



Aspiration to Inspiration... creating tomorrow today

At GMR, we promise to deliver and we deliver that promise.

GMR has built itself upon this foundation, thriving on its unique system of values and beliefs. Fired by a passion to excel we have completed every project on or ahead of schedule. We have not just met time lines, we have created new standards of quality.

Whether it is in airports, energy, highway or urban infrastructure, we have delivered every promise and will continue to do so. Istanbul Sabiha Gocken International airport was completed 12 months ahead of schedule. The construction of the integrated Terminal 3 at Delhi International Airport is complete and will be ready well before the Commonwealth Games 2010. Our barge mounted power plant has been relocated from Mangalore to Kakinada as per plan. In fact, all our 3 operating power plants and 6 operating road assets were completed on schedule despite several challenges. As testimony to our commitment to quality, our Rajiv Gandhi International Airport at Hyderabad International Airport has been rated the best in the world in the 5 to 15 mn passenger category and our Indira Gandhi International Airport at Delhi has been ranked the most improved airport in the 15 to 25 Mn passenger category in the APAC region.

We are committed to be builders and custodians of world-class infrastructure assets that every Indian would be proud of. We have 11 power projects and 3 road projects under development; world-class aerotropolises are being created around our Delhi and Hyderabad airports, which will house convention centres, hotels, schools, speciality hospital, aviation training academy and much more, creating new paradigms of urbanization in terms of quality and timeliness.

At GMR, we take pride in creating tomorrow today...

General Information

Board of Directors

G M Rao

Executive Chairman

Srinivas Bommidala

Managing Director

G B S Raju

Group Director

Kiran Kumar Grandhi

Group Director

B V Nageswara Rao

Group Director

O Bangaru Raju

Director

Company Secretary & Compliance Officer

C. P. Sounderarajan

Audit Committee

K R Ramamoorthy Chairman Member Arun K Thiagarajan R S S L N Bhaskarudu Member Member Uday M Chitale

Shareholders' Transfer & Grievance Committee

Udaya Holla Chairman G B S Raju Member K R Ramamoorthy Member B V Nageswara Rao Member

Arun K Thiagarajan

K R Ramamoorthy

Independent Director

Independent Director

Dr. Prakash G Apte

Independent Director

R S S L N Bhaskarudu

Independent Director

Udaya Holla

Independent Director

Uday M Chitale

Independent Director

Registered Office

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

Tel No.: 080 40534000 Fax: 080 22279353 www.gmrgroup.in

Statutory Auditors

Bankers

Axis Bank Limited

ICICI Bank Limited

IDBI Bank Limited

S.R. Batliboi & Associates **Chartered Accountants** Price Waterhouse **Chartered Accountants**

Registrar and Share Transfer Agent

Karvy Computershare Pvt. Ltd. No. 17-24, Vittalrao Nagar, Madhapur, Hyderabad - 500 081

Values and Beliefs



Humility

We value intellectual modesty and detest false pride and arrogance.



Learning

Nurturing active curiosity - to question, share and improve



Entrepreneurship

We seek opportunities - they are everywhere



Social responsibility

Anticipating and meeting relevant and emerging needs of society



Teamwork and Relationships

Going beyond the individual, encouraging boundaryless behaviour



Respect for individual

We will treat others with dignity, sensitivity and



Deliver the promise

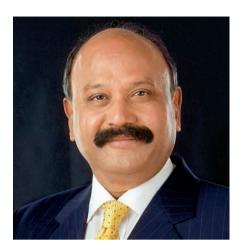
We value a deep sense of responsibility and self discipline, to meet and surpass commitments made

> "The GMR Group firmly believes that its distinct organisational characteristics will be driven through its strong values and beliefs.

> These values and beliefs in turn drive the organisation's culture, lay the foundation for institution-building and help define its goals.

> It has also helped build the reputation capital of the Group which over time has enhanced and sustained its standing as a leading and respected player in the infrastructure domain."

Chairman's letter to the shareholders



Dear Shareholders,

It is my privilege to present you the 14th Annual Report of your company.

"The only way of finding the limits of the possible, is by going beyond them into the impossible" said eminent futurist Sir Arthur C Clarke. That has been the story of India in the recent past and I am confident, it will be so in the foreseeable future.

According to latest reports, in the next 20 years, urban population in India will grow to 590 million, twice the population of USA today, 70% net new employment will be generated in cities, and 60 cities will reach a population of 1 million compared to 35 cities in Europe today. Average national income will grow four-fold in the next 2 decades. Therefore, for infrastructure developers like us, the sky is the limit.

