Dedicated Freight Corridor

# ANNUAL REPORT 2016-2017

**Dedicated Freight Corridor Corporation of India Limited**

**Corporate & Regd. Office:**

5th Floor, Pragati Maidan Metro Station Building Complex, New Delhi – 110001

Tel.:- +91-11-23454700, Fax:- +91-11-23454701, Website: dfccil.gov.in

CIN- U60232DL2006GOI155068

# GENERAL INFORMATION

## CORPORATE & REGISTERED OFFICE

5th Floor, Pragati Maidan Metro Station Building Complex,
New Delhi-110001

## STATUTORY AUDITOR

**Baweja & Kaul, Chartered Accountants**
306, Corporate Towers
85A, Zamrudpur, Greater Kailash-I
New Delhi -110048

## INTERNAL AUDITOR

**M/s. Gianender & Associates**
Chartered Accountants
Plot No. 6, Site No. 21
Geeta Mandir Marg
New Rajinder Nagar
Delhi-110060

## BANKERS

Union Bank of India
State Bank of India
HDFC Bank
ICICI Bank
Punjab National Bank
Oriental Bank of Commerce
Kotak Mahindra Bank
Yes Bank
IDFC Bank
Induslnd Bank

# CONTENTS

# LIST OF DIRECTORS
## (AS ON THE DATE OF AGM)

| S. No. | Name of the Director | Designation | Date of holding office w.e.f. |
|---|---|---|---|
| 1 | Shri Ashwani Lohani | Part Time Chairman (Official) | 30.08.2017 |
| 2 | Shri Anshuman Sharma | Managing Director<br>(Additional Charge) / Director (Project Planning) | 01.07.2017<br>05.04.2011 |
| 3 | Shri Naresh Salecha | Director (Finance) Additional Charge | 01.03.2017 |
| 4 | Shri H.D. Gujrati | Director (Operations & Business Development) | 29.11.2012 |
| 5 | Shri D. S. Rana | Director (Infrastructure) | 27.10.2014 |
| 6 | Shri Sushant Kumar Mishra | Part time Official Director<br>(Government Nominee-MoR) | 05.07.2017 |
| 7 | Shri Yaduvendra Mathur | Part-time Official Director<br>(Government Nominee-NITI Aayog) | 08.06.2017 |
| 8 | Shri Ravi Mathur | Independent Director | 01.04.2017 |
| 9 | Smt. Shakti Munshi | Independent Director | 01.04.2017 |

# LIST OF DIRECTORS
## (AS ON THE DATE OF AGM)

**Sh. Ashwani Lohani**
**Chairman/Rly. BD. & DFCCIL**

**Sh. Anshuman Sharma**
Director (PP) &
MD (Additional Charge)

**Sh. H.D. Gujrati**
Director (OP&BD)

**Sh. Naresh Salecha**
Director (Finance)
Additional Charge

**Sh. D.S. Rana**
Director (Infrastructure)

**Sh. Sushant Kr. Mishra**
Part time Official Director
(Government Nominee-MoR)

**Sh. Yaduvendra Mathur**
Part-time Official Director
Government Nominee
(NITI Aayog)

**Sh. Ravi Mathur**
Independent Director

**Smt. Shakti Munshi**
Independent Director

# CHAIRMAN'S MESSAGE

It is indeed a matter of great pride for me to be associated with the Dedicated Freight Corridor Corporation of India Limited (DFCCIL), a mega infrastructure project of the Ministry of Railways which will be a game changer in the freight logistics scenario of the country. Our mission is to build a corridor with technology that enables Indian Railways to regain its market share in freight transport by creating additional capacity and guaranteeing efficient, reliable, safe and cheaper options for movement of goods.

It gives me great pleasure to welcome you all to the 11th Annual General Meeting of the Company. The Directors Report and Audited Financial Statements of the Company for the year ending 31st March 2017 together with the Auditors Report already circulated, are taken as read.

DFCCIL has witnessed appreciable progress over the years so as to effectively respond to the emerging needs of the freight transportation. During the year 2016-17, the Company has achieved following major milestones:-

i. Capital expenditure of Rs.9915 Crores has been incurred as compared to CAPEX of Rs.8508 Crores in 2015-16, an increase of 16.54%.

ii. All the contracts for Western Dedicated Freight Corridor have been finalized. Total Contracts worth Rs.11,643 Crores were awarded/signed during the year taking cumulative contract finalization to Rs.49,043 crores (94%). As a result, civil contracts for 2600 kms (92%), Electrical and S & T contracts for 2315 kms (82%) have been finalized and works are in progress.

iii. Track linking is being carried out by 4 New Track Construction (NTC) Machines in both Eastern & Western Corridor. Cumulative linking of 577 km track has been completed upto 31.03.2017.

iv. The progress of land acquisition as on 31.03.2017 was 96% (except Sonnagar-Dankuni section) and 91% on overall basis. Total compensation amounting to Rs.11357 Crores (WDFC- 5186 Crores, EDFC- 6171 Crores) has been awarded.

v. DFCCIL was awarded the prestigious "Golden Peacock Award for sustainability" for the year 2016.

vi. Efforts are being made to eliminate Level crossings by construction of Road Over Bridges (ROBs) and Road under Bridges (RUBs). Tenders for 27 ROBs in Western Dedicated Freight Corridor and 22 ROBs in Eastern Dedicated Freight Corridor were finalized and works are in progress. Besides Tenders for 13 ROBs were finalized by State Governments in Western Corridor. Besides, as on 31.03.2017, 216 RUBs have been completed and work is in progress on 155 RUBs.

vii. Constant persuasion with State Governments has resulted in consent to share cost of ROBs on 50:50 basis for 15 ROBs & 25 RUBs from 3 different states, leading to savings of Rs.550 Crores (approx.) to Ministry of Railways.

viii. Loan Agreement for EDFC-3 amounting to 650 million US$ was signed with World Bank on 21.10.2016. With this complete funding arrangements for EDFC & WDFC have been finalized.

ix. Bureau of Energy Efficiency, Ministry of Power, Government of India has awarded BEE 5 STAR rating to DFCCIL Corporate Building in Nov. 2016. DFCCIL Corporate Office Building is among very few organizations in the country to have BEE 5 STAR rating label with Air-conditioning area of more than 90%.

A report on “Corporate Governance” and “Management Discussion & Analysis Report” forms the part of the Annual Report. The Company is committed towards ensuring that business ethics and values are adhered to.

Corporate Social Responsibility is envisaged as a commitment to meet its social obligations by playing an active role to improve the quality of life of the communities and stakeholders on a sustainable basis. With a view to impart vocational training leading to employment/self-employment in and around project affected areas, project “Saksham” was initiated in association with Confederation of Indian Industry (CII) which has successfully imparted training to 1450 BPLs families and provided employment to over 70% BPLs.

I must place on record my sincere thanks to Ministry of Railways, Zonal Railways, other Ministries of the Government of India and State Governments, lending agencies, bankers and business associates, for their support to DFCCIL. I would also like to thank all other stakeholders of the company for their support.

This was a year of exceptional challenges and change for the Railway Industry. I am determined that the progress made in building these corridors will continue. We are focused to deliver our targets, on time and budget with the dedicated team of DFCCIL.

Place:- New Delhi
Date:- Sep 26, 2017

Sd/-
(Ashwani Lohani)

# NOTICE

NOTICE is hereby given that 11th Annual General Meeting of the Members of Dedicated Freight Corridor Corporation of India Limited (CIN : U60232DL2006GOI155068) will be held on **26th day of September 2017** at **12:00 Hrs** at Committee Room, 2nd Floor, Rail Bhawan, Raisina Road, New Delhi-110001 to transact the following business:

## Ordinary Business

1. To consider and adopt the audited financial statements of the Company for the year ended 31st March, 2017, together with the Report of the Directors' and Auditors' thereon and comments of the Comptroller and Auditor General of India thereon.

2. To take note of the appointment of the Statutory Auditor of the Company by adopting the following resolution.

"Resolved that Members be and hereby took note of appointment of M/s S R Dinodia & Co. LLP, as Statutory Auditor of the Company for the financial year 2017-2018, by the Comptroller and Auditor General of India, on a remuneration as may be decided, by the Board of Directors on the recommendations of the Audit Committee.

## Special Business

**3. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 152(2), and other applicable provisions, if any, of the Companies Act 2013 read with the relevant Articles of Articles of Association of the Company, the Company be and hereby take note of the Presidential Order vide Railway Board's order no. 2013/E(O) II/40/8 dated 27.03.2017, for entrustment of additional charge of the post of Director (Finance), DFCCIL to Shri Naresh Salecha, IRAS, Advisor (AR), Railway Board, in addition to his own, for a period of six months w.e.f. the date of assumption of additional charge of the post i.e. 01.03.2017 or till a regular incumbent joins the post or until further orders whichever is the earliest.

"RESOLVED FURTHER THAT the Director Finance/ Company Secretary be and is hereby authorized to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution."

**4. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 152(2) and other applicable provisions, if any, of the Companies Act 2013 read with the relevant Articles of Articles of Association of the Company, the consent of the Company be and is hereby accorded to the appointment made by the President of India vide Railway Board's order no. 2017/PL/61/4/Pt dated 08.06.2017, of Shri Sushant Kumar Mishra, Advisor/ Infra as part time Government Director on the Board of Company with immediate effect till he holds the post of Adviser (Infra) or further orders whichever is earlier."

