

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY

Good corporate governance, for the Company, does not mean only compliance with various related statutory and regulatory requirements. The Company strongly believes that the spirit of corporate governance goes beyond the statutory form. Sound Corporate Governance is a key driver of sustainable corporate growth and long-term value creation for the stakeholders and protection of their interests. It is the endeavor of the Company to meet the growing aspirations of all stakeholders including shareholders, employees, customers, lenders, business partners and Government. The Company is committed to maintain the highest level of transparency, accountability and equity in its operations.

The Company always strives to follow the path of good Governance through a broad framework of various processes, including the following:

- 1) The Board of Directors exercises its fiduciary responsibilities in the widest sense of the term.
- 2) The Board including its committees is well equipped to be active, well-informed and independent to ensure better standard of Corporate Governance.
- 3) The Company's disclosures always seek to attain the best practices in the Industry.
- 4) Strict following of the guidelines / policies on Code of Conduct, Prevention of Insider Trading and Whistle Blower Policy.

2. BOARD OF DIRECTORS:

A. Composition of the Board

As on 31st March, 2007, the Board consists of fourteen directors. Chairman is an executive, designated as Chairman and Managing Director. Group CFO is holding the position of executive director and the remaining twelve are non-executive directors. The Board consists of seven (7) 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	Category	Number of other Director-ships held in other Public Limited Companies	Number of committee* Chairmanships / memberships held in other Public Limited Companies as on 31.03.2007	
				Chairman	Member
1	G. M. Rao	CMD Promoter	13	–	–
2	Srinivas Bommidala	NEPD	11	1	4
3	G. B. S. Raju	EPD	4	–	–
4	G. Kiran Kumar	NEPD	7	–	1
5	B. V. Nageswara Rao	NEPD	11	–	7
6	K. Balasubramanian	NEPD	6	1	4
7	P. B. Vanchi	NEPD	2	–	1
8	Arun K. Thiagarajan	NEID	11	1	6
9	K. R. Ramamoorthy	NEID	7	1	5
10	Dr. Prakash G. Apte	NEID	2	–	–
11	R.S.S.L.N. Bhaskarudu	NEID	5	1	2
12	T.R. Prasad	NEID	4	1	1
13	Udaya Holla	NEID	3	–	–
14	Uday M. Chitale	NEID	6	5	3

CMD – Chairman & Managing Director

NEPD - Non Executive Promoter Director

EPD- Executive Promoter Director

NEID – Non Executive Independent Director

* Committee means Audit committee and Shareholders Transfer & Grievance committee only.

B. Board Meetings:

Six Board Meetings were held during the financial year ended on 31st March, 2007. These meetings were held on 14th April, 2006, 25th April, 2006, 13th May, 2006, 12th July, 2006, 25th October, 2006 (adjourned to 26th October, 2006) and 23rd January, 2007.

C. Directors' attendance record:

The attendance of directors at the Board meetings held during the financial year ended 31st March, 2007 and at the previous Annual General Meeting held on 7th August, 2006 was as under.

Sl. No.	Name of the Directors	Board meetings held during the Period of Directorship	Number of Board meetings attended during the period 1st April, 2006 to 31st March, 2007	Whether present at the previous AGM
1	G. M. Rao	6	6	No
2	Srinivas Bommidala	6	4	No
3	G. B. S. Raju	6	4	No
4	G. Kiran Kumar	6	4	No
5	B. V. Nageswara Rao	6	5	Yes
6	K. Balasubramanian	6	5	No
7	P. B. Vanchi ⁺	4	2	No
8	Arun K. Thiagarajan	6	6	No
9	K. R. Ramamoorthy	6	5	Yes
10	Luis Miranda ^{**}	4	3	No
11	Dr. Prakash G Apte	6	6	Yes
12	R.S.S.L.N. Bhaskarudu	6	6	No
13	T.R. Prasad	6	6	No
14	Udaya Holla	6	5	No
15	Uday M. Chitale	6	5	No

⁺ Mr. P B Vanchi was appointed as Director on 13th May, 2006

^{**} Mr. Luis Miranda was appointed as Director on 14th April, 2006 and has resigned from the Board with effect from 16th August, 2006

D. Profile of Directors being appointed in the Annual General Meeting to be held on 30th August, 2007

Mr. Srinivas Bommidala, 44, Group Director, is the son-in-law of Mr. G. M. Rao and is one of the first directors of the Company. Currently, he is the Managing Director of Delhi International Airport Private Limited. He led the Company's foray into the power sector with setting up of 200 MW power plant at Chennai and was the managing director of GMR Power Corporation Private Limited (GPCPL). As the Managing Director of Vemagiri Power Generation Limited (VPGL), he led the implementation of the gas based power project in Vemagiri, Andhra Pradesh. He has over 23 years of experience in the infrastructure, agriculture, fast moving consumer goods and services sectors.