So far the Indian economy has shown remarkable resilience and smart recovery. It expanded 7.2% in the previous year and is expected to grow at 8.5% in the fiscal FY11, making it the world's second-fastest growing major economy after China. Consumption will strengthen as the labour market improves, and investment is expected to be boosted by strong profitability, rising business confidence, and favourable financing conditions. To increase the flow of funds for infrastructure, India plans to launch an \$11 billion infrastructure fund that will go a long way to develop the domestic bond market and refinance high-cost debt.

We are buoyed by the continued thrust of Government policies to create world-class infrastructure assets. To compliment this, there has been increasing learning, adaption, acceptance and implementation of Public-Private Partnerships (PPP) in this domain. We believe that your company is well poised to leverage this and deliver the promise of providing superior infrastructure assets. Your company has chosen the strategy of diversification across infrastructure sectors to spread its risk. Today, we have operations and investments across airports, energy, urban infrastructure and highways sectors. We shall continue to evaluate other related and emerging opportunities in the infrastructure domain.

During the financial year under review, we have been able to sustain our optimism and have successfully continued to grow, develop assets, raise finance from banks and financial institutions, worked closely with government and demonstrated our commitment of providing infrastructure services of the highest standards to the public. We have also formed several Joint Ventures bringing in partners who will help enhance the value of our business. We have achieved several key milestones as per plan. Our excellence in execution has been recognized through several industry and global awards and accolades.

The year under review has been a story of delivery excellence by your company.

Business Development & Financials

"To accomplish great things, we must not only act, but also dream; not

only plan but also believe!!" said Nobel prize winning poet and novelist Anatole France.

Airport Sector

At New Delhi's Indira Gandhi International Airport (IGIA), the company delivered a new terminal 1D in April 2009 which was beyond our original mandate. Passenger traffic grew by 14% making it the busiest airport in India.

We completed the construction of the mammoth terminal T3 on time in March 2010. This new terminal is a state-of-the-art complex with the highest standards and it will be dedicated to the Nation on 3rd July 2010 by the Prime Minister of India and Chairperson of the UPA. Completion of T3 in a record time of 37 months is a global benchmark for an airport of such scale.

IGIA was declared the World's 4th Best Airport and Asia-Pacific's Most Improved Airport for Airport Service Quality in the 15 to 25 million passengers category by the Airports Council International (ACI).

In order to focus on the non-aero & aero revenue streams, during the year, Delhi International Airport Private Limited (DIAL) signed agreements for 11 Joint Venture partnerships which include Duty-free, F&B, Cargo, IT, Fuel Farm, Car Parking, Advertising and Bridge Mounted Equipments. These partnerships will help in value enhancement as well as bring in operational expertise.

The Rajiv Gandhi International Airport (RGIA) at Hyderabad witnessed a 5% growth in overall passenger traffic despite an unfavorable business scenario globally and political disturbances locally. Our company's sustained airline marketing efforts have resulted in additional routes and schedules being started from Hyderabad. Cargo volumes have shown a remarkable growth of 14.8% touching 65,727 tons in FY 2010.

RGIA created Indian aviation history by being declared the best airport in the world for Airport Service Quality by ACI in the 5-15 million passenger category.

During the year, GMR Aviation Academy in collaboration with Jeppesen Aviation Training Services, a subsidiary of Boeing, will start Flight Operations Management training courses at its training academy at Rajiv Gandhi International Airport. Another JV was signed with Malaysian Airlines Systems in the presence of the Malaysian Prime Minister for a new MRO facility which is all set to begin the first phase of operations by the later part of 2011.

Our Istanbul Sabiha Gocken International airport (ISGIA) in Turkey involved construction of a new international terminal and complimentary facilities, as well as management of two existing terminals. Construction of the new terminal was completed in a record period of 18 months that was 12 months ahead of schedule and inaugurated on 31st October 2009 in the presence of the Turkish Prime Minister and Indian Union Minister of Civil Aviation. The airport can now handle 25 million passengers annually.

The airport won the anna.aero Airport Traffic Growth award for highest traffic growth of 48% in the 5-10 million passenger category and handled 6.3 million passengers.

Energy Sector

India's Energy Sector is one of the key enablers for achieving overall economic growth. The country faced a peak power deficit of 13.3% during the year. In the coming years, the deficit is expected to continue despite the significant capacity additions that have been planned.