"RESOLVED FURTHER THAT the Director Finance/ Company Secretary be and is hereby authorized to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution."

**5. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 152(2) and other applicable provisions, if any, of the Companies Act 2013 read with the relevant Articles of Articles of Association of the Company, the consent of the Company be and is hereby accorded to the appointment made by the President of India vide Railway Board's order no. 2017/PL/61/5 dt, 08.06.2017 of Shri Yaduvendra Mathur, Additional Secretary NITI Aayog as part time Government Director on the Board of Dedicated Freight Corridor Corporation of India Limited with immediate effect till holding of the post of Additional Secretary, NITI Aayog or further orders whichever is earlier.

"RESOLVED FURTHER THAT the Director Finance/ Company Secretary be and is hereby authorized to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution."

**6. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 152(2), 196 and other applicable provisions, if any, of the Companies Act 2013 read with the relevant Articles of Articles of Association of the Company, the Company take note of the entrustment of additional charge of the post of Managing Director, DFCCIL to Shri Anshuman Sharma, Director/PP in addition to his own, for a period of three months w.e.f. 01.07.2017. The date of assumption of additional charge of the post i.e. 01.07.2017 or till a regular incumbent joins the post or until further orders whichever is the earliest.

"RESOLVED FURTHER THAT the Director Finance/ Company Secretary be and is hereby authorized to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution."

**7. To consider and, if thought fit, to pass with or without modification/s, the following Resolution as an Ordinary Resolution:**

"Resolved that pursuant to the provisions of Section 61(1)(a) of the Companies Act, 2013, and other applicable provisions, if any, read with Article (6) of Articles of Association of the Company, the Authorised Share Capital of the Company be and is hereby increased from Rs.80,00,00,00,000 (Rupees Eight Thousand Crore Only) divided into 800,00,000 (Eight Crore) Equity Shares of Rs.1000 (Rupees Thousand Only) each to Rs.220,00,00,00,000 (Rupees Twenty Two Thousand Crore only) divided into 2200,00,000 (Twenty Two Crore) Equity Shares of Rs.1000 (Rupees Thousand Only) each."

**8. To consider and, if thought fit, to pass with or without modification/s, the following Resolution as an Special Resolution:**

"Resolved that pursuant to the provisions of Section 13 (1) of the Companies Act, 2013, and other applicable provisions, if any, the existing clause V of Memorandum of Association be and is hereby substituted as follows.

'V. The Authorised Share Capital of the Company is Rs.22000, 00, 00,000 (Rupees Twenty Two Thousand Crore only) divided into 2200, 00,000 (Twenty Two Crore) Equity Shares of Rs.1000 (Rupees Thousand Only) each."

**9. To take note of compliance of Guidelines on Capital Restructuring of Central Public Sector Enterprises.**

In compliance of Railway Board's Letter No. 2016/PL/57/11 dated 24.10.2016, read with clause 4.4 of the guidelines on Capital Restructuring of CPSEs, the clause wise status of the applicability of the guidelines is as follows:

a) Clause 5 (Payment of Dividend): Exemption from this clause was sent to MOR vide Letter No. 04/HQ/Fin/Closing of Accounts/15-16/BK dated 18.10.2016 after taking the approval of Board of Directors vide item No. 57.3.3 of 57th meeting of the Board of Directors held on 26.08.2016. Exemption is still awaited.

b) Clause 6 (Buyback of Shares): The clause is not applicable to the company.

c) Clause 7 (Issue of Bonus Shares): The clause is not applicable to the company.

d) Clause 8 (Splitting of Shares): The clause is not applicable to the company.

**10. To consider and if thought fit, to pass with or without modification, the following resolution as Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Section 152(2) and other applicable provisions, if any, of the Companies Act 2013 read with the relevant Articles of Articles of Association of the Company, the consent of the Company be and is hereby accorded to the appointment made by the President of India vide Railway Board's order no. 2009/Infra/6/2 dated 30.08.2017 of Shri Ashwani Lohani,Chairman,Railway Board as part-time Chairman on the Board of the Company with immediate effect till holding of the post of Chairman,Railway Board or further orders whichever is earlier."

"RESOLVED FURTHER THAT the Director Finance/ Company Secretary be and is hereby authorized to do all such acts, deeds and things and to sign all such documents as may be necessary, expedient and incidental thereto to give effect to this resolution."

By Order of Board

Place:- New Delhi
Date:- 31.08.2017

Sd/-
Meenu Kapoor
Company Secretary

## NOTE:

1. The relative Explanatory Statement pursuant to section 102 of the Companies Act, 2013 in respect of the business under Item Nos. 3 - 10 of the Notice, are annexed hereto.
2. A Member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a Member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Company's Registered Office, duly completed and signed, not less than FORTY-EIGHT HOURS before the meeting.
3. The Notice of the AGM along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode.

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.**

## Item No. 3

1. Section 152 (2) of the Companies Act, 2013 provides that "Save as otherwise expressly provided in this Act, every director shall be appointed by the company in general meeting. Accordingly, it is mandatory to take the appointments made by the President of India for consent of the Shareholders.
2. **Article 81 of Articles of Association of the Company** (Appointment of Chairman, Chairman-cum-Managing Director, Directors and their terms of Office) ***provides*** –Article 81-
    1. The President shall have powers to appoint:
        a) Full time Chairman or, Part time Chairman, full time Managing Director(s) or a full time Chairman-cum-Managing Director and other full time Directors.
        b) The Directors representing the Government of India and / or any State Government; and
        c) Other Directors including independent Directors in consultation with the Chairman.

The Directors appointed by the President shall hold office until removed by him or until their resignation, retirement, and death or otherwise.

3. Railway Board's Order no. 2013/E(O)II/40/8 dated 27.03.2017, the Competent Authority has approved entrustment of additional charge of the post of Director (Finance), DFCCIL to Shri Naresh Salecha, IRAS, Advisor (AR), Railway Board, in addition to his own, for a period of six months w.e.f. the date of assumption of additional charge of the post i.e. 01.03.2017 or till a regular incumbent joins the post or until further orders whichever is the earliest.

No Director or Key Managerial Personnel of the Company and/or their relatives are concerned or interested financially or otherwise in this item of business except Shri Naresh Salecha.

## Item No. 4

1. Section 152 (2) of the Companies Act, 2013 provides that "Save as otherwise expressly provided in this Act, every director shall be appointed by the company in general meeting. Accordingly, it is mandatory to take the appointments made by the President of India for consent of the Shareholders.
2. **Article 81 of Articles of Association of the Company** (Appointment of Chairman, Chairman-cum-Managing Director, Directors and their terms of Office) ***provides*** –Article 81-
    1. The President shall have powers to appoint:
        a) Full time Chairman or, Part time Chairman, full time Managing Director(s) or a full time Chairman-cum-Managing Director and other full time Directors.
        b) The Directors representing the Government of India and / or any State Government; and
        c) Other Directors including independent Directors in consultation with the Chairman.

The Directors appointed by the President shall hold office until removed by him or until their resignation, retirement, and death or otherwise.

3. Railway Board's order no. 2017/PL/61/4/Pt dated 08.06.2017, the President of India appointed Shri Sushant Kumar Mishra, Advisor/Infra as part time Government Director on the Board of Company with immediate effect till he holds the post of Adviser (Infra) or further orders whichever is earlier.

No Director or Key Managerial Personnel of the Company and/or their relatives are concerned or interested financially or otherwise in this item of business except Shri Sushant Kumar Mishra.

# Item No. 5

1. Section 152 (2) of the Companies Act, 2013 provides that "Save as otherwise expressly provided in this Act, every director shall be appointed by the company in general meeting. Accordingly, it is mandatory to take the appointments made by the President of India for consent of the Shareholders.

2. **Article 81 of Articles of Association of the Company** (Appointment of Chairman, Chairman-cum-Managing Director, Directors and their terms of Office) ***provides*** –Article 81-

   1. The President shall have powers to appoint:

      a) Full time Chairman or, Part time Chairman, full time Managing Director(s) or a full time Chairman-cum-Managing Director and other full time Directors.

      b) The Directors representing the Government of India and / or any State Government; and

      c) Other Directors including independent Directors in consultation with the Chairman.

The Directors appointed by the President shall hold office until removed by him or until their resignation, retirement, and death or otherwise.

3. Railway Board's order no. 2017/PL/61/5 dt, 08.06.2017 the President of India has appointed Shri Yaduvendra Mathur, Additional Secretary Niti Aayog as part time Government Director on the Board of Dedicated Freight Corridor Corporation of India Limited with immediate effect till holding of the post of Additional Secretary, NIti Aayog or further orders whichever is earlier.

   No Director or Key Managerial Personnel of the Company and/or their relatives are concerned or interested financially or otherwise in this item of business except Shri Yaduvendra Mathur.

# Item No. 6

1. Section 152 (2) of the Companies Act, 2013 provides that "Save as otherwise expressly provided in this Act, every director shall be appointed by the company in general meeting. Accordingly, it is mandatory to take the appointments made by the President of India for consent of the Shareholders.

2. **Article 81 of Articles of Association of the Company** (Appointment of Chairman, Chairman-cum-Managing Director, Directors and their terms of Office) ***provides*** –Article 81-

   1. The President shall have powers to appoint:

      a) Full time Chairman or, Part time Chairman, full time Managing Director(s) or a full time Chairman-cum-Managing Director and other full time Directors.

b) The Directors representing the Government of India and / or any State Government; and

c) Other Directors including independent Directors in consultation with the Chairman.