He holds 20,166 equity shares of the Company as on 31st March, 2007 (including 20,000 equity shares as Karta of Srinivas Bommidala HUF).

Details of his Directorships and Committee memberships are as follows:

Sl.No	Name of the Company (Directorships)	Committee Memberships
1	GMR Infrastructure Limited	Member- Management Committee, Debenture Allotment Committee
2	GMR Energy Limited	Chairman - Share Allotment and Transfer Committee, Member - Management Committee
3	Delhi International Airport Private Limited	Member - Share Allotment Committee
4	GMR Hyderabad International Airport Limited	Member - Audit Committee
5	GMR Power Corporation Private Limited	Member - Management Committee
6	Vemagiri Power Generation Limited	Member - Share Transfer Committee & Share Allotment Committee
7	GMR Ambala Chandigarh Expressways Private Limited	-
8	GMR Pochanpalli Expressways Private Limited	Member - Audit Committee, Remuneration Committee, Project Management Committee, Management Committee

Sl.No.	Name of the Company (Directorships)	Committee Memberships
9	GMR Jadcherla Expressways Private Limited	Member - Audit Committee, Remuneration Committee, Project Management Committee, Management Committee
10	GMR Ulundurpet Expressways Private Limited	Member - Audit Committee, Remuneration Committee, Project Management Committee, Management Committee
11	GMR Holdings Private Limited	-
12	GMR (Badrinath) Hydro Power Generation Private Limited	-
13	GMR Varalakshmi Foundation	-
14	GMR Mining & Energy Private Limited	-
15	GMR Highways Private Limited	-
16	BSR Infrastructure Private Limited	-
17	Bommidala Exports Private Limited	-
18	Sapphire Springs Private Limited	-

Mr. G. Kiran Kumar, 31, Group Director, is the younger son of Mr. G.M. Rao and has been on the Company's Board since 1999. He led the Company's foray into Airports business and currently as the Managing Director of GMR Hyderabad International Airport Limited (GHIAL), he is spearheading the implementation of the airport project at Hyderabad. He is also responsible for the development of new business in the airports sector. In addition, he heads Group HR and Corporate Communication functions. Before taking over the reins of GHIAL, he headed the Group's Finance function and the shared services.

He holds 20,166 equity shares of the Company as on 31st March, 2007. (including 20,000 equity shares as Karta of G. Kiran Kumar HUF)

Details of his Directorships and Committee memberships as on 31st March, 2007 are as follows:

Sl. No.	Name of the Company (Directorships)	Committee Memberships
1	GMR Infrastructure Limited	Member - Management Committee
2	Delhi International Airport Private Limited	Member - Audit Committee
3	GMR Hyderabad International Airport Limited	-
4	GMR Industries Limited	-
5	GMR Tambaram Tindivanam Expressways Private Limited	Member - Share Allotment and Transfer Committee
6	GMR Tuni Anakapalli Expressways Private Limited	-
7	GMR Holdings Private Limited	-
8	Ideaspace Solutions Limited	-
9	Gateways for India Airports Private Limited	-
10	GMR Varalakshmi Foundation	-

Mr. B. V. Nageswara Rao, 53, Group Director, has been associated with the Group since 1990 and is one of the first directors of the Company. He held various senior responsibilities in the Group and currently heads Energy Sector and Roads Sector businesses of the Company. He is a director on the Boards of several subsidiaries of the Company and is the Managing Director of GPCPL. In addition, he holds charge of the Corporate Relationships function at the Group level. During his stint with Andhra Bank before joining the Group, he gained extensive experience in the banking sector with specific focus in industrial finance. He is a graduate in mechanical engineering.

He holds 14,000 equity shares of the Company as on 31st March, 2007.

