	Category @	Salary & Commission (₹)	Perquisites (₹)	Sitting Fees (₹)	Total (₹)	No. of shares held
Mr. G. M. Rao	Executive Chairman	66,461,468	14,952,051	-	81,413,519	17,31,330
Mr. Grandhi Kiran Kumar	Managing Director	19,110,538	5,684,384	-	24,794,922	8,72,160
Mr. Srinivas Bommidala	NEPD	-	-	-	-	4,51,660
Mr. G. B. S. Raju	NEPD	-	-	-	-	5,44,160
Mr. B. V. N. Rao	NENID	-	-	-	-	1,50,000
Mr. O. Bangaru Raju	NENID	-	-	-	-	55,000
Mr. K. V. V. Rao	NENID	-	-	-	-	1,82,700
Mr. K. R. Ramamoorthy*	NEID	-	-	1,60,000	1,60,000	Nil
Mr. N. C. Sarabeswaran	NEID	-	-	3,30,000	3,30,000	20,000
Dr. Prakash G Apte	NEID	-	-	1,50,000	1,50,000	30,000
Mr. R.S.S.L.N. Bhaskarudu	NEID	-	-	3,50,000	3,50,000	Nil
Mr. S. Sandilya	NEID	-	-	1,60,000	1,60,000	5,000
Mr. S. Rajagopal	NEID	-	-	2,40,000	2,40,000	22,000
Mrs. Vijaya Mohan Ram*	NEID	-	-	40,000	40,000	5,000
Mr. C.R. Muralidharan	NEID	-	-	80,000	80,000	Nil
Mr. V. Santhana Raman	NEID	-	-	1,00,000	1,00,000	Nil

@NEPD - Non-Executive Promoter Director, NENID - Non-Executive Non-Independent Director, NEID - Non-Executive Independent Director

* Ceased to be a director with effect from September 17, 2013.

Note: The remuneration paid to Executive Chairman and Managing Director does not include provision for gratuity, superannuation and premium for personal accident policy, as the same are determined for the company as a whole.

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

3. Stakeholders Relationship Committee*

a. Composition of the Committee:

The Stakeholders Relationship Committee comprises of the following Directors as members:

Names	Designation
Mr. R.S.S.L.N. Bhaskarudu	Chairman
Mr. B.V.N. Rao	Member
Mr. G.B.S. Raju	Member
Mr. K.V.V. Rao	Member

* Shareholders' Transfer and Grievance Committee was renamed as Stakeholders Relationship Committee by the Board at its Meeting held on May 29, 2014.

The composition of the Committee meets the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges.

Mr. C. P. Sounderajan, Company Secretary and Compliance Officer, acts as Secretary to the Stakeholders Relationship Committee.

b. Meetings and Attendance during the year:

During the financial year ended March 31, 2014, four meetings were held on May 30, 2013, August 12, 2013, November 12, 2013 and February 11, 2014. The attendance of the Stakeholders Relationship Committee members is as under:

Names	No. of the Meetings	
	Held	Attended
Mr. K. R. Ramamoorthy*	4	2
Mr. R.S.S.L.N.Bhaskarudu**	4	2
Mr. B. V. N. Rao	4	2
Mr. G.B.S. Raju	4	2
Mr. K.V.V. Rao**	4	2

* Ceased to be a member with effect from September 17, 2013.

** Appointed as member with effect from September 17, 2013.

c. The terms of reference of the Stakeholders Relationship 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 security holders/ other investor's complaints and take necessary steps for redressal thereof;
- To perform all functions relating to the interests of shareholders / security holders/ investors of the Company as may be required by the provisions of the Companies Act, 2013, Listing Agreements with the Stock Exchanges and guidelines issued by the SEBI or any other regulatory authority;

vii. Authorise Company Secretary or other persons to take necessary action;

viii. 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 2013-14 and the status of the same are as under:

Nature of Complaints	No. of Complaints Received	No. of Complaints Resolved	Pending Complaints
Non-Receipt of Dividend Warrants	118	118	0
Non-Receipt of Share Certificates	11	11	0
SEBI Complaints (SCORES)	3	3	0
Non-Receipt of Refund Order	5	5	0
Non-Receipt of Annual Reports	86	86	0
Total	223	223	0