The Directors appointed by the President shall hold office until removed by him or until their resignation, retirement, death or otherwise.

3. Section 196 deals with Appointment and Remuneration of Managerial Personnel- According to section 196

   1. No company shall appoint or employ at the same time a managing director and a manager.

   2. No company shall appoint or re-appoint any person as its managing director, whole-time director or manager for a term exceeding five years at a time:

      Provided that no re-appointment shall be made earlier than one year before the expiry of his term.

   3. No company shall appoint or continue the employment of any person as managing director, whole-time director or manager who

      a) Is below the age of twenty-one years or has attained the age of seventy years:

         Provided that appointment of a person who has attained the age of seventy years may be made by passing a special resolution in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person;

      b) is an undercharged insolvent or has at any time been adjudged as an insolvent;

      c) has at any time suspended payment to his creditors or makes, or has at any time made, a composition with them; or

      d) has at any time been convicted by a court of an offence and sentenced for a period of more than six months.

   4. Subject to the provisions of section 197 and Schedule V, a managing director, whole-time director or manager shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors at a meeting which shall be subject to approval by a resolution at the next general meeting of the company and by the Central Government in case such appointment is at variance to the conditions specified in that Schedule:

      Provided that a notice convening Board or general meeting for considering such appointment shall include the terms and conditions of such appointment, remuneration payable and such other matters including interest, of a director or directors in such appointments, if any:

      Provided further that a return in the prescribed form shall be filed within sixty days of such appointment with the Registrar.

   5. Subject to the provisions of this Act, where an appointment of a managing director, whole-time director or manager is not approved by the company at a general meeting, any act done by him before such approval shall not be deemed to be invalid.

4. In exercise on the powers conferred by clauses (a) and (b) of sub-section(1) of section 462 and in pursuance of sub-section (2) of said section of the Companies Act, 2013 (18 of 2013) and to supersession of notifications issued under section 620 of the Companies Act, 1956 (1 of 1956), except as respects things done or omitted to be done before such supersession, the Central Government in the interest of public hereby directs that certain provisions of the Companies Act, 2013, as specified in column (2) of the Table, shall not apply or shall apply with such exceptions, modification and adaptations as specified to column (3) of the Table, to a Government company.(Dated 05.06.2015) Accordingly, DFCCIL being a Government Company is exempted from the provisions of section 196 (2) 4 and 5 of the Act.
5. Railway Board order no. 2014/E(O)II/40/9 dated 14.06.2017, Shri Adesh Sharma, Managing Director superannuated on 30.06.2017 and the Competent Authority has approved entrustment of additional charge of the post of Managing Director, DFCCIL to Shri Anshuman Sharma,Director/PP in addition to his own, for a period of three months w.e.f. 01.07.2017. The date of assumption of additional charge of the post i.e. 01.07.2017 or till a regular incumbent joins the post or until further orders whichever is the earliest.
6. In terms of section 152(2), it is mandatory to take the appointments made by the President of India for consent of the Shareholders.

No Director or Key Managerial Personnel of the Company and/or their relatives are concerned or interested financially or otherwise in this item of business except the Director (PP).

## Item No. 7 & 8

1. At present the Authorized Share Capital of the Company is Rs.8000, 00, 00, 000/- (Rupees Eight Thousand Crores) divided in 800, 00,000/- (Eight Crore) Equity Shares of Rs.1000 (Rupees One Thousand) each.
2. As on 31.03.2017, the paid Share Capital of the Company was Rs.7658.27 Crores.
3. The Railway Board has made budgetary provision of Rs.6253 Cr. in revised Estimate of 2016-17. Up to 26.03.2017, Rs.5800 Cr. had been received.
4. With this, the limit of authorized share capital of the Company will exceed Rs.8000 Crores in due course. In such an event, we need to increase the Authorized Share Capital of the Company in terms of applicable provisions of Companies Act, 2013.
5. Following sub-sections of Section 13 of the Companies Act, 2013 provides that –
    1. Save as provide in section 61, a company may, by a special resolution and after complying with the procedure specified in this section, alter the provisions of its memorandum.
    2. Save as provided in section 64, a company shall, in relation to any alteration of its memorandum, file with the Registrar –
        a) the special resolution passed by the company under sub-section (1).

6. Pursuant to Section 61 (1) (a), a limited company having a share capital may, if authorized by its articles, alter its memorandum in its general meeting to increase its authorized share capital by such amount as it thinks expedient.
7. Pursuant to Section 64 (1) (a), where a company alter its share capital in any manner specified in sub-section (1) of section 61, the notice of such alteration or increase shall be filed by the company with the Registrar in Form No. SH -7 along with the fee.
8. Article 6 (a) of Articles of Association of the Company provides that.

   "Subject to the approval of the President, the Board may from time to time, with the sanction of the Company in a general meeting, increase the share capital by such sum to be divided into shares of such amounts as the resolution shall prescribe."
9. The Board of Directors at their 57th meeting held on 26.08.2016 approved the proposal for increase in Authorised Share Capital of the Company from Rs.80,00,00,00,000 (Rupees Eight Thousand Crore Only) divided into 800,00,000 (Eight Crore) Equity Shares of Rs.1000 (Rupees Thousand Only) each to Rs.220,00,00,00,000 (Rupees Twenty Two Thousand Crore only) divided into 2200,00,000 (Twenty Two Crore) Equity Shares of Rs.1000 (Rupees Thousand Only) each and consequent amendments to the Memorandum and Articles of Association of the Company.
10. A detailed proposal for seeking prior approval of the President of India for increase in Authorized Share Capital of the Company was submitted to the Ministry of Railways.
11. Vide Letter no. 2016/PL/61/5 dt. 06.03.2017, the administrative approval of the Ministry of Railways has been communicated to increase Authorized share capital of the company from Rs.8000 Crores to Rs.22,000 Crores.
12. Increase in Authorised Share Capital would necessitate amendment to the clause V of the Memorandum of Association of the Company, which require member's approval by passing a Special/Ordinary Resolutions.
13. None of the Directors are interested or concerned in these Resolutions.

## Item No. 9

1. The Director, Ministry of Heavy Industries & Public Enterprises, Department of Public Enterprise vide OM no. F. No. P/14(0005)/2016 dated 20.06.2016 circulated guidelines on Capital Restructuring of Central Public Sector Enterprises (CPSEs).
2. Clause 4.4 of the above guidelines states that CPSEs shall ensure compliance of these guidelines by taking up this matter as an agenda item along with a compliance note in the Board meeting of the company convened for finalization and approval of its annual account. Requisite approval of shareholders/ members shall be obtained in the AGM/EGM to be held immediately thereafter.
3. lt has further been clarified vide O.M. F. No. 05/02/2016 Policy dated 21.11.2016 that after obtaining necessary approval as per clause 4.4 above in the AGM/EGM on the compliance of these guidelines, the decision so arrived, shall be communicated by CPSEs to the Financial Advisor and Secretary of the concerned Administrative Ministry/Department immediately thereafter.

4. ln this regard, it is stated that the original guidelines dated 20.06.2016 were received after the Board Meeting held for approval of Accounts of the Company for the year ended 31.03.2016. The said guidelines were put up to the Board at 57th Board Meeting held on 26.08.2016 vide item No. 57.3.3. After discussion, the Board resolved to approach Department of Investment & Public Asset Management (DIPAM) through MoR for seeking exemption from the guidelines relating to the payment of Dividend.

5. The Board took on record the compliance of Guidelines on Capital restructuring of Central Public Sector Enterprises vide item no. 59.4.1 in 59th Board Meeting held on 27.02.2017.

## Item No. 10

1. Section 152 (2) of the Companies Act, 2013 provides that "Save as otherwise expressly provided in this Act, every director shall be appointed by the company in general meeting. Accordingly, it is mandatory to take the appointments made by the President of India for consent of the Shareholders.

2. **Article 81 of Articles of Association of the Company** (Appointment of Chairman, Chairman-cum-Managing Director, Directors and their terms of Office) ***provides*** –Article 81-

   1. The President shall have powers to appoint:

      a) Full time Chairman or, Part time Chairman, full time Managing Director(s) or a full time Chairman-cum-Managing Director and other full time Directors.

      b) The Directors representing the Government of India and / or any State Government; and

      c) Other Directors including independent Directors in consultation with the Chairman.

   2. The Directors appointed by the President shall hold office until removed by him or until their resignation, retirement, and death or otherwise.

   3. Railway Board's order no. 2009/Infra/6/2 dated 30.08.2017 of Shri Ashwani Lohani, Chairman, Railway Board as part-time Chairman on the Board of the Company with immediate effect till holding of the post of Chairman, Railway Board or further orders whichever is earlier."

No Director or Key Managerial Personnel of the Company and/or their relatives are concerned or interested financially or otherwise in this item of business except Shri Ashwani Lohani.