Details of his Directorships and Committee memberships as on 31st March, 2007 are as follows:

Sl. No.	Name of the Company (Directorships)	Committee Memberships
1	GMR Infrastructure Limited	Member – Share holders Transfer and Grievance Committee, Management Committee, Debenture Allotment Committee

Sl. No.	Name of the Company (Directorships)	Committee Memberships
2	GMR Energy Limited	Member - Share Allotment and Transfer Committee
3	GMR Hyderabad International Airport Limited	Member - Audit Committee
4	GMR Power Corporation Private Limited	–
5	Vemagiri Power Generation Limited	Member - Remuneration Committee, Share Transfer Committee, Share Allotment Committee
6	GMR Tuni Anakapalli Expressways Private Limited	Member - Audit Committee
7	GMR Tambaram Tindivanam Expressways Private Limited	Member - Audit Committee
8	GMR Pochanpalli Expressways Private Limited	Chairman - Remuneration Committee, Member - Audit Committee
9	GMR Ambala Chandigarh Expressways Private Limited	Chairman - Remuneration Committee, Member - Audit Committee
10	GMR Jadcherla Expressways Private Limited	Chairman - Remuneration Committee, Member - Audit Committee
11	GMR Ulundurpet Expressways Private Limited	Chairman - Remuneration Committee, Member - Audit Committee
12	Raxa Security Services Limited	Chairman - Remuneration Committee
13	GMR Highways Private Limited	–
14	GMR Varalakshmi Foundation	–

Mr. Arun K Thiagarajan, 62, Director, has joined the Company's Board in September, 2005. He is also a director on the Board of GMR Energy Limited, a subsidiary of the Company. He did his masters in electrical engineering from the Royal Institute of Technology, Sweden. He also obtained a management degree from Sweden and did an advanced management program from Harvard Business School (USA). He held many senior positions in various global companies including President & Country General Manager - Hewlett-Packard India Limited, Vice Chairman - Wipro Limited and Managing Director- ABB Limited. He is also on the boards of several other companies.

He holds 3,000 equity shares of the Company as on 31st march, 2007.

Details of his Directorships and Committee memberships as on 31st March, 2007 are as follows:

Sl. No.	Name of the Company (Directorships)	Committee Memberships
1	GMR Infrastructure Limited	Member –Audit Committee
2	Web Peripherals Limited	Member – Compensation Committee
3	ING Vysya Bank Limited	Chairman- Audit Committee, Member - Investors Committee, Corporate Governance Committee
4	Alstom Projects India Limited	Member –Audit Committee
5	Krone Communication Limited	Member –Audit Committee
6	PSI Data Systems Limited	Member –Audit Committee
7	GMR Energy Limited	
8	CITEC Information India Private Limited	–
9	Birla Technologies Limited	–
10	Transwork Information Services Limited	–
11	Cable corporation of India Limited	–
12	Westrup A/s	–
13	Idea Cellular Limited	Member –Audit Committee
14	TTK Prestige Limited	–

D) 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. 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, Chairman and Managing Director and Mr. G.B.S. Raju, Group Director & GCFO, is attached to this report.

E) 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 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. 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 de-centralized fashion.

At the enterprise level derisking of company's business risks 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.

Framework

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

- 1 **Business Risks** - • Client Concentration, • Contracts, • Regulatory, • Technological Obsolescence
- 2 **Financial Risks** - • Interest Rates, • Foreign Exchange Fluctuations, • Liquidity Management
- 3 **Legal and Statutory Risks** - • Contractual Liabilities, • Statutory Compliance, • Fixed asset & employee insurance
- 4 **Organizational and management risks**- • Leadership development, • Human resource management, • Process maturity, • Internal Control Systems
- 5 **Political Risks**

During the year detailed presentations were made to the Board members on enterprise's risk management system, a process was set up to inform Board / Audit Committee members about the risk assessment and minimization procedures. These procedures are subjected to periodical review to ensure that the management controls the risk through means of a proper defined framework.

F) Subsidiary Companies:

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

- a) The financial statements, in particular the investments made by subsidiary companies, are reviewed by the Audit Committee of the Company as and when applicable.
- b) The minutes of the Board / Audit Committee Meetings of 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 as and when applicable.