4. Management Committee

a. Composition of Management Committee:

The Management Committee comprises of the following Directors as members:

Names	Designation
Mr. G.M. Rao	Chairman
Mr. Grandhi Kiran Kumar	Member
Mr. Srinivas Bommidala	Member
Mr. G.B.S. Raju	Member
Mr. B.V.N. Rao	Member

Mr. C. P. Sounderajan, Company Secretary and Compliance Officer, acts as Secretary to the Management Committee.

b. Meetings and Attendance during the year:

During the financial year ended March 31, 2014, thirteen meetings of the Management Committee were held on April 12, 2013, May 18, 2013, June 27, 2013, July 22, 2013, September 5, 2013, October 9, 2013, December 17, 2013, January 22, 2014, February 6, 2014, February 27, 2014, March 19, 2014, March 21, 2014 and March 26, 2014.

The attendance of members is as under:

Names	No. of the Meetings	
	Held	Attended
Mr. G.M. Rao	13	9
Mr. Grandhi Kiran Kumar	13	6
Mr. Srinivas Bommidala	13	5
Mr. G.B.S. Raju	13	4
Mr. B.V.N. Rao	13	10

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

- i. Decision-making relating to operational matters such as investments in new projects, financial matters, borrowings, 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.
- ii. Decision-making relating to private placements/QIP/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.

The Board of Directors from time to time delegates specific powers to the Management Committee.

5. Debentures Allotment Committee

a. Composition of Debentures Allotment Committee:

The Debentures Allotment Committee comprises of the following Directors as members:

Names	Designation
Mr. B.V. N. Rao	Member
Mr. Srinivas Bommidala	Member
Mr. G.B.S. Raju	Member

Mr. C. P.Souderarajan, Company Secretary and Compliance Officer, acts as Secretary to the Debentures Allotment Committee.

b. Meetings and Attendance during the year:

No Meeting of Debenture allotment Committee was held during the financial year ended March 31, 2014.

c. The terms of reference of the Debentures 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.

6. Corporate Governance Committee

a. Composition of Corporate Governance Committee:

The Corporate Governance Committee comprises of the following Directors as members:

Names	Designation
Mr. N. C. Sarabeswaran	Chairman
Dr. Prakash G Apte	Member
Mr. R. S. S. L. N. Bhaskarudu	Member

Mr. C. P.Souderarajan, Company Secretary and Compliance Officer, acts as Secretary to the Corporate Governance Committee.

b. Meetings and Attendance during the year:

During the financial year ended March 31, 2014, one meeting of Corporate Governance Committee was held on December 2, 2013 and the attendance of members is as under:

Names	No. of the Meetings	
	Held	Attended
Mr. N. C. Sarabeswaran	1	1
Dr. Prakash G Apte	1	1
Mr. R. S. S. L. N. Bhaskarudu	1	1

c. The terms of reference of the Corporate Governance Committee are as follows:

- i. To review and recommend best Corporate Governance practices including Board processes, disclosure practices, policy on ethics / code of conduct etc.;
- ii. To continuously review and reinforce the Corporate Governance practices within the Company;
- iii. To lay down process for induction of directors after due diligence;
- iv. Any other matter as the Committee may deem appropriate after approval of the Board of Directors or as may be directed by the Board of Directors from time to time.

7. Corporate Social Responsibility (CSR) Committee

The CSR Committee comprises of the following Directors as members:

Names	Designation
Mr. R. S. S. L. N. Bhaskarudu	Chairman
Mr. B. V. N. Rao	Member
Mr. O. Bangaru Raju	Member

Mr. C. P. Souderarajan, Company Secretary and Compliance Officer, acts as Secretary to the CSR Committee.