# PROXY FORM

[Pursuant to the provisions of Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**CIN: U60232DL2006GOI155068**

Name of the Member(s):- ______________________

Registered Address:- _________________________

E-mail ID:- __________________________________

Folio No./ Client ID:- _________________________

DP ID:- I/We being the Member(s) of ________________________ equity shares of Rs.1000 each of Dedicated Freight Corridor Corporation of India Limited hereby appoint:-

1. Name:-
   E-mail Id:-
   Address:-
   Signature:- __________________________________________ or failing him
2. Name:
   E-mail Id:-
   Address:-
   Signature:- __________________________________________ or failing him
3. Name:-
   E-mail Id:-
   Address:-
   Signature:- __________________________________________

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the ________Annual General Meeting/ Extraordinary general meeting of the Company, to be held on _____________ at __________ at ______________________ and at any adjournment(s) thereof, in respect of the resolutions, as indicated below:-

**Resolution No.**

1.
2.
3.

| |
|---|
| Affix Revenue Stamp |

Signed:- this ____________________ day of __________________

Signature of shareholders: ________________________________

Signature of the Proxy holder(s):____________________________

**Note:**

This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

डेडीकेटेड फ्रेट कोरीडोर

# DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED

Registered & Corporate Office:- 5th Floor, Pragati Maidan
Metro Station Building Complex, New Delhi-110001

**(CIN:- U60232DL2006GOI155068)**

## Attendance Slip

Registered Folio : ______________________________

Name : ______________________________

Address : ______________________________

______________________________

______________________________

I/ we hereby record my/our presence at the 11th Annual General meeting of the Company at Committee Room, 2nd Floor, Rail Bhawan, Raisina Road, New Delhi-110001, on 2**6th day of September 2017 at 12:00Hrs**

Signature of the Shareholder/ Proxy Present: ____________________________________________

# DIRECTORS' REPORT

**Ladies /Gentlemen,**

Your Directors have pleasure in presenting the Eleventh Annual Report of the Company along with the Financial Statements for the year ended 31st March 2017.

DFCCIL has done exceedingly well during the financial year 2016-2017 in all domains ranging from incurring of Capital Expenditure, Award of Contracts to Physical Execution of the Work in both Eastern & Western Corridor. Some of the major highlights are:

## 1. Highlights

i. Capital expenditure of Rs.9915 Crores has been incurred in 2016-2017 as compared to CAPEX of Rs.8508 Crores in 2015-16, an increase of 16.54%.

ii. The year 2016-17 saw major progress in the award of Civil, Electrical, S&T and other contracts in DFCCIL. Contracts worth Rs.11,643 Crores were awarded/signed during the year taking the cumulative value of awarded contracts to Rs.48,954 Crores. As a result, Civil contracts for 2600 kms (92%) & Electrical and S & T contracts for 2315 kms (82%) have been finalized.

iii. All Civil, Electrical and S&T contracts of Western DFC have been finalized.

iv. CRISIL has reaffirmed the "CCR AAA (pronounced Corporate Credit Rating Triple A) rating to DFCCIL.ICRA, a unit of Moody's has also reaffirmed [ICRA] AAA (pronounced as ICRA AAA) rating for DFCCIL for the current financial year. India Ratings & Research, A Fitch Group Company has affirmed Long term issuer rating at IND AAA to DFCCIL.

v. DFCCIL was awarded the prestigious "Golden Peacock Award for sustainability" for the year 2016.

vi. Track linking is being carried out by 4 New Track Construction (NTC Machine) in both Eastern & Western Corridor. Linking of 373 km in EDFC & WDFC was completed during 2016-17 taking the cumulative linking to 577 km upto 31.03.2017.

vii. Elimination of Level crossings.

a) By Road Over Bridges (ROB):

i. In Western DFC, tender for 27 ROBs were finalized and tender for 13 ROBs were finalized by State Governments and work is in progress.

ii. In Eastern DFC, tenders for 22 ROBs were finalized during the year and work started.

b) Construction of Road under Bridges (RUBs):

i. The work of construction of RUB's has picked up. As on 31.03.2017, 216 RUBs in Western & Eastern Corridor have been completed and work is in progress in 155 RUBs.

vii. Due to constant persuasion with State Governments, they have agreed to share cost of ROBs on 50:50 basis. This has resulted in consent for 15 ROBs & 25 RUBs from 3 different states, leading to savings of Rs.550 Crores approx. to Ministry of Railways.

viii. Funding arrangements: Loan Agreement for EDFC-3 amounting to 650 million US$ was signed with World Bank on 21.10.2016. With this complete funding arrangements for EDFC & WDFC have been finalized.

## 2.1 Financial Statements

Financial Statements for financial year 2016-17 have been prepared in accordance with the Schedule III of the Companies Act, 2013 and are in compliance of Ind AS notified under Companies Act, 2013. The Corporation has incurred the following expenditure during the year 2016-17:

## A Capital Expenditure on Project Execution

(In Crores)

| **Description** | **As at 31.03.2016** | **During Financial Year 2016-17** | **As at 31.03.2017** |
|---|---|---|---|
| CAPEX (Without cost of land) | | | |
| Tangible assets | 14.96 | (0.43) | 14.53 |
| Capital work in Progress | 5,681.95 | 3,179.69 | 8,861.64 |
| Other Intangible assets | 1.39 | (0.65) | 0.74 |
| Intangible Assets under development | 9.90 | 1.41 | 11.31 |
| Capital Advances | 4,489.47 | 2,264.93 | 6,754.40 |
| Expense Charged to P&L | 22.44 | 30.99 | 53.43 |
| IND AS Adjustment | 72.77 | 12.50 | 85.27 |
| Total Capex (Without cost of land) | **10,292.88** | **5,488.44** | **15,781.32** |
| COST OF LAND (Borne by MOR) | 11,457.63 | 4,426.79 | 15,884.42 |
| **Total Capex with cost of land** | **21,750.51** | **9,915.23** | **31,665.74** |

## B) Development Account

During the year the balance of Development Account Rs.326.84 Crores has been transferred to Capital work in progress.

(In Crores)

| **Particulars** | **For year ended 31.03.2017** | **For year ended 31.03.2016** |
|---|---|---|
| Employee benefit expenses | 117.74 | 90.20 |
| Finance cost (Including Interest) | 170.02 | 146.57 |
| Depreciation & amortization expenses | 2.28 | 2.01 |
| Administration & Other expenses | 54.42 | 43.27 |
| **Sub-Total** | **344.47** | **282.05** |
| Forex variation (Loss/(Gain)) | 0 | 3.27 |
| Less : Other Income | -17.63 | -34.36 |
| **Total Transferred to CWIP** | **326.84** | **250.96** |

## C) Dividend

Your Directors recommend 'No' dividend, as the Company is under construction phase.

## D) An amount proposed for transfer to reserve: NIL

## 2.2 Source of Fund: Capital Structure

As on 31$^{st}$ March 2017, the Authorized Share Capital of Company stands at Rs.8000,00,00,000 (Rupees Eight Thousand Crores) divided into 8,00,00,000 (Eight Crores) Equity shares of Rs.1,000/- each against which paid up share capital is Rs.7658.27 Crores.

As per MoR letter dated 01.03.2017, the President of India has given approval for enhancing the authorized share capital from Rs.8000 Crore to Rs.22000 Crore, subject to approval of the members of the company.

As on 31.03.2017, the Company's paid up Share Capital was Rs.76582729000/- divided into 7,65,82,729 Equity Shares of Rs.1000/- each. The Paid up Capital of the Company has been enhanced on account of equity contribution from Ministry of Railways. In addition to above Rs.3110.45 Crore has been received during 2016-17 from MOR and is pending for adjustment.

The capital structure of the company (Equity & Long Term Borrowings) is as follows.

(Rupees in Crore)

| PARTICULARS | As at 31.3.2017 | As at 31.3.2016 |
|---|---|---|
| **EQUITY FUNDING** | | |
| Shareholder's Fund | 7,658.27 | 4,802.67 |
| Other Equity | 234.35 | 3,014.16 |
| **DEBT FUNDING** | | |
| JICA | 4,585.11 | 1,869.57 |
| IBRD | 2,360.35 | 1,399.42 |
| **Grand Total** | **14,838.08** | **11,085.82** |

## 2.2.1 Debt Funding

i. **Western Dedicated Freight Corridor - Phase I (Vadodara – Rewari) 947 km & Phase II (Vadodara – JNPT and Rewari - Dadri) 557 km (JICA) – Consultancy.**

Loan Agreement ID-P205 for Engineering Services Consultancy (Phase-I) for 2606 Million Japanese Yen for Vadodara – Rewari section of 947 km was signed with JICA and funds to the tune of Rs.2606 Million JPY have been utilized up to 31.03.2017.

Another loan Agreement ID-P212 for Engineering Services Consultancy (Phase II) (Vadodara - JNPT and Rewari–Dadri) – 557 km for 1616 Million Japanese Yen was signed with JICA and INR 1183.33 Million JPY have been utilized in this loan up to 31.03.2017.

ii. **Western Dedicated Freight Corridor - Phase I (Vadodara – Rewari) 947 km (JICA) – Construction.**

Loan Agreement ID-P209, first tranche for construction in the Phase-I, for 90262 Million Japanese Yen was signed with JICA and JPY 62353.08 Million have been utilized in this loan up to 31.03.2017.