3. AUDIT COMMITTEE

a) Constitution of Audit Committee:

The Board has constituted the Audit committee comprising of following members:

Sl. No.	Names	Capacity
1	K.R.Ramamoorthy	Chairman
2	Arun K. Thiagarajan	Member
3	Udaya Holla	Member
4	Uday M. Chitale	Member

The composition of the Audit Committee meets the requirement of Section 292A of the Companies Act, 1956 and Clause 49 of the Listing Agreement with the Stock Exchanges.

A S Cherukupalli, Company Secretary and Compliance Officer, acts as Secretary to the committee.

b) Meetings and attendance during the year:

During the financial year ended on March 31, 2007, five Audit committee meetings were held on 14th April, 2006, 13th May 2006, 12th July, 2006, 25th October, 2006, and 23rd January, 2007. Attendance of the Audit Committee members was as under:

Sl. No.	Name	No. of Meetings attended
1	K.R. Ramamoorthy	4
2	Arun K Thiagarajan	5
3	Udaya Holla	4
4	Uday M. Chitale	4

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 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 management.
 - Qualifications in draft audit report.
 - Significant adjustments arising out of audit.
 - The going concern assumption.
 - Compliance with accounting standards.
 - Compliance with stock exchange and 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 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 have post-audit discussion 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.

4. REMUNERATION COMMITTEE:

a) Constitution of Remuneration committee:

The Board has constituted the Remuneration committee comprising of following members:

Sl. No.	Names	Capacity
1	K.R.Ramamoorthy	Chairman
2	G.M. Rao	Member
3	K. Balasubramanian	Member
4	Dr. Prakash G. Apte	Member
5	Udaya Holla	Member

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

b) 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 is to be made.
- ii. Payment of remuneration shall be approved by a resolution passed by Remuneration c committee.
- iii. All information about the Directors /Managing Directors /Whole time 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 /whole time 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, bonuses, 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.

c) Attendance during the year:

No meeting of Remuneration committee was held during the financial year 2006-07.

d) Remuneration Policy

Remuneration of 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 31st March, 2007 to the directors are furnished hereunder.

Sl.	Name	Salary & Commission (Rs.)	Perquisites (Rs.)	Sitting Fees (Rs.)	Total (Rs.)	No. of shares held
1	G. M. Rao	Nil	Nil	Nil	Nil	333
2	Srinivas Bommidala	Nil	Nil	Nil	Nil	20166
3	G. B. S. Raju	Nil	Nil	Nil	Nil	20166
4	G. Kiran Kumar	Nil	Nil	Nil	Nil	20166
5	B. V. Nageswara Rao	Nil	Nil	Nil	Nil	14000
6	K. Balasubramanian	Nil	Nil	Nil	Nil	10000
7	P B Vanchi	Nil	Nil	Nil	Nil	Nil
8	Arun K. Thiagarajan	Nil	Nil	1,70,000	1,70,000	3000
9	K. R. Ramamoorthy	Nil	Nil	2,50,000	2,50,000	Nil
10	Luis Miranda*	Nil	Nil	60,000	60,000	Nil
11	Dr. Prakash G Apte	Nil	Nil	1,20,000	1,20,000	3000
12	R.S.S.L.N. Bhaskarudu	Nil	Nil	1,20,000	1,20,000	Nil
13	T.R. Prasad	Nil	Nil	1,20,000	1,20,000	Nil
14	Udaya Holla	Nil	Nil	2,50,000	2,50,000	Nil
15	Uday M. Chitale	Nil	Nil	1,40,000	1,40,000	3000

* resigned from the Board with effect from 16.08.2006

* Sitting fees paid to IDF, as Mr. Luis Miranda was a Nominee of IDF.