The terms of reference of the CSR Committee are as follows:

1. Preparation of Corporate Social Responsibility Policy for the Company and to recommend to the Board for its approval;
2. Recommendation of projects or programmes relating to activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013;
3. To recommend on CSR activities to be undertaken by the Company on its own or in collaboration with any registered trust / society or a company established under Section 25 of the Companies Act, 1956 or under Section 8 of the Companies Act, 2013;
4. To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the Company or trust/society /company mentioned in point no.3;
5. To report periodically on the CSR activities of the Company to the Board and in the Board's report;
6. To seek expert advice on CSR activities of the Company that may be appropriate to discharge its responsibilities; and
7. To take up any other roles and responsibilities delegated by the Board from time to time.

CSR Committee was constituted by the Board at its meeting held on May 29, 2014, hence there was no meeting held during the financial year ended March 31, 2014.

IV. Code of Conduct

As per the requirement of Clause 49 of the Listing Agreement with the Stock Exchanges, the Board has laid down a Code of Conduct (“the Code”) for all Board members and Senior Management Personnel of the Company. The Code is posted on the website of GMR Group (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. Grandhi Kiran Kumar, Managing Director, is attached to this report.

A Code of business conduct and ethics applicable to all the employees of the Group has been communicated and affirmed by them on an annual basis, which are to be followed in day to day work life which will enable the employees to maintain highest standards of values in their conduct to achieve organizational objectives.

The Company recognizes that sexual harassment violates fundamental rights of gender equality, right to life and liberty and right to work with human dignity as guaranteed by the Constitution of India. To meet this objective, measures have been taken to eliminate and to take necessary penal action for any act of sexual harassment, which includes unwelcome sexually determined behaviour. The Company has taken initiatives to create wide awareness amongst the employees about the policy for prevention of sexual harassment by displaying posters at all the prominent places in the Offices of the Company.

V. 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 a Whistle Blower Policy in place, applicable to the Company and its subsidiaries.

This mechanism has been communicated to all concerned and posted on the Group’s intranet.

The Group has set up an “Ethics Helpline”, with a toll free number and entrusted the running of the said helpline to an outside agency so as to address issues relating to protecting the confidentiality of the information and identity of the whistle blower.

VI. Risk Management

Risk is an inherent aspect of business, especially in a dynamic industry such as infrastructure. The Company’s Enterprise Risk Management philosophy is

to integrate the process for managing risk across the organization and throughout its business and lifecycle to enable protection of stakeholder value and ensure an institution in perpetuity.

Company’s risk management framework is in line with the current best practices. The framework clearly defines the applicability, risk management organization structure, coverage, processes and linkages. The framework is being implemented with the development of risk registers at the enterprise, sector and key business unit levels. Identified risk owners are responsible for treatment of top risks at the business unit, sector and enterprise levels. The process of decentralizing risk management is in progress by setting up sector specific risk management teams and embedding risk in the day to day functioning of the businesses.

At the Bid / Opportunity stage, a formal screening framework is firmly in place and both the qualitative as well as quantitative risks are analyzed through financial models, contractual risk review in detail to ensure proactive evaluation of projects and assets and aid risk based decisions making.

The ERM inputs have been considered by Sectors / Businesses during formulation of their Strategy / Annual Operating Plan. Similarly, clearly defined linkages with the internal audit function (Management Assurance Group) ensure consideration of risk inputs during preparation of the annual audit plan. Regular risk newsletters and circulation of current risk related news items to relevant people/ top leadership team ensures propagation of a risk aware culture throughout the organization.

The Company has also strengthened its processes to build resilience to deal with eventualities through Business Continuity Planning (BCP) and Disaster Recovery Planning (DRP) exercise for its key locations, assets and projects. Besides, a Physical Risk Benchmarking exercise is being initiated to assess the current state of readiness of operating plants to deal with physical risks.

The Board of Directors of the Company and its subsidiaries are regularly informed on the status of key risks, risk assessment and treatment procedures in place thus ensuring the effectiveness of the oversight mechanism. 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.