Loan agreement ID-P253, second tranche for 103664 Million Japanese Yen was signed with JICA on 31-3-2017. No expenditure is incurred up to 31.03.2017 against ID-P253.

iii. **The Loan Agreement for WDFC Phase-II (Main Loan)**

Loan Agreement ID-P229, first tranche for construction in the Phase II, for 136119 Million Japanese Yen was signed with JICA and JPY 11838.12 Million have been utilized in this loan up to 31.03.2017.

iv. **Funding for Mughalsarai-Kanpur-Khurja-Ludhiana section (1131 Kms) and Khurja-Dadri Section of Eastern Dedicated Freight Corridor.**

World Bank gave 'in principle' approval to finance Eastern Dedicated Freight Corridor from Mughalsarai – Ludhiana and Khurja – Dadri Section. Total Loan of US$ 2.725 billion was agreed for the project.

- Loan No. 8066 IN for US$ 975 Million was sanctioned by World Bank for EDFC -1 from Khurja – Bhaupur (343km) and Loan Agreement was signed on 27.10.2011 which has been reduced to USD 800 Million w.e.f. 13.06.2017. USD 240.98 Million has been utilized in this loan up to 31.03.2017.
- Loan No. 8318 –IN for US$ 1100 Million was sanctioned by the World Bank for EDFC Project – 2 from Bhaupur – Mughalsarai. Loan agreement was signed on 11.12.2014 which has been reduced to USD 910 Million w.e.f. 13.06.2017. USD 102.84 Million has been utilized in this loan up to 31.03.2017.
- Loan No. 8513 –IN for US$ 650 Million was sanctioned by the World Bank for EDFC Project – 3 from Khurja-Ludhiana. Loan agreement was signed on 21.10.2016. USD 20.28 Million has been utilized in this loan up to 31.03.2017.
- Khurja- Dadri Section has been added in EDFC-1 through re-structuring of loan against savings.

# 3. State of Company Affairs

## A) Contract awarded during the financial year 2016-17:

### Western Corridor

| S. No. | Nature of Work | Work/ Consultancy | Date of Award | Amount of Award | Funded By |
|---|---|---|---|---|---|
| 1. | CTP-11: (Vaitarna - JNPT Section–102 Km), Design & Construction of Civil, Building Track Works for double line Railway. | Work | 15.07.2016 | INR 2949 Cr. | JICA |
| 2. | CTP-14: (Dadri - Rewari Section–127 Km), Integrated Package of Civil, Building & Track Work, E&M and S&T Works. | Work | 14.10.2016 | INR 3799 Cr. | JICA |
| 3 | STP-17: (Vadodara - JNPT Section–419 Km), Design & Construction of Signal & Telecom Works for double line Railway. | Work | 13.05.2016 | INR 631 Cr. | JICA |

## Eastern Corridor

| S. No. | Nature of Work | Work/ Consultancy | Date of Award | Amount of Award | Funded By |
|---|---|---|---|---|---|
| 1 | CP-302 (Dadri-Khurja 46 km), Design and Construction of Civil, Structures and Track Works for double line Railway. | Work | 03.06.2016 | INR 511.3 Cr | World Bank |
| 2 | CP-204 (Mughalsarai-New Bhaupur section), Electrical works. | Work | 03.06.2016 | INR 847 Cr. | World Bank |
| 3 | CPM-203 (Mughalsarai-New Bhaupur section), Signaling & Telecommunication work. | Work | 03.10.2016 | INR 471 Cr | World Bank |
| 4. | Dehri-on Sone yard from Km. 3.16 to Km. 5.38in connection. | Work | 26.04.2016 | INR 365.22 Cr. | Railway |
| 5. | Track Work for Mughalsarai to New Sonnagar and Chirailapathu (excluding New Karwandiya – New Durgauti Section). | Work | 25.01.2017 | INR 196.90 Cr. | Railway |
| 6. | Project Management Consultancy Services for construction of single line electrified (2x25KV) Railway Track complete with signaling & Telecommunication system for Sahnewal-Pilkhani Section. | Consultancy | 09.09.2016 | Euro 16,74,538 and INR 53.34 Cr. | World Bank |
| 7 | Quality and Safety Audit Consultancy Services for Sahnewl-Khurja Section with Khurja-Dadri Link of Eastern Dedicated Freight Corridor. | Consultancy | 20.03.2017 | EURO 14,04,000 and INR 18.81 Cr/- | World Bank |
| 8. | Project Management Consultancy Services for construction of single line electrified - Sahnewal-Pilkhani Section of Eastern Dedicated Freight Corridor Project-3. | Consultancy | 09.09.2016 | EURO: 16,74,538 and INR 53.34 Cr./- | World Bank |
| 9. | Project Management Consultancy Services for construction of double line electrified - Khurja - Dadri Section (Approx. 46 Kms). | Consultancy | 20.10.2016 | EURO: 16,98,000 and INR 21.39 Cr/- | World Bank |

| | | | | | |
|---|---|---|---|---|---|
| 10 | Quality and Safety Audit Consultancy Services for Sahnewl-Khurja Section with Khurja-Dadri Link of Eastern Dedicated Freight Corridor. | Consultancy | 20.03.2017 | EURO 14,04,000 and INR 18.81 Cr./- | World Bank |
| 11 | PROJECT MANAGEMENT CONSULTANCY for Garhwa and at Dehri-on Sone yard from Km. 3.16 to Km. 5.38. | Consultancy | 16.06.2016 | INR 8.6 Cr | Railway |
| 12 | Consultancy Services for study on the Railway Planning & Investment Organization (RPIO) and Special Unit for Transportation Research and Analysis (SUTRA) in Indian Railways. | Consultancy | 15.02.2017 | INR 2.36 Cr | World Bank |
| 13 | Consultancy Services for Study on the Special Railway Establishment for Strategic Technology & Holistic Advancement (SRESTHA) in Indian Railways. | Consultancy | 16.03.2017 | AUD 635,160 | World Bank |

## B) Contract likely to be awarded in the current financial year 2017-18:

### Eastern Corridor

| SN | Nature of Work | Work/ Consultancy | Funded By |
|---|---|---|---|
| 1 | **CP-303** (Khurja-Pilkhani Section) Design and Construction of Civil, Structures and Track Works | Work | World Bank |
| 2 | **CP-105** (Khurja-Dadri section.) System Works | Work | World Bank |
| 3 | **CP-304 (Pilkhani-Sahnewal section) System Works** | Work | World Bank |
| 4 | **CP-305** (Khurja-Pilkhani section) System Works | Work | World Bank |
| 5 | Project Management Consultancy for - System works from Mughalsarai to New Sonnagar and Chirailapathu (excluding New Karwandiya – New Durgauti Section) | Consultancy | Railway |

## C. Physical & Financial Progress of the Contracts:

As on 31.03.2017, Civil contracts for 2600 kms (92%) & Electrical and S & T contracts for 2315 kms (82%) have been finalized and work is in progress in all the contracts. During 2016-17, significant progress has been made in the construction activities. The percentage physical & financial progress of various contracts of Western & Eastern Corridor is as follows:

### Western Corridor

| S. No. | Nature of Work | Work/ Consultancy | Date of Commencement | Financial Progress | Physical Progress |
|---|---|---|---|---|---|
| **A.** | **Civil & Track work packages:** | | | | |
| 1 | **CTP-1&2:** (Rewari-Iqbalgarh Section–625 Km), Design & Construction of Civil, Building Track Works for double line Railway. | Work | 30.08.2013 | 53.30% | 57.60% |
| 2 | **CTP-3 (R):** (Iqbalgarh – Makarpura, Vadodara Section–289 Km), Design & Construction of Civil, Building Track Works for double line Railway. | Work | 06.06.2016 | 10.50% | 13.00% |
| 3 | **CTP-13 :** (Makarpura, Vadodara - Sachin Section–131 Km), Design & Construction of Civil, Building Track Works for double line Railway. | Work | 15.10.2015 | 5.00% | 8.00% |
| 4 | **CTP-12:** (Sachin- Vaitarna Section–186 Km), Design & Construction of Civil, Building Track Works for double line Railway. | Work | 15.10.2015 | 5.00% | 9.00% |
| 5 | **CTP-11:** (Vaitarna - JNPT Section–102 Km), Design & Construction of Civil, Building Track Works for double line Railway. | Work | 07.03.2017 | 4.70% | 7.00% |
| **B.** | **Special Steel Bridge packages:** | | | | |
| **S. No.** | **Nature of Work** | **Work/ Consultancy** | **Date of Commencement** | **Financial Progress** | **Physical Progress** |
| 1 | **CTP-3A (R):** Design & Construction of Special Steel Bridges across Mahi & Sabarmati Rivers. (Ikbalgarh-Vadodara Section). | Work | 20.11.2014 | 20.90% | 22.20% |