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 Board has constituted the Shareholders' Transfer and Grievance committee comprising of following members:

SI. No.	Names	Capacity
1	Udaya Holla	Chairman
2	K.R.Ramamoorthy	Member
3	G.B.S. Raju	Member
4	B.V.NageswaraRao	Member

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

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

b) Attendance of members of "Shareholders' Transfer & Grievance committee" during the year:

During the financial year ended on March 31, 2007, "Shareholders' Transfer & Grievance committee" meetings were held twelve times on 22nd April, 2006, 25th April, 2006, 13th May, 2006, 5th June, 2006, 9th June, 2006, 10th June, 2006, 7th July, 2006, 13th July, 2006, 25th October, 2006, 18th December, 2006, 23rd January, 2007 and 24th March, 2007 and the attendance of members were as under:

SI. No.	Names	No. of Meetings attended
1	Udaya Holla	11
2	K. R. Ramamoorthy	11
3	G.B.S. Raju	7
4	B. V. Nageswara Rao	9

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

- i. Allotment of all types of securities to be issued by the Company.
- ii. Transfer, transposition and transmission of securities.
- iii. Issuance of duplicate shares or other securities.
- iv. Dealing with complaints about non-receipt of declared dividend, non-receipt of Annual Reports etc.
- v. Investigate into other investors' complaints and take necessary steps for redressal thereof.
- vi. 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.
- vii. Authorize Company Secretary or other persons to take necessary action on the above matters.
- viii. Appointment and fixation of remuneration of Registrar and Share transfer Agent and Depositories and to review their performance.

The details of the Complaints received during the financial year 2006-07 and the status of the same is as below:

SI. No	Particulars	No. of Complaints received	No. of Complaints Resolved	Pending Complaints
1	Non-Receipt of Annual Reports	3	3	0
2	Non-Receipt of Refund Orders	84	84	0
3	Non-Receipt of Electronic Credit	113	113	0
4	Non-Receipt of Allotment/Call Notice	46	46	0
5	Non-Receipt of Stickers	3	3	0
6	Non-Receipt of Share Certificates	3	3	0
7	Complaints received through SEBI	7	7	0
8	Complaints through Stock Exchange	1	1	0
Total		260	260	0

6. MANAGEMENT COMMITTEE:

a) Constitution of Management committee

The Board has constituted the Management committee comprising of following members:

Sl. No.	Names	Capacity
1	G.M.Rao	Chairman
2	Srinivas Bommidala	Member
3	G.B.S. Raju	Member
4	G. Kiran Kumar	Member
5	B.V.Nageswara Rao	Member
6	K. Balasubramanian	Member
7	P.B.Vanchi*	Member

*appointed as member on 13th May, 2006

A S Cherukupalli, Company Secretary and Compliance Officer, acts as Secretary to the committee.

b) 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 & contracts - non capital(including services), sales and marketing, long term contracts, stores, HR related, establishment & 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.

c) Attendance of members of Management committee during the year:

During the financial year ended on March 31, 2007, eight Management committee meeting were held on 24th June, 2006, 5th August, 2006, 7th August, 2006, 17th August, 2006, 24th August, 2006, 16th September, 2006, 24th January, 2007 and 14th February, 2007 and the attendance of members were as under:

Sl. No.	Names	No. of Meetings attended
1	G.M.Rao	8
2	Srinivas Bommidala	4
3	G.B.S. Raju	8
4	G. Kiran Kumar	6
5	B.V.Nageswara Rao	8
6	K. Balasubramanian	4
7	P.B.Vanchi	5

7. DEBENTURES ALLOTMENT COMMITTEE:

a) Constitution of Debenture allotment committee

The Board has constituted the Debentures allotment committee comprising of following members:

Sl. No.	Names	Capacity
1	Srinivas Bommidala	Member
2	G.B.S. Raju	Member
3	B.V.Nageswara Rao	Member
4	K. Balasubramanian	Member

b) 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.

c) Attendance of members of Debentures allotment committee during the year:

No Meeting of Debentures allotment committee was held during the financial year 2006-07.

8. GENERAL BODY MEETINGS:

a) The last three Annual General Meetings of the Company were held as under.

Financial Year	Date	Venue	Time
2005-2006	07.08.2006	Chancery Hall, Taj West End Hotel, M G Road, Bangalore - 560001	3.30 p.m.
2004-2005	31.08.2005	25/1, Skip House, Museum Road, Bangalore – 560025	11.00 a.m.
2003-2004	25.06.2004	6-3-866/1/G2, Greenlands, Begumpet, Hyderabad	11.00 a.m.

b) The company has not passed any Special Resolution at the last three Annual General Meetings of the Company.

c) Whether Special resolutions were put through postal ballot last year, if so, details of voting pattern.