VII. 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
2012-13	Convention Centre, NIMHANS, Hosur Road, Bangalore - 560 029	September 17, 2013 at 2.30 p.m.	1. Reappointment of Mr. G. M. Rao as Executive Chairman and fixing his remuneration 2. Appointment of Mr. Grandhi Kiran Kumar as Managing Director and fixing his remuneration
2011-12	Convention Centre, NIMHANS, Hosur Road, Bangalore - 560 029	September 11, 2012 at 2.30 p.m.	1. Appointment of Mr. B. V. N. Rao as Managing Director 2. Issue of securities for an aggregate amount not exceeding ₹ 2500 Crore
2010-11	Convention Centre, NIMHANS, Hosur Road, Bangalore - 560 029	September 2, 2011 at 2.30 p.m.	No Special Resolution was passed.

b. Extraordinary General Meetings

No Extraordinary General Meetings (EGMs) were held during the preceding three years except the year ended March 31, 2014. The venue, date and time of the EGM and the Special Resolutions passed thereat are as under:

Year	Venue	Date & Time	Special Resolutions passed
2013-14	Convention Centre, NIMHANS, Hosur Road, Bangalore - 560 029	March 20, 2014 at 11.00 a.m.	1. Preferential allotment of Compulsorily Convertible Preference Shares (CCPS) 2. Issue of Securities up to ₹ 2,500 Crore or equivalent thereof

c. Special Resolutions passed through postal ballot:

No special resolution was passed during the last year through postal ballot.

VIII. Disclosures

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

The transactions with related parties are mentioned at page no. 151, may be verified in the Annual Report. None of the transactions with related parties were in conflict with the interests of the Company at large.

- b. Details of non-compliance by the Company, penalties and 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 Exchanges or SEBI or any statutory authority.

IX. Subsidiary Companies

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

- The financial statements, in particular the investments made by subsidiary companies, are reviewed by the Audit Committee of the Company periodically;
- The minutes of the Board / Audit Committee Meetings of the subsidiary companies are noted at the Board / Audit Committee Meetings of the Company respectively;
- The details of significant transactions and arrangements entered into by the material subsidiary companies are placed periodically before the Board of the Company.

X. Means of Communication

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

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 'Business Line' and 'Samyukta Karnataka' (a regional daily in Kannada language). Quarterly and Annual Financial Statements, along with segment report and Quarterly shareholding pattern are posted on the GMR Group website (www.gmrgroup.in), BSE website (www.bseindia.com) and NSE website (www.nseindia.com). The presentations made to analysts and others are also posted on the GMR Group website. The shareholding pattern, Reconciliation of Share Capital Audit Report and Corporate Governance disclosures as per the Listing Agreement are filed electronically through Corporate Filing and Dissemination System (CFDS), NSE Electronic Application Processing System (NEAPS), BSE Corporate Compliance & Listing Centre (BSE Listing Centre) and investor complaints are redressed through SEBI Complaints Redress System (SCORES).

XI. General Shareholder Information

a. Date, time and venue of the 18th AGM:

Thursday, September 18, 2014 at 3.00 p.m. at MLR Convention Centre, Brigade Millennium, 7th Phase, J. P. Nagar, Bangalore - 560 078.

b. Financial Calendar:

The Financial year is 1st April to 31st March 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, 2014	First fortnight of August 2014
Financial reporting for the quarter / half year ending September 30, 2014	First fortnight of November 2014
Financial reporting for the quarter / nine months ending December 31, 2014	First fortnight of February 2015
Financial reporting for the quarter / year ending March 31, 2015	Second fortnight of May 2015
Annual General Meeting for the year ending March 31, 2015	August / September 2015

c. Book Closure Date:

The Register of Members and Share Transfer Books of the Company will be closed from Thursday, September 11, 2014 to Thursday, September 18, 2014 (both days inclusive) for the purpose of the 18th Annual General Meeting.

d. Dividend Payment Date:

The dividend, if declared, shall be paid/ credited after September 18, 2014.

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
BSE Limited	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	532754

The Company had paid Annual listing fees for the year 2014-15 to both the Stock Exchanges.

(ii) Privately placed Debt instruments:

The Company's privately placed debentures allotted in FY 2009-10 are listed

on the National Stock Exchange of India Limited and were partially redeemed. The face value of these Unsecured Non-Convertible Debentures (NCDs) was reduced to ₹ 3.5 lakh from ₹ 7 lakh for each debenture. The Stock code of these NCDs is GMRI15.