| | | | | | |
|---|---|---|---|---|---|
| 2 | **CTP-15A:** Design & Construction of 08 Special Steel Bridges over Water Main and Railways and across Creek and Rivers including Ulhas, Damanganga, Par and Tapi. (JNPT-Makarpura Section). | Work | 15.10.2015 | 10.40% | 11.00% |
| 3 | **CTP-15B:** Design & Construction of Special Steel Bridge across Narmada River (Sachin - Vadodara Section). | Work | 15.10.2015 | 11.20% | 11.00% |
| 4 | **CTP-15C:** Design & Construction of 03 Special Steel Bridges over existing Railways and across Rivers Yamuna & Hindon. (Dadri-Rewari Section). | Work | 15.10.2015 | 10.30% | 11.00% |
| 5 | **54 Bridges package:** Design & Construction of 54 bridges in the section from Vaitarna To Utaran (Jurisdiction: 50 bridges in CTP-12 & 04 bridges in CTP-13). The contract got delayed due to arbitration cases and related litigation, which have now been settled. The contract completion date is extended up to 30.06.18. | Work | 16.02.2009 | 64.00% | 70.00% |
| **C.** | **Integrated packages:** | | | | |
| **S. No.** | **Nature of Work** | **Work/ Consultancy** | **Date of Commencement** | **Financial Progress** | **Physical Progress** |
| 1 | **CTP-14:** Integrated Package of Civil, Building & Track Work, E&M and S&T Works. (Dadari-Rewari Section–127 Km) | Work | 01.02.2017 | 4.80% | 8.00% |
| **D.** | **Electrical packages:** | | | | |
| **S. No.** | **Nature of Work** | **Work/ Consultancy** | **Date of Commencement** | **Financial Progress** | **Physical Progress** |
| 1 | **EMP-4:** (Rewari-Makarpura Vadodara Section–914 Km). Design, Supply, Installation, Testing and Commissioning of 2x25kV Traction Power Supply System, Traction Sub-Station, Auxiliary Stations, Switching Stations, Auto Transformer Stations and SCADA system. | Work | 15.05.2015 | 10.20% | 15.00% |

| | | | | | |
|---|---|---|---|---|---|
| 2 | **EMP-16:** (Vadodara-JNPT Section–419 Km). Design, Supply, Installation, Testing and Commissioning of 2x25kV Traction Power Supply System, Traction Sub-Station, Auxiliary Stations, Switching Stations, Auto Transformer Stations and SCADA system. | Work | 02.05.2016 | 10.50% | 11.00% |
| **E.** | **S&T packages:** | | | | |
| **S. No.** | **Nature of Work** | **Work/ Consultancy** | **Date of Commencement** | **Financial Progress** | **Physical Progress** |
| 1 | **STP-5:** (Rewari - Makarpura Vadodara Section–914 Km). Design & Construction of Signal & Telecom Works for double line Railway. | Work | 11.01.2016 | 8.00% | 14.00% |
| 2 | **STP-5A:** (Rewari - JNPT Section – 1333 Km). Design & Construction of Train Protection & Warning System (TPWS) i.e. for Phase-I & Phase-II | Work | 01.06.2016 | 5.40% | 5.00% |
| 3 | **STP-17:** (Vadodara - JNPT Section – 419 Km). Design & Construction of Signal & Telecom Works for double line Railway. | Work | 29.08.2016 | 10.00% | 11.00% |
| **F.** | **Project Consultancy Contracts:** | | | | |
| **S. No.** | **Nature of Work** | **Work/ Consultancy** | **Date of Commencement** | **Financial Progress** | **Physical Progress** |
| 1 | **PMC-1:** PMC Services for Construction of Double line Electrified Railway Track with S&T and related Infrastructure Phase-I, Rewari-Vadodara Section. | Consultancy | 11.04.2014 | 26.40% | 27.70% |
| 2 | **PMC-2 (R)**: PMC Services for Construction of Double line Electrified Railway Track with S&T and related Infrastructure Phase-II (Dadri-Rewari & Vadodara-JNPT Section). | Consultancy | 31.03.2016 | 11.30% | 12.10% |

## Eastern Corridor

| S. No. | Nature of Work | Work/ Consultancy | Date of Commence-ment | Financial Progress | Physical Progress |
|---|---|---|---|---|---|
| 1 | CP-101 – EDFC-1 Bhaupur-Khurja section from 1040 (Bhaupur Village) to 1170 (Bhatura Village) for 135 kms. Design and Construction of Civil, Structures and Track works for Double line Railway. | Work | 14.03.2013 | 55.90% | 66.91% |
| 2 | CP-102 EDFC-1 – Bhaupur-Khurja section from 1170 (Bhatura Village) to 1266 (Birauni Village) for 102kms. Design and Construction of Civil, Structures and Track works for Double line Railway. | Work | 14.03.2013 | 65.00% | 66.15% |
| 3 | CP-103 EDFC-1 – Bhaupur-Khurja section from 1266 (Birauni Village) to 1368 (Khurja) for 106 kms.Design and Construction of Civil, Structures and Track works for Double line Railway. | Work | 14.03.2013 | 54.59% | 63.56% |
| 4 | CP -201- EDFC-2 - Mughalsarai - Karchana section.Design And Construction of Civil, Structures And Track Works For Double Line Railway. | Work | 12.05.2015 | 16.34% | 21.25% |
| 5 | CP-202 – EDFC-2 - Karchana – New Bhaupur Section. Design and Construction of Civil, Structure and Track Railway. | Work | 12.05.2015 | 15.31% | 21.00% |
| 6 | CP-104- EDFC-1 - Bhaupur- Khurja Section. Design, Construction, Supply, Installation, Testing and Commissioning of 2x25kV AC 50 Hz electrification. | Work | 03.08.2015 | 9.88% | 15.10% |
| 7 | CP-301 – EDFC-3 - Sahnewal-Pilkhani (175 km of single line). Design and Construction of Civil, Structures and Track Works for Railway. | Work | 14.07.2016 | 10.00% | 12.00% |
| 8 | CP-302 – EDFC-1 - Dadri- Khurja (46 km of double line). Design and Construction of Civil, Structures and Track Works for Railway. | Work | 14.07.2016 | 10.00% | 12.50% |

| | | | | | |
|---|---|---|---|---|---|
| 9 | CP-204 EDFC-2 - Mughalsarai-New Bhaupur section. Design, Supply, Construction, Installation, Testing and Commissioning of 2x25KV, 50Hz, AC Traction. | Work | 15.06.2016 | 5.00% | 7.00% |
| 10 | CP-203- EDFC-2 - Mughalsarai-New Bhaupur section. Design, Supply, Construction, Testing and Commissioning of signaling, Telecommunication. | Work | 23.06.2016 | 3.43% | 5.00% |
| 11 | Design and construction of formation including blanketing, major Bridges, Minor Bridges, RUBs, ROBs,(Near New Ganj Khawaja) approx 101.089 Kms, on Mughalsarai-Sonnagar Section. | Work | 17.03.2009 | 65% | 71% |
| 12 | Track Works for New Karwandiya - Durgawati Section. | Work | 20.07.2012 | 91% | 98% |
| 13 | Design and Construction of important Bridge across river Sone(approximate length 3.06 Kms and Dehri-on- Sone (Rly. Km. 554) railway Station on Mughalsarai-Sonnagar Section. | Work | 24.10.2013 | 95% | 96% |
| 14 | Design and Construction of Rail Flyover near Ganjkhwaja, Formation in Embankments / Cuttings including blanketing, Bridges, different stretches between Dehri-on-Sone & Mughalsarai. | Work | 12.11.2013 | 39% | 46% |
| 15 | Design and Construction of Formation in Embankments/ Cuttings including blanketing, Viaducts, Rail Flyover, Bridges Dehri-on-Sone yard from Km. 3.16 to Km. 5.38. | Work | 26.04.2016 | 4.50% | 10% |
| 16 | Design, Supply and Construction of Track & Track related works including Testing & Commissioning Mughalsarai to New Sonnagar and Chirailapathu (excluding New Karwandiya – New Durgauti Section). | Work | 25.01.2017 | 0% | 2.00% |
| 17 | System Works between New Karwandiya - Durgawati Section. | Work | 08.05.2013 | 54% | 56% |
| 18 | PROJECT MANAGEMENT CONSULTANCY for Design and Construction of Formation in Embankments/Cuttings including Garhwa and at Dehri-on-Sone yard from Km. 3.16 to Km. 5.38. | Consultancy | 16.06.2016 | 10% | 10% |

| | | | | | |
|---|---|---|---|---|---|
| 19 | General Consultancy services for Mughasarai-Bhaupur (Ph-2), Khurja-Ludhiana (Ph-3) sections. | Consultancy | 09.01.2013 | 76% | 95% |
| 20 | Project Management Consultancy for Bhaupur-Khurja section of EDFC-1. | Consultancy | 31.10.2013 | 70% | 75% |
| 21 | QSAC Services Khurja- Bhaupur section of EDFC-1. | Consultancy | 08.05.2014 | 51% | 61% |
| 22 | Project Management Consultancy for Mughalsarai – New Bhaupur Section. | Consultancy | 01.07.2015 | 32% | 35% |
| 23 | Quality and Safety Audit Consultancy for Mughalsarai – New Bhaupur Section. | Consultancy | 01.12.2015 | 17% | 20% |
| 24 | Project Management Consultancy Services for construction of single line electrified (2x25KV) Railway Track complete with signalling & Telecommunication system and related infrastructure for Sahnewal-Pilkhani Section. | Consultancy | 10.10.2016 | 5% | 7% |
| 25 | PMC for Design and Construction of Important Bridge across river Sone (approx. length 3.06.km), infrastructural works for double track electrified railway line. | Consultancy | 02.01.2014 | 59% | 60% |
| 26 | PMC for Design and construction of Track, signalling & Telecom works,New Karwandiya (Rly. Km 564) to Durgawati (Km 630) approx. 66 Kms on Mughalsarai-Sonnagar section. | Consultancy | 08.03.2013 | 76% | 78% |
| 27 | Project Management Consultancy Services for design and construction of formation including (Near New Ganj Khawaja) approx 101.089 Kms, on Mughalsarai-Son nagar Section. | Consultancy | 10.06.2009 | 84% | 84% |

# Glimpse of the project

CTP-2 – Construction of 30 m high Piers of Major Bridge no. 490 by Slipform shuttering

CTP 1 – Renwal Viaduct completed

EDFC- Track laying work by NTC machine in progress

CTP-2 – Construction of Major Bridge no. 593 is in progress

EDFC-1 –Work at Major RFO HTMJ 2 in progress

## 3.3 Operation & Business Development

i. Development of Marketing and Commercial Strategy for DFCCIL and its Catchment Area (DMCSD) - Subject Reports (KD-2a) was approved on 24.09.2016. Views on the next KD are being taken from Railway Board.

ii. Consultancy Services for Non-Discriminatory Access of DFCCIL (CSNDAD). The draft reports submitted by the consultant have been approved. The final report incorporating comments of World Bank, DFC committee and Railway Board was submitted by the consultant on 06.03.2017 and is under approval.

iii. Private Siding rail connectivity policy and Port terminal rail connectivity policy have been approved on 15.09.2016.

iv. Track Access Charge Committee Report was finalized on 31.03.2017.