No special resolutions were put through postal ballot last year.

d) Whether any special resolution is proposed to be conducted through postal ballot

The Company proposes to amend the main Object Clause of the Memorandum of Association of the Company by altering the two existing clauses to enable the Company to increase its prospects in other infrastructure projects by entering into the up coming 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. As per the requirement of Sections 17 and 192A of the Companies Act, 1956 and The Companies (Passing of the Resolution by the Postal Ballot) Rules, 2001, Postal Ballot Forms together with self-addressed pre-paid envelope are being sent to the shareholders separately for being returned duly completed not later than the close of working hours on 25th August, 2007.

e) Procedure for postal ballot

1. Postal Ballot Forms are being sent 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.
2. Members are required to complete the Postal Ballot Forms and send it to the Company in the enclosed self-addressed pre-paid envelope.
3. The Company has appointed Mr. V.Sreedharan, Company Secretary in practice, Bangalore, as Scrutinizer for conducting the postal ballot voting Process.
4. Members are 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 25th August, 2007.

Upon receipt of the Forms the Scrutinizer will scrutinize and submit his report to the Chairman and the result of the postal ballot will be announced by the Chairman at the 11th Annual General meeting to be held on Thursday, August 30, 2007.

9. 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 Company at large.

The transactions with related parties are mentioned at page No. 121 & 140 in the Annual Report. None of the transactions with related parties are in conflict with interest of company.

b) Details of non-compliance by the Company, penalties, strictures imposed on the Company by Stock Exchange 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, strictures have been imposed by Stock Exchange or SEBI or any statutory authority.

10. MEANS OF COMMUNICATION.

The company has been sending Annual Reports, Notices and other communications to each household of shareholders through post and 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 published from Bangalore). 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 GMR Group website (www.gmrgroup.in) and in BSE website (www.bseindia.com). The presentations made to analysts and others are also posted on GMR Group website. The quarterly shareholding pattern of the Company is posted on www.sebidifan.nic.in and GMR Group website (www.gmrgroup.in).

11. MANAGEMENT DISCUSSION AND ANALYSIS REPORT (MDA)

MDA forms part of the Directors' Report and is given at page No. 70 of this Annual Report.

12. GENERAL SHAREHOLDER INFORMATION:

a) Date, time and Venue of the 11th AGM:

Thursday, the 30th August, 2007 at 10.30 a.m. at the NIMHANS Convention Centre, Hosur Road, Bangalore - 560 029.

b) Financial Calendar

Financial Year is 1st April to 31st March and financial results will be declared as per the following schedule.

Particulars	Tentative schedule
Financial reporting for the quarter ending 30th June, 2007	second fortnight of July 2007
Financial reporting for the half year ending 30th September, 2007	second fortnight of October 2007
Financial reporting for the quarter ending 31st December, 2007	second fortnight of January 2008
Financial reporting for the year ending 31st March, 2008	second fortnight of June 2008
Annual General Meeting for the year ending 31st March, 2008	August 2008

c) Book Closure Date

The Register of Members and Share Transfer Books of the Company will be closed from Saturday, the 25th August, 2007 to Thursday, the 30th August, 2007 (both days inclusive) for the purpose of 11th Annual General Meeting.

d) Dividend Payment Date

In order to conserve the funds for the improvement and expansion plans of the company, Board has not recommended any Dividend for the financial year 2006- 07.

e) Listing on Stock Exchanges

The Company's Shares are listed on the following Stock Exchanges with effect from 21st August, 2006.