During 2011-12 and 2012-13, 10000 Secured Non-Convertible Debentures of ₹ 10 lakh each aggregating to ₹ 1,000 Crore were issued to ICICI Bank Limited on a private placement basis, in various tranches. Secured Non-Convertible Debentures were listed on the National Stock Exchange of India Limited and were partially redeemed. The face value of secured Non-Convertible Debentures were reduced to ₹ 9.75 lakh from ₹ 9.875 lakh for each debenture. The Stock code of Secured Non-Convertible Debentures are GMRI21, GMRI21A, GMRI21B and GMRI21C.

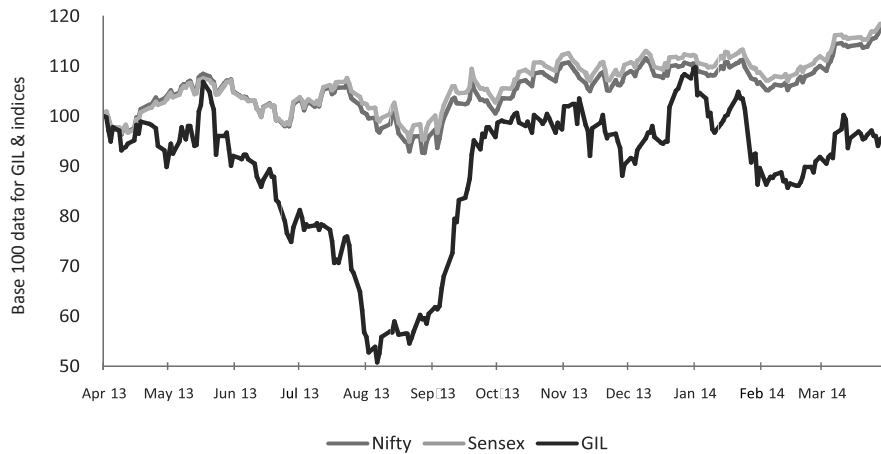
The Company had paid Annual listing fees to the Stock Exchange in respect of the listed debt securities for the above said debentures for the year 2014-15.

f. Stock Market Data relating to Shares Listed:

(Amount in ₹)

Month	NSE		BSE	
	High	Low	High	Low
April 2013	23.10	20.00	23.10	20.00
May 2013	25.00	20.15	25.00	20.20
June 2013	21.45	16.80	21.45	16.80
July 2013	18.55	12.55	18.50	12.60
August 2013	14.10	10.60	14.24	10.65
September 2013	22.85	13.50	22.85	13.40
October 2013	23.35	20.80	23.30	20.85
November 2013	23.75	19.55	23.75	19.50
December 2013	25.30	20.00	25.30	20.00
January 2014	25.35	18.95	25.35	18.95
February 2014	21.10	18.80	21.10	18.80
March 2014	23.10	20.35	23.10	20.00

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



g. Registrar & Share Transfer Agent (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 - 44655000
 Fax No. 040 - 23420814
 Email ID: einward.ris@karvy.com

Branch Office:

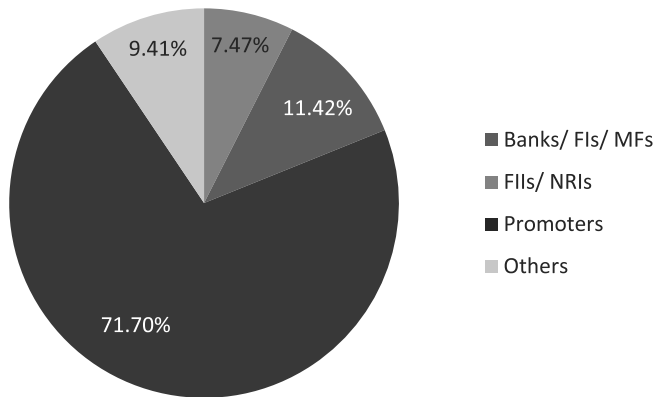
Karvy Computershare Private Limited
 No. 51/2, TKN Complex, Vanivilas Road,
 Opp: National College
 Basavanagudi, Bangalore-560 004
 Telephone No. 080 - 41204350
 Fax No. 080 - 26621169
 Email ID: kulashekara.sharma@karvy.com