## 3.4 Status of Land Acquisition

The DFC alignment is passing through 9 states and 63 districts in the Country. On Eastern Corridor, DFC alignment from Dankuni to Ludhiana passes through the States of West Bengal, Jharkhand, Bihar, Uttar Pradesh, Haryana, and Punjab. The Western Corridor will traverse the distance from Dadri in Uttar Pradesh via Haryana, Rajasthan & Gujarat to JNPT in Maharashtra.

Total requirement of land is 11,766 Ha. This includes 9612 Hectares of Private land and the rest being Govt. Land. On the Eastern DFC, the land acquisition is spread over a length 1318 Kms with an area of about 4589 hectares (excluding Sonnagar-Dankuni which is spread in a route of 538 Kms covering and an area of 1178 hectares). On Western DFC, it is spread over a length of 1504 Kms, and an area of about 6000 hectares. Being notified as a Special Railway Project, land acquisition for the project is governed by the Railways (Amendment) Act, 2008 (RAA 2008).

As of 31.03.2017, the progress of land acquisition is approximately 96% (except Sonnagar-Dankuni section) and 91% on overall basis. For Sonnagar-Dankuni section, 20A for 1172 Hectares and 20F for 586 Hectares out of 1178 has also been issued. Total compensation amounting to Rs.11357 Crores (WDFC- Rs.5186 Crores, EDFC- Rs.6171 Crores) has been awarded.

## 3.5 Sonnagar-Dankuni PPP Project

It has been decided by the Ministry of Railway to construct Dedicated Freight Corridor section between **SONNAGAR-DANKUNI (538Km)** through Public Private Partnership model in two phases i.e., **Dankuni-Gomoh section (282.22Kms) as Phase-I and Gomoh- Sonnagar section (256.58Kms) as Phase-II.**

### The status of the project is summarized as under:

- **Land Acquisition:** Out of total requirement of 1178 Hectare, 20A for 1172 Hectare and award under section 20 F for 586 Ha. has been completed upto 31.03.2017 with land compensation amounting to Rs.1453 Crores. The land acquisition so far have been smooth except in some villages of Singur (Hoogly District), Shaktigarh, Mankar, Andal & Kulti (Bardhaman District), **Dhanbad & Koderma District** and some villages falling on Gaya Detour in Bihar where Project Affected People (PAP) are demanding additional compensation package for land acquisition as per New Land Acquisition Act.

Despite Maoist activities in Koderma Detour (57 Km), the stacking of the alignment on the ground has been finally completed. Also, the alignment in Koderma Detour is passing through **Gautam Buddha Wild Life Sanctuary.** Total forest land involved in Koderma Detour is about **393 Ha.** Sanctuary portion involves about **145.385** Ha of land. Resumption of land of sanctuary needs approval of State Wildlife Board and National Wildlife Board.

- **Manual of Standards & Specification:** The Manual of Standards & Specification for **Sonnagar - Dankuni** PPP project has been finalized.
- **Detailed Project Report (DPR):** The DPR of Dankuni- Gomoh section, Ph-I and Gomoh-Sonnagar section, Ph-II has been finalized.
- **Feasibility Report & Traffic Study Report:** The"in-house" Feasibility report already prepared in 2014. Updation of the same is under progress. The updation of Traffic Study Report has been completed.
- **Financial Consultant and Transaction Advisor:** The consultancy work for Financial Consultant and Transaction Adviser for **Dankuni- Gomoh Section (282.22Km)** of Eastern DFC has been awarded to **M/s RITES.** The Contract Agreement with M/s RITES executed on 17.10.2016. Revenue Model submitted by the consultant is under consideration by DFCCIL.
- **Legal Consultant** has been engaged for developing Concessionaire Agreement and other documents. All base work completed.
- **EIA/ SIA Report:** EIA tender has been awarded on **29.10.16.** Tender for SIA work is under progress.
- **PPPAC format:** As per current Revenue Model submitted by M/s RITES, the PPPAC format for seeking **"in-principle"** approval has been prepared, same will be forwarded to Finance Ministry through MOR after Revenue Model is finalized.

## 3.6 Future Dedicated Freight Corridors

Railway Board in the year 2011 entrusted the work of PETS (Preliminary Engineering and Traffic Survey) of following four future dedicated freight corridors:

1. East – West Corridor (Kolkata – Mumbai) (2328km)
2. North – South Corridor (Delhi – Chennai) (2327Km)
3. East Coast Corridor (Kharagpur – Vijayawada) (1115 Km)
4. Southern Corridor (Chennai – Goa) (892Km)

The work of PETS was awarded to RITES. The work commenced during September 2011 at cost of Rs 68.5 Crore. Final Preliminary Engineering cum Traffic Study (PETS) report of all the future corridors was submitted to Railway Board. All the PETS reports have been accepted by the Railway Board except for Southern Corridor (Chennai- Goa).Brief details of these corridors are as under:

1. **East-West Corridor (Kolkata-Mumbai):** The proposed alignment of 2328 km connect Palghar to Andal/Kamarkundu and corridor passes through 4 railway zones (SER, ER, SECR and CR) and five states of India (Maharashtra, Chhatisgarh, Odisha, Jharkhand, and West- Bengal). The proposed alignment of Palghar- Andal passes along the major towns like Bhusaval, Akola, Wardha, Nagpur, Gondia, Raipur, Bilaspur, Jharsuguda, Rourkela, Chakardharpur,Sini,Purulia,Anara and Andal. The secondary leg of alignment Rajkharswan (Sini) –Kamarkundu passes along the towns-Sini, Kharagpur, Panskura, Dakshinbari and Kamarkundu (near Dankuni). The East West Corridor will connect the ports of Haldia, Dhamra and Paradeep on the Eastern Coast with Mumbai and JNPT on the Western Coast. The route caters primarily to steel plant traffic, export ore, thermal coal, in addition to catering transport requirement of over a dozen cement plants.

2. **North-South Corridor (Delhi-Chennai):** The proposed alignment of 2327 km connects Pirthala to Arakkonam and corridor passes through 5 railway zones (NCR, WCR, CR, SCR and SR) and traverse through seven states of India as: Haryana, Uttar Pradesh, Rajasthan, Madhya Pradesh, Maharashtra, Andhra Pradesh and Tamil Nadu. The proposed alignment passes along the following major towns:- Palwal, Mathura, Agra Cantt., Gwalior, Jhansi, Agasod, Bina, Bhopal, Itarsi, Katal, Sindi, Majri, Chanda Fort, Manikgarh, Warrangal, Motumari, Vijayawada, Guntur, Savalyapuram, Venketgiri, Renigunta, Charwvenadhavaram and Arakkonam. The North South route does cater to heavy cross traffic of all the core commodities carried by IR. There are iron & steel, coal, food grains, fertilizers, cement and other general goods, including containers.

3. **East Coast Corridor (Kharagpur-Vijayawada):** The proposed alignment of 1115 km connects Kharagpur to Vijyawada and passes through 3 Zonal Railways (SER, ECoR and SCR) and traverse through three states of India i.e. West-Bengal, Odisha and Andhra Pradesh. The proposed East-Coast DFC corridor passes along following major Towns: - Hijli-Bhadrak-Jajpur-Haridaspur-Rajatgarh-Tapang-Ganjam-Kottavalasa- Duvvada- Samalkot-Vijayawada. This route connects important ports of Haldia, Dhamra, Paradeep Vishakhapatanam Gangavaram and Kakinada.This route will primarily cater heavy traffic including coal, iron ore and steel.

4. **Southern Corridor (Chennai-Goa):** The proposed alignment of Southern Corridor of 890 km connects Renigunta to Madgaon via Hubli & Anoka and alignment passes through the four railway zones (SWR, SCR, SR and Konkan Railway) and traverse through three States of India Andhra Pradesh, Karnataka and Goa. The proposed Southern DFC corridor passes along following major towns: - Renigunta, Koduru, Rajampet, Cuddapah, Yerraguntla, Guntakal, Hospet, Koppal, Gadag, Annigeri, Hubli, Misrikot, Kalaghatagi, Kirwatti, Yellpur, Ankola, Kadwad, Geongeri, and Margaon etc.. This corridor connects the ports of Goa and Chennai/Ennore on the Western and Eastern coasts of the country. Freight is predominantly iron ore and steel.