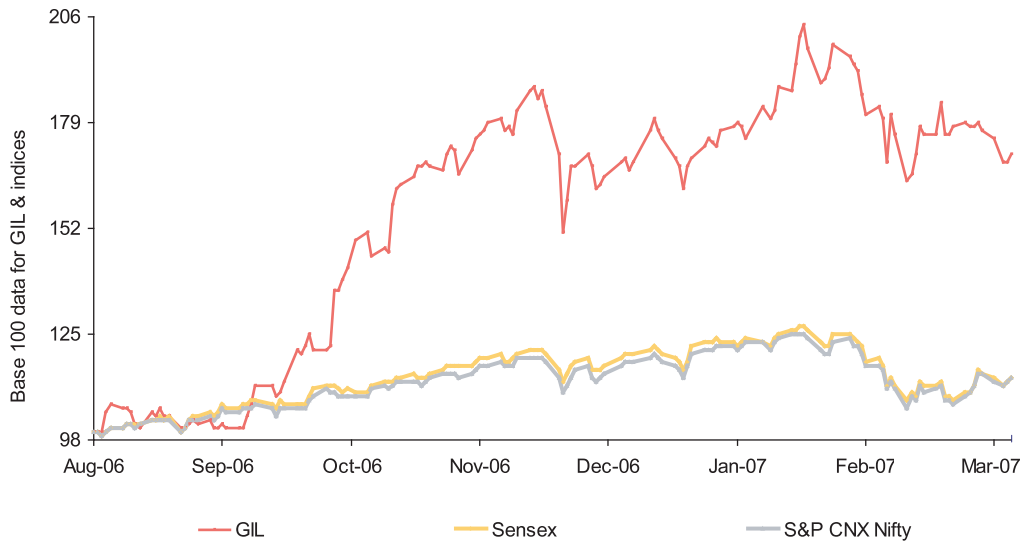
Name of the Stock Exchange	Address Stock	Code
The National Stock Exchange	Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex Bandra (E) Mumbai - 400 051.	GMRINFRA
The Bombay Stock Exchange	Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001	532754

Annual Listing Fees for the year 2007-08 has been paid by the Company to BSE and NSE.

f) Market Data

Month	NSE		BSE	
	High	Low	High	Low
August, 2006	230.50	200.00	230.40	205.00
September, 2006	238.95	210.25	238.95	210.25
October, 2006	324.70	227.05	324.50	227.50
November, 2006	383.80	307.55	383.40	308.00
December, 2006	404.95	298.15	404.95	299.00
January, 2007	391.30	337.00	392.75	337.00
February, 2007	437.00	342.00	437.10	344.00
March, 2007	390.00	327.05	390.00	328.00

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



g) Registrar & Transfer Agents(RTA)

Karvy Computershare Private 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

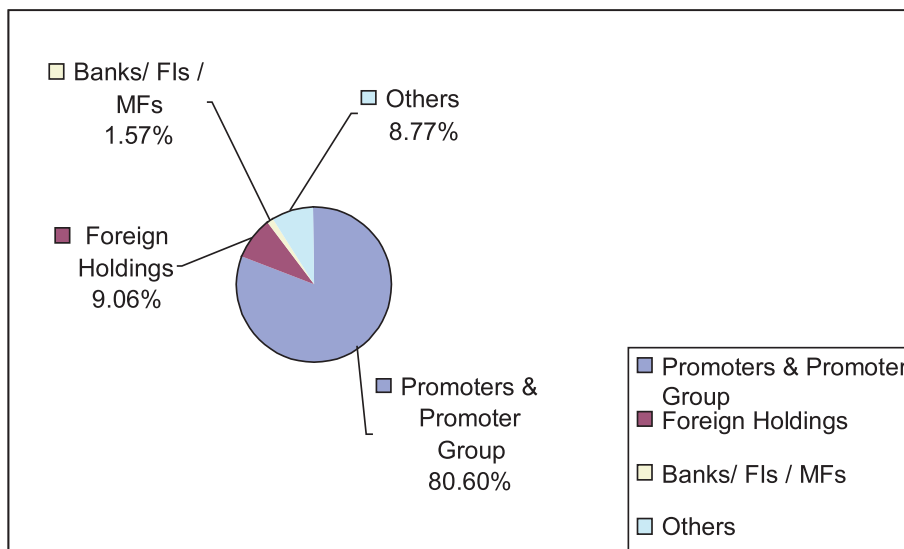
Karvy Computershare Private Limited
 No. 59, Skanda, Puttanna road,
 Basavannagudi, Bangalore-560 004
 Telephone No. 080 - 26621192/93
 Fax No. 080 - 26621169
Email ID: ksblbgd@Karvy.com

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 & Grievance committee. The committee has authorized 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 upto 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 31st March, 2007