Your company has 3 operational power plants with a total capacity of 808 MW:

Projects under operation	Fuel	Capacity
Basin Bridge Chennai, Tamil Nadu	Diesel	200 MW
Barge mounted Kakinada, Andhra Pradesh	Gas	220 MW
Vemagiri, Andhra Pradesh	Gas	388 MW
Total		808 MW

In addition, the company has 11 projects at various stages of progress with an aggregate of over 8.448 MW:

Projects under development	Fuel	Capacity	Financial Closure	Commercial Operation Date
Kamlanga, Orissa	Coal	1400 MW	Done May 2009	By Mar 2012
EMCO, Warora, Maharashtra	Coal	600 MW	Done Mar 2010	By Jun 2012
Raikhera, Chhattisgarh	Coal	1370 MW	By Sep 2010	By Feb 2014
SJK Power, Shahdol, Madhya Pradesh	Coal	1370 MW	By Oct 2010	By Dec 2014
	Total Coal	4740 MW		
Rajahmundry Energy, Andhra Pradesh	Gas	768 MW	By July 2010	By Mar 2012
Island Power, Jurong, Singapore	Gas	800 MW	By Oct 2010	By Nov 2013
	Total Gas	1568 MW		
Alaknanda, Uttarakhand	Hydro	300 MW	By Mar 2011	By Mar 2015
Upper Karnali, Nepal	Hydro	900 MW	By Mar 2012	By Dec 2015
Talong, Arunachal Pradesh	Hydro	160 MW	By Mar 2012	By Jun 2016
Bajoli Holi, Himachal Pradesh	Hydro	180 MW	By Mar 2012	By Jul 2016
Upper Marsyangdi, Nepal	Hydro	600 MW	By Mar 2012	By Oct 2016
	Total Hydro	2140 MW		

Out of these, the company acquired 2 power projects with a total capacity of 1970 MW in the year under review - EMCO and SJK power projects.

A significant achievement was the successful relocation of our barge mounted 220 MW power plant from Mangalore (West coast) to Kakinada (East coast). This will help the power plant operate at lower cost by replacing the feedstock from naphtha to natural gas. With fuel supply and power purchase lined up, it will start generation in Jun 2010 in single cycle and July 2010 in combined cycle.

Your company has made several strategic investments to ensure long term fuel security.

Coal Mine	Reserves	Resources	Status
PT BSL Indonesia	104 MMT	700 MMT	Under development
HEG Kendall South Africa	25 MMT	621 MMT	Under operation
HEG Eloff South Africa	275 MMT		Under development
HEG 4 other coal mines, South Africa	Being evaluated		Under development
Rampia Orissa India	454 MMT Allocation to GMR: 112 MMT	645 MMT	Under development

The company has also built capability and assets in transmission business. In power trading, GMR Energy Trading Limited, is today among the top ten power traders in the country.

Highways Sector

In the Highways sector, the Government of India has taken several initiatives to encourage private investment in roads. We believe that the sector will witness growth on fast track owing to political will, structural changes (land acquisition, clearances etc) and changes in capital and financial markets providing options for fund raising. The company has currently 6 highway projects under operation across India measuring a total length of around 421 km (1684 Lane Km). These include a balanced mix of both Annuity and Toll-based projects.

Project	Lane-km	Туре
59 km Tuni - Anakapalli	236	Annuity
93 km Tambaram - Tindivanam	372	Annuity
103 km Pochanpalli	412	Annuity
Total Annuity	1020	
35 km Ambala - Chandigarh	140	Toll
58 km Faruknagar - Jadcherla	232	Toll
73 km Tindivanam - Ulundurpet	292	Toll
Total Toll	664	

During the year, the company won 3 road projects with a total length of 310 km (1664 Lane Km).

Project	Lane-km	Туре
181 km Hyderabad – Vijayawada Highway	1090	Toll
30 km Chennai Outer Ring Road	178	Annuity
99 km Hungund – Hospet Highway	396	Toll
Total	1664	

Urban Infrastructure

In Indira Gandhi International Airport (IGIA) Delhi, in Phase I of the hospitality district, the Company awarded all asset areas (45 acres) to successful bidders for commercial property development. This is a major step forward towards unlocking the value of real estate around IGIA.

Your company has plans to build a large aerotropolis around the Rajiv Gandhi International Airport (RGIA) Hyderabad with 6 specific themes - Education port, Healthcare port, Entertainment Port, Hospitality Port, Commercial Port and Logistics Port. To this end, the company is working closely with leading international players to form Joint Venture partnership and bring best-in-class business assets across 1000 acres.