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 Shareholders' Transfer and Grievance Committee. The Committee has authorised each member of the Committee to approve the transfer of shares up to 20,000 shares per transfer deed, the Company Secretary and other specified executives of the Company to approve the transfer of shares up to 10,000 shares per transfer deed. A summary of the transfers, transmissions / dematerialisation requests / rematerialisation requests approved by the Committee / Executives is placed before the Committee. 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 equity shareholding as on March 31, 2014

Distribution by category



Description	No. of Cases	Total Shares	% Equity
Banks	23	105026073	2.70
Clearing Members	283	7983634	0.21
Foreign Institutional Investors	121	435343297	11.18
Indian Financial Institutions	28	178194075	4.58
Bodies Corporates	2482	115099054	2.96
Mutual Funds	10	7466575	0.19
Non Resident Indians	3830	9139914	0.23
Promoters	15	2790843847	71.70
Resident Individuals	401362	242286963	6.22
Trusts	11	1051350	0.03
Total:	408165	3892434782	100.00

Distribution by size

Sl. No	Range of equity shares held	March 31, 2014				March 31, 2013			
		No. of shareholders	%	No. of shares	%	No. of shareholders	%	No. of shares	%
1	1 - 500	326589	80.01	55934105	1.44	361302	79.90	62215623	1.60
2	501 - 1000	44184	10.82	35577551	0.91	49212	10.88	39536378	1.02
3	1001 - 2000	20862	5.11	32620964	0.84	23189	5.13	36222418	0.93
4	2001 - 3000	6055	1.48	15609972	0.40	6794	1.50	17490506	0.45
5	3001 - 4000	3362	0.82	12500337	0.32	3753	0.83	13945596	0.36
6	4001 -5000	1992	0.49	9445000	0.24	2225	0.49	10535925	0.27
7	5001 - 10000	2918	0.71	21587546	0.55	3253	0.72	24044459	0.62
8	10001 and above	2203	0.54	3709159307	95.29	2453	0.55	3688443877	94.75
Total		408165	100.00	3892434782	100.00	452181	100.00	3892434782	100.00

j. Dematerialisation of Shares and Liquidity

The Company's shares are available for dematerialization with both the Depositories i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). Total 99.97% of shares have been dematerialized as on March 31, 2014.

ISIN: INE776C01039 (Fully Paid Shares)

IN9776C01037 (Partly Paid Shares)

Description	No. of Shareholders	No. of Shares	% Equity
PHYSICAL	308	1070581	0.03
NSDL	272537	3722759392	95.64
CDSL	135320	168604809	4.33
Total	408165	3892434782	100.00

k. Outstanding GDRs / ADRs / Warrants or any convertible instruments, conversion date and likely impact on equity: Compulsorily Convertible Preference Shares (CCPS):

56,83,351 Compulsorily Convertible Preference Shares (Series A CCPS) can be converted into such number of equity shares at the expiration of 17 months in accordance with Regulation 76(1) of Chapter VII of the Securities

and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, taking the "relevant date" as the date which is thirty days prior to the date on which the allottees become entitled to apply for conversion of the Series A CCPS to equity shares.

56,83,353 Compulsorily Convertible Preference Shares (Series B CCPS) can be converted into such number of equity shares at the expiration of 18 months in accordance with Regulation 76(1) of Chapter VII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, taking the "relevant date" as the date which is thirty days prior to the date on which the allottees become entitled to apply for conversion of the Series B CCPS to equity shares.

Accordingly, the shareholders of Series A CCPS and Series B CCPS become entitled to apply for equity shares on August 26, 2015 and September 26, 2015 respectively, being 17 months and 18 months after the date of allotment of CCPS (March 26, 2014) and the equity shares shall be allotted at the minimum price determined under Regulation 76(1) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009. Therefore, the total number of shares of the Company on full conversion will be known only 30 days prior to the date when the investors become entitled to apply for conversion of CCPS.