Distribution by Category



Sl. No.	Category	No. of Shareholders	Total Shares	% To Total Share holding
1	Promoters Bodies Corporate	2	266722722	80.56
2	Promoters Individuals	11	125997	0.04
3	Foreign Institutional Investors	54	25340869	7.65
4	Venture Capital	2	16554043	5.00
5	Resident Individuals	44174	7415299	2.24
6	Bodies Corporates	1002	4526375	1.37
7	Foreign Venture Capital	1	4157218	1.26
8	Banks	9	3092265	0.93
9	Indian Financial Institutions	6	1473875	0.45
10	Mutual Funds	14	632595	0.19
11	Non Resident Indians	661	495951	0.15
12	Clearing Members	140	276245	0.08
13	Trusts	12	142937	0.04
14	HUF	607	127609	0.04
	Total	46695	331084000	100.00

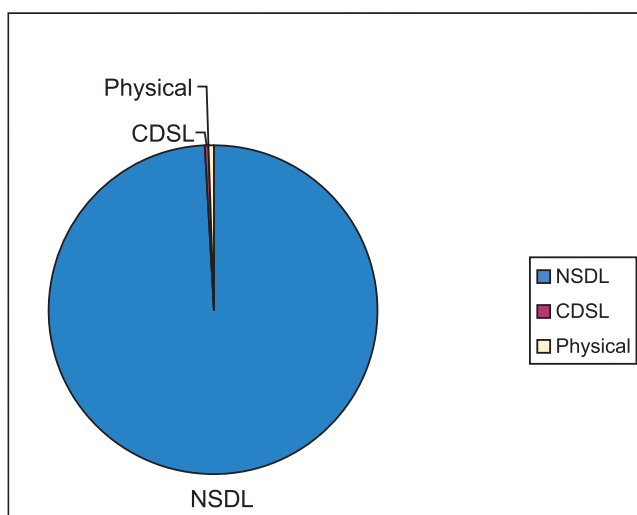
Distribution by size

Sl. No.	No. of Shares	Total No. of Share Holders	Total % Col (2)	Total No. of Shares	Total % Col (4)
1	1 – 500	44656	95.63	4545426	1.37
2	501 – 1000	933	2.00	757919	0.23
3	1001 – 2000	452	0.97	706354	0.21
4	2001 – 3000	189	0.40	496585	0.15
5	3001 – 4000	85	0.18	313539	0.09
6	4001 – 5000	89	0.19	424739	0.13
7	5001 – 10000	115	0.25	886741	0.27
8	10001 and above	176	0.38	322952697	97.54
Total		46695	100.00	331084000	100.00

j) Dematerialisation of shares and liquidity

The Company's shares are available for dematerialization in both the Depositories i.e, National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL). 99.65% of shares have been dematerialized as on 31st March 2007.

ISIN: INE 776C01013



Category	No. of Shares	% of Share holding
NSDL	328652078	99.27
CDSL	1251044	0.38
Physical	1180878	0.35
Total	331084000	100.00

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
Tel Phone No. +91 80 22070100
Tel Fax No. +91 80 22998118
Web site : www.gmrgroup.in

Company Secretary & Compliance Officer

Mr. Adishavaram Cherukupalli
Skip House, 25/1, Museum Road, Bangalore-560 025
Tel Phone No. +91 80 22070100
Tel Fax No. +91 80 22998118
E-mail: adishavaram.cherukupalli@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 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 Board of directors. 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 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 organization, 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 to ensure that no employee feels 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, children or vulnerable of adults etc. constitute the malpractice, impropriety, abuse and wrong doing. The employee can raise his concerns to the designated Ombudsperson and further action will be taken as per the laid down procedure. This mechanism has been communicated to all concerned and posted on the Group's web site.

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 of the Board, a note on which is given elsewhere in this report.
2. The Company is in the regime of unqualified audit report financial statements.

CEO / CFO CERTIFICATION

To the Board of Directors,
GMR Infrastructure Limited.

We hereby certify that:

- a) We have reviewed financial statements and the Cash Flow Statement of the company for the year 2006-07 and to the best of our knowledge and belief:
 - i) these financial 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) We further declare that all Board Members and Senior Management personnel have affirmed compliance with the code of conduct prescribed by the Board for the Board members and Senior Management in terms of Clause 49 (I) D of the Listing Agreement, for the financial year ended March 31, 2007.
- f) 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
Chairman & Managing Director

For GMR Infrastructure Limited

Sd/-
G.B.S. Raju
Group Director & Group Chief Financial Officer

Place: Bangalore
Date: June 30, 2007

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, 2007, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of 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 Agreement.

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.

Place: Bangalore

Date: June 30, 2007

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