The exports from the functioning SEZs in India have grown considerably with a CAGR of about 48%, establishing beyond doubt that the response to the SEZ policy of the Central Government has been overwhelming and the scheme has been able to achieve the envisaged objectives. Your company has plans to develop aviation SEZ spread over 250 acres and multi-product SEZ in another 250 acres close to RGIA.

Results

(Rs. in Crore)

Particulars	Year ended				
	31st March'10 31st March'09 % change				
Net Revenue	4,566.5	4,019.2	13.6%		
EBITDA	1,364.3	1,066.8	27.9%		
PAT*	158.4	279.5	-43.3%		
Cash Profit	734.6	643.8	14.1%		

^{*} After minority interest and Share of Loss from Associate

Net Revenues have gone up a modest 13.6%, primarily impacted by the absence of Revenues from the decommissioned 220 MW barge mounted power plant during the year. EBITDA, Cash Profit moved up significantly, signifying efficient and profitable operations of the business.

Organization Development

It is said "Your greatest achievement is not to get ahead of others but to surpass yourself".

While business building has been on course, our emphasis on institution building has remained a very high priority. We are continuing to invest in this area to ensure that our organizational growth remains sustainable taking care of our relationship with all our stakeholders – shareholders, lenders, customers, suppliers, JV partners, government, employees, society and environment.

Performance Management, Talent Review, Training & Development

We believe that our employees are our greatest source of strength and differentiation. During the year gone by, we IT-enabled several people processes, brought performance management process to high level of maturity and introduced world-class development programs for our leadership team.

Corporate Governance

While we already have a high standard of corporate governance, we initiated a major initiative to strengthen this further with the creation of a corporate governance framework. A team of very senior crossfunctional team is now engaged in taking corporate governance in your company to a different level.

Business Excellence and Knowledge Management

Business Excellence is very crucial for us and even though the journey may be a long one, it will build and upgrade our processes and systems to be more efficient and effective. As a Group we have embarked on the Business Excellence journey based on the globally acclaimed Malcolm Baldridge Business Excellence Model.

Knowledge Management is also an integral part of institution building. It is essential for us to create future value, mitigate risks and build organizational capabilities.

Environmental Protection and Energy Conservation

The success of your company is integrated with strong environmental management practices. Clean environment is our top priority and to support that several unique schemes have been implemented to prevent pollution and conserve natural resources to achieve sustainable development. High priority is given to energy conservation and carbon footprint minimization in all our assets and projects.

Risk Management

Over the last few years, the Company has consciously embedded formal Enterprise Risk Management (ERM) practices into every facet of the decision-making process. Our approach is holistic in nature and we consider risk at various stages of the value chain, i.e. at Bid, Project and Asset stages. The Company's ERM philosophy is to integrate the process for managing risk across its business and lifecycle to enable protection and enhancement of stakeholder value. ERM is an integral component of our corporate strategy, culture and value generation process.

Corporate Social Responsibility

GMR Varalakshmi Foundation (GMRVF) is our corporate social responsibility arm. GMRVF aims to contribute to this objective by focusing on education, health, hygiene, and sanitation; empowerment; and community development initiatives. The Foundation works intensively with the poorer sections of society surrounding the business operations and projects of various GMR Group companies all over the country. The thrust areas enable the Foundation to develop need-based and locale-specific responses to the needs of the diverse communities it works with. It is now present in 22 locations.

GMRVF won the prestigious TERI Corporate Award for Corporate Social Responsibility in recognition of corporate leadership for social responsibility and sustainable development initiatives from the President of India.

Acknowledgements

I express my sincere gratitude to our shareholders, investors, JV partners, banks and financial institutions with whom we have enjoyed excellent symbiotic relationships. I would also like to thank SEBI, NSE, BSE, RBI, NHAI, TIDCO, AAI, AERA, CERC, Central and State Governments and all other regulatory and state bodies for providing continuous direction, support and an enabling environment for smooth conduct of business. I wish to express my appreciation to my colleagues on the Board and our employees for their thought leadership, dedication and commitment.

I acknowledge my deep appreciation to the Board of Directors and the employees of the subsidiaries for their continued support.

I am grateful to you all for your cooperation and the trust you have reposed in us.