I. Investor correspondence:
Registered office address

Skip House, 25/1, Museum Road, Bangalore - 560 025
 Telephone No. +91 80 40534000 Fax No. +91 80 22279353
 Website: www.gmrgroup.in

Company Secretary and Compliance Officer

Mr. C. P. Sounderarajan
 Skip House, 25/1, Museum Road, Bangalore - 560 025
 Telephone No. +91 80 4053 4281 Fax No. +91 80 22279353
 E-mail: sounderarajan.cp@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. Reconciliation of Share Capital Audit:

As stipulated by SEBI, a qualified Practising Company Secretary carries out the Reconciliation of Share Capital 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 the 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 number of shares in dematerialized form held with NSDL and CDSL and total number of shares in physical form.

In addition, Secretarial audit was carried out voluntarily for ensuring transparent, ethical and responsible governance processes and also proper compliance mechanisms in the Company. M/s. V. Sreedharan & Associates, Company Secretaries, conducted Secretarial Audit of the Company and a Secretarial Audit Report for the financial year ended March 31, 2014, is provided in the Annual Report.

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. Compliance Certificate:

Certificate from the Practising Company Secretary, M/s. V. Sreedharan & Associates, Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed hereinafter.

q. Equity Shares in the Suspense Account:

As per Clause 5A(I) of the Listing Agreement, the registrar to the issue shall send at least three reminders at the address given in the application form as well as captured in depository's database asking for the correct particulars. If no response is received, the unclaimed shares shall be credited to a demat suspense account with one of the Depository Participants, opened by the issuer for this purpose.

Based on the above, M/s. Karvy Computershare Private Limited had sent three reminder notices on June 23, 2009, August 27, 2009 and January 15, 2010.

Since no response was received from any of the shareholders, the Company had opened a demat suspense account on June 7, 2010 in the name and style - "GMR Infrastructure Limited - Unclaimed Securities Suspense Account" with the Depository Participant, M/s. Karvy Stock Broking Limited. The details in respect of equity shares lying in the suspense / escrow account is as under:

Particulars	Number of share holders	Number of equity shares held
Aggregate number of shareholders and the outstanding shares in the suspense /escrow account lying as on April 1, 2013	8	19000
Number of shareholders who approached the Company for transfer of shares from suspense /escrow account during the year	0	0
Number of shareholders to whom shares were transferred from the suspense / escrow account during the year	1	3000
Aggregate Number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2014	7	16000

The voting rights on the shares outstanding in the aforesaid suspense account as on March 31, 2014 shall remain frozen till the rightful owner of such shares claims the shares.

As per the provisions of Clause 5A(II) of the Listing Agreement, there was no unclaimed equity shares issued in physical form.

r. Adoption of non-mandatory requirements of Clause 49:

1. The Company has constituted a Nomination and Remuneration Committee, Corporate Governance Committee, Management Committee and Debenture Allotment Committee of the Board, notes on which are given elsewhere in this report.
2. Whistle Blower Policy is in place.

To

The Members of GMR Infrastructure Limited

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

I, Grandhi Kiran Kumar, Managing Director of GMR Infrastructure Limited, to the best of my 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, 2014.

Place: Bangalore

Date : July 15, 2014

Grandhi Kiran Kumar

Managing Director

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, 2014 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 the 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 (wherever applicable):
 - i. Significant changes in internal controls 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, wherever applicable; 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
Grandhi Kiran Kumar
Managing Director

For GMR Infrastructure Limited
Madhva Bhimacharya Terdal
Group CFO

Place: Bangalore
Date: July 15, 2014

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No : L45203KA1996PLC034805
Nominal Capital : ₹ 1950 Crore

To the Members of GMR INFRASTRUCTURE LIMITED

We have examined all the relevant records of GMR Infrastructure Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under Clause 49 of the Listing Agreement with BSE Limited and National Stock Exchange of India Ltd., for the year ended March 31, 2014. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

On the basis of our examination of the records, produced and the explanations and information furnished, we certify that the Company has complied with the mandatory conditions of Clause 49 of the Listing Agreement. As regards Annexure 1D relating to Non-Mandatory requirements, the Company has complied with Sl. Nos. 2, 5 and 7 of the same.

For V. Sreedharan & Associates
Company Secretaries

V. Sreedharan
Partner
FCS 2347; C.P. No. 833

Place : Bangalore
Date : July 15, 2014