Best Regards

G M Rao

Executive Chairman

Key Milestones Achieved

Month/Year	Project	Project Milestone Achieved
April 2009	Indira Gandhi International Airport, Delhi	New Domestic Departure Terminal 1D was completed and commercial operations successfully commenced.
May 2009	1400 MW Kamalanga Thermal Power Project, Orissa	Achieved financial closure.
July 2009	73 km Tindivanam-Ulundurpet highway project	Was completed and commenced commercial operations.
October 2009	Sabiha Gokcen International Airport, Istanbul	Inauguration of the new passenger terminal building on 31st October 2009 in a record time of 18 months.
2009-10	Indira Gandhi International Airport, Delhi	Agreements concluded for 11 Joint Venture partnerships - Duty free, F&B, Cargo, Fuel Farm, Car Parking, Advertising, Bridge Mounted Equipment etc.
February 2010	Indira Gandhi International Airport, Delhi	In Phase I of the hospitality district, awarded all asset areas across 45 acres for commercial property development.
February 2010	Rajiv Gandhi International Airport, Hyderabad	MRO JV signed with Malaysian Airlines Systems
March 2010	Rajiv Gandhi International Airport, Hyderabad	CFM International, world's leading aircraft engine manufacturer, inaugurated the engine Maintenance Training Center.
March 2010	600 MW EMCO Thermal Power Project, Maharashtra	Achieved financial closure.
March 2010	Indira Gandhi International Airport, Delhi	Construction on the new integrated Terminal 3 was completed in March 2010 in a record time of 37 months.

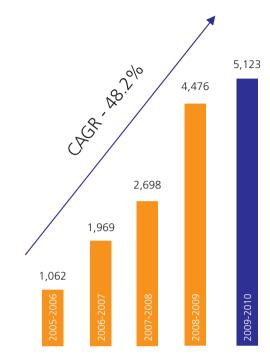
Highlights of 2009-10

Consolidated Financials

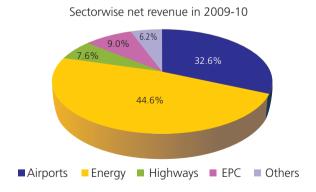
- Gross revenues up by 14.46% from Rs. 4,476.19 Crore to Rs. 5,123.42 Crore
- Net Revenues up by 13.62% from Rs. 4.019.22 Crore to Rs. 4.566.51 Crore
- EBITDA up by 27.89% from Rs. 1.066.79 Crore to Rs. 1,364.31 Crore
- PAT before minority interest and share of profits/(losses) of associates decreased by 18.68% from Rs. 277.11 Crore to Rs. 225.34 Crore.
- PAT after minority interest and share of profits/(losses) of associates decreased by 43.32% from Rs. 279.45 Crore to Rs. 158.40 Crore.
- Cash Profit (PAT before Minority plus depreciation plus deferred tax plus MAT credit entitlement) increased by 14.10% from Rs. 643.82 Crore to Rs. 734.61 Crore.
- Total assets increased by 42.59% from Rs. 22,296.78 Crore to Rs. 31,793.20 Crore.
- Net Worth increased by 4.59% from Rs. 8,277.24 Crore to Rs. 8,657.21 Crore

Business Developments/ Operation

- Delhi's new integrated Terminal 3 construction has been completed in a record time of 37 months and commercial operations are slated to commence from July 2010.
- Delhi International Airport Pvt. Ltd. has signed agreements for 11 Joint Venture partnerships which include Duty-free, F&B, Cargo, IT, Fuel Farm, Car Parking, Advertising and Bridge Mounted Equipments.
- The company is developing Delhi Aerocity in Delhi Airport Already leased out 45 acres of land for the development of Hospitality District with plans to bring leading international & national hotel brands to this location.
- Istanbul Sabiha Gokcen International Airport Construction of the new terminal was completed in November 2009, in 18 months i.e. 12 months ahead of schedule.
- CFM International, world's leading aircraft engine manufacturer, inaugurated the engine Maintenance Training Center at Hyderabad Airport Aerospace Park.
- The Group acquired two power projects with a total capacity of 1970 MW. They are (i) 600 MW coal based EMCO power project in Maharashtra and (ii) 1370 MW coal based SJK power project in Madhya Pradesh.
- The barge mounted power plant is relocated from Mangalore to Kakinada in April 2010 and is converted to operate on natural gas.
- Tindivanam Ulundurpet project on NH-45 in Tamil Nadu became operational.
- Successfully won three new projects in the highways sector viz. Hyderabad - Vijayawada, Chennai ORR and Hungund -Hospet.



Consolidated Gross Revenue (Rs. In Crore)

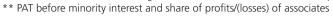


Consolidated Financial Performance

(Rs. in Crore)

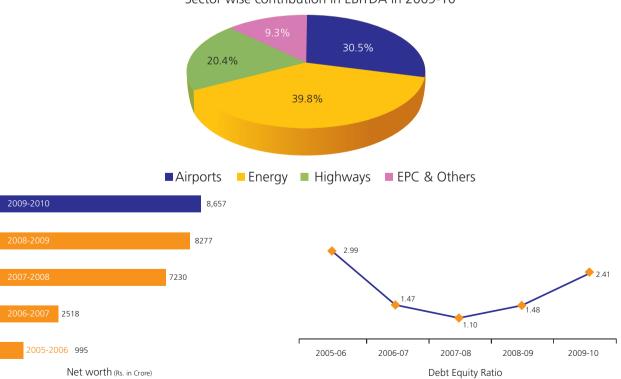
Year End	Net Revenue	EBITDA	PAT**	Cash Profits	Cash & Cash Equivalent*
FY 2010	4,566.5	1,364.3	225.3	734.6	4,892.6
FY 2009	4,019.2	1,066.8	277.1	643.8	2,781.6
FY 2008	2,294.8	598.5	262.6	469.2	5,779.3
FY 2007	1,696.7	543.7	241.8	390.6	1,562.3
FY 2006	1,061.6	453.0	93.6	313.5	931.4

*Cash+ mutual funds +bonds+ government securities+ certificate of deposit + investments in quoted equity shares









Airports



Airports business of the group consists of three airports – Indira Gandhi International Airport (IGIA) in Delhi; Rajiv Gandhi International Airport (RGIA) in Hyderabad and Istanbul Sabiha Gokcen International Airport (ISGIA) in Turkey. Significant features and developments in these three assets during the year are given

Indira Gandhi International Airport, New Delhi

The Brownfield development of IGIA in Delhi commenced in January 2006. This Public Private Partnership project is being promoted by Delhi International Airport Private Ltd. (DIAL), a joint venture between GMR Group (54%), the Airports Authority of India (26%), Fraport AG (10%) and Malaysia Airports (Mauritius) Private Limited (10%) of Malaysia Airports. The consortium entered into a long-term agreement to operate, manage and develop the Delhi airport following a competitive bidding process. IGIA is now the biggest and busiest airport in the country. It has handled 26.12 million passengers in the year 2009-10.

The airport is being developed in 5 phases. Phase I was completed in March 2010, the airport is now capable of handling 60 million passengers per annum (mppa), with a total capacity of 100 mppa and a cargo capacity of 3.6 million tons by end of phase V. DIAL has successfully commissioned the third runway measuring 4,430 meters in length. This is amongst the longest runways in Asia, capable of handling Airbus A380 sized aircraft and is CAT III B compliant.

The company has developed the new integrated terminal building (T3) - a state-of-the-art complex with the highest security standards which was completed in March 2010 and will be commissioned in July 2010. Completion of T3 in a record time of 37 months is a world benchmark for an Airport of such scale. Operational Readiness and Airport Transfer (ORAT) trials are being undertaken in order to ensure glitch-free operations post inauguration.

Salient features of T3:

- Multimodal connectivity via 8 lane expressway and metro rail
- 9 Level building
- 2 Piers 1.2 Km each
- 71 Visual Deck Guidance Systems
- Access Control Card Entry
- Public Address system 8,000 speakers
- Multi-level car parking facility for 4,300 cars in addition to surface parking for 2,300 cars
- Common check-in hall for domestic and international passengers with 168 Common User Terminal Equipment (CUTE) check-in counters
- Advanced 5 Level in-line baggage handling system with CTX machines for greater efficiency and security
- 78 aerobridges, 48 Contact & 9 Remote Parking Stands
- 92 Walklators, 31 Escalators, 63 Lifts
- 34 security channels (screening machines)
- 14 baggage reclaim belts
- 49 departure and 46 arrival immigration counters
- Passenger facilities such as restaurants, shopping, duty free complexes, modern communication equipments and executive lounges
- State-of-the-Art Airport Operation Command Centre (AOCC) (already commissioned)

DIAL has signed agreements for 11 Joint Venture partnerships which include Duty-free, F&B, Cargo, IT, Fuel Farm, Car Parking, Advertising and Bridge Mounted Equipments. These partnerships would help in value enhancement as well as bring in operational expertise.