# 4. Details of Directors And Key Managerial Personnel

During the year under review, there were changes in the composition of the Board of Directors of the Company on account of appointments and cessation, which are as follows:

### 4.1.1 Directors who have joined the Board during the financial year 2016-2017

a) In terms of Railway Board's Order no. 2008/Infra/6/1 (Pt.1), dated 01.04.2016, the President of India appointed, Sh. Ravi Mathur and Smt. Shakti Munshi, as part-time non official directors on the Board of DFCCIL, w.e.f. 01.04.2016 for a period of three years or until further orders, whichever is earlier.

b) In terms of Railway Board's order no. 2016/PL/61/4 dated 30.06.2016, the President of India appointed, Sh. Y.S. Malik, Additional Secretary, Niti Aayog as part time Government Director on the Board of Company with immediate effect till the holding of the post of Additional Secretary, Niti Aayog or further orders whichever is earlier.

c) In terms of Railway Board's order no. 2016/PL/61/4/Pt dated 05.10.2016, the president of India appointed, Sh. Achal Khare, Advisor/Infrastructure as part time Government Director on the Board of Company with immediate effect till he holds the post of Adviser (Infra) or further orders whichever is earlier.

d) In terms of Railway Board's order no. 2013/E(O)II/40/8 dated 27.03.2017, the Competent Authority has approved entrustment of additional charge of the post of Director (Finance), DFCCIL to Shri Naresh Salecha, IRAS, Advisor (Finance),Ministry of Railway, in addition to his own, for a period of six months w.e.f. the date of assumption of additional charge of the post i.e. 01.03.2017 or till a regular incumbent joins the post or until further orders whichever is the earliest.

### 4.1.2 Directors cease to be hold office during the financial year 2016-2017

a) In terms of Railway Board's Order No. 2016/PL/61/4 dated 30.06.2016, Sh Gajendra Haldea, Nominee from NITI Aayog cease to hold office w.e.f. 30.06.2017

b) In terms of Railway Board's Order No. 2013/E(O)II/40/8 dated 01.12.2016, the Competent Authority has approved the relieving of Shri M.K. Mittal, Director (Finance), from the post w.e.f. 28.02.2017 so as to enable him to join the post of Director (Finance), NHPC Ltd. on 01.03.2017.

### 4.1.3 The following Directors have joined after the closure of financial year 2016-2017

a) In terms of Railway Board's order no. 2017/PL/61/4/Pt dated 08.06.2017, the President of India appointed, Sh. Sushant Kumar Mishra, Advisor/Infra as part time Government Director on the Board of Company with immediate effect till he holds the post of Adviser (Infra) or further orders whichever is earlier.

b) In terms of Railway Board's order no. 2017/PL/61/5 dated 08.06.2017 the President of India has appointed, Sh. Yaduvendra Mathur, Additional Secretary NITI Aayog as part time

Government Director on the Board of Dedicated Freight Corridor Corporation of India Limited with immediate effect till holding of the post of Additional Secretary, NITI Aayog or further orders whichever is earlier.

c) In terms of Railway Board's Order no. 2009/Infra/6/2 dated 30.08.2017, the President of India has appointed Shri Ashwani Lohani, Chairman /Railway Board as part-time Chairman on the Board of Dedicated Freight Corridor Corporation of India Limited with immediate effect vice Shri A.K.Mital, till he holds the post of Chairman, Railway Board or till further orders whichever is earlier.

### 4.1.4 The following Director ceases to hold the office after the closure of the financial year 2016-17

a) In terms of Railway Board's Order no. 2017/PL/61/4/Pt dated 08.06.2017, Sh. Achal Khare, Advisor/Infra cease to hold the office of Nominee Director w.e.f. 08.06.2017.

b) In terms of Railway Board's order no. 2017/PL/61/5 dated 08.06.2017, Sh.Y.S.Malik, Additional Secretary, NITI Aayog, cease to be a Nominee Director on the Board of the Company w.e.f. 08.06.2017 pursuance to his appointment as Chairman of the National Highways Authority of India.

c) In terms of Railway Board's order no. 2014/E(O)II/40/9 dated 14.06.2017, Shri Adesh Sharma, Managing Director superannuated on 30.06.2017.

d) In terms of Railway Board's order no. 2009/Infra/6/2 dated 30.08.2017 Shri A.K.Mital, Chairman, Railway Board as part-time Chairman on the Board of the Company ceases to hold the office of the Part time Chairman w.e.f. 30.08.2017.

### 4.1.5 The following Directors are holding office as on the date of this Report

| S.No. | Name of the Director | Designation | Date of holding office w.e.f. |
|---|---|---|---|
| 1. | Shri Ashwani Lohani | Part Time Chairman (Official) | 30.08.2017 |
| 2. | Shri Anshuman Sharma | Managing Director (Additional Charge)<br>Director (Project Planning) | 01.07.2017<br>05.04.2011 |
| 3. | Shri H.D. Gujrati | Director (Operations & Business Development) | 29.11.2012 |
| 4. | Shri Naresh Salecha | Director (Finance), Additional Charge | 01.03.2017 |
| 5. | Shri D. S Rana | Director (Infrastructure ) | 27.10.2014 |
| 6. | Shri Sushant Kumar Mishra | Part time Official Director<br>(Government Nominee-MoR) | 05.07.2017 |
| 7. | Shri Yaduvendra Mathur | Part-time Official Director<br>(Government Nominee-NITI Aayog) | 08.06.2017 |
| 8. | Shri Ravi Mathur | Independent Director | 01.04.2017 |
| 9. | Smt. Shakti Munshi | Independent Director | 01.04.2017 |

## 4.2 Number of meetings of the Board

During the financial year 2016-2017, the Board of Directors met six times to transact the business. The meetings of the Board of Directors were held on following dates:

| S.No. | Quarter | Dates |
|---|---|---|
| 1. | For the quarter ended June 2016 | 02.06.2016, 13.06.2016 |
| 2. | For the quarter ended September 2016 | 26.07.2016, 26.08.2016 |
| 3. | For the quarter ended December 2016 | 04.11.2016 |
| 4. | For the quarter ended March 2017 | 27.02.2017 |

## 4.3 Directors' Responsibility statement under Section 134(5) of the Companies Act, 2013

In terms of section 134 (3) (c) of Companies Act, 2013, the Board of Directors of the Company confirms that-

a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities:

d) The directors had prepared the annual accounts on a going concern basis; and

e) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating- The Board of Directors annually review compliance reports of all laws applicable to the company, prepared by the company as well as steps taken by the company to rectify instances of non-compliances. There is a scope to strengthen the compliance management system commensurate to the size of the Company.

## 4.4 A Statement on declaration given by independent directors under section (6) of section 149.

Smt. Shakti Munshi and Sh. Ravi Mathur, Independent Directors, have submitted their declaration pursuant to sub-section (6) of section 149 of the Companies Act, 2013.

## 5. Auditors

The Comptroller and Auditor General (C&AG) of India had appointed M/s Baweja & Kaul, Chartered Accountants as Statutory Auditor of the Company for the year 2016-2017 and in exercise of powers conferred by the members, the Board of Directors have fixed their remuneration at a fee of Rs.8,40, 000/- (Eight Lac forty thousand only) plus service tax as per applicable rate and out of pocket expenses to be paid extra.

### 5.1 Explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the Auditor and Secretarial Auditor.

**5.1. a) Statutory Auditors' Report**

The Auditors' Report submitted by M/s Baweja & Kaul, Chartered Accountants doesn't contain any qualification and hence no explanation or comments are required.

**5.1. b) Secretarial Auditor' Report**

The Comments of the Secretarial Auditor and Management's reply thereto are annexed to this report as Annexure A.

### 5.2 Comments of the Comptroller & Auditor General of India.

The Office the Comptroller & Auditor General of India has issued "NIL" comments on the accounts of the Company for the year ended 31st March, 2017 and hence no explanation or comments are required.

## 6. Particulars of loans given, investments made, guarantees given and securities provided.

Particulars of loans, guarantees and investments under section 186 of Companies Act, 2013 are 'NIL' during the year under review.

## 7. Particulars of Employees under Rule 5(2) Of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

During the year under review, the particulars of Employees to be disclosed under rule 5(2) of the companies (appointment and Remuneration of Managerial Personnel) rules, 2014 may be treated as NIL as none of the employees and directors/ KMPs was in receipt of remuneration in excess of the limits prescribed therein.

## 8. Contracts and Arrangements with related parties.

The Company is a Central Public Sector Undertaking (CPSU) controlled by Central Government through Ministry of Railways by holding majority of shares (refer Note 14). Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties.

The Company has applied the exemption available for government related entities and have made limited disclosures in the financial statements. Such entities with which the Company has significant transactions include but not limited to Ministry of Railways, various divisional / zonal railways under MOR, Ministry of Corporate Affairs, BSNL, IOCL, RailTel, NHAI, PGCIL, GAIL and CRWC.

(Rs Crores)

| **Nature of Transaction** | **For the year ended** | |
|---|---|---|
| | **31 March 2017** | **31 March 2016** |
| **Government entities** | | |
| **Ministry of railways & its constituent** | | |
| Fund Received from MOR | 6,253.00 | 4,400.71 |
| Expenditure for land acquisition | 4,421.59 | 4,332.00 |
| Recoverable for PETS survey from MOR | 12.93 | 9.74 |
| Recoverable from MOR towards land facilitation expenses | 24.40 | - |
| for shifting of utilities, capital advance, rob works and construction of Flats | 2,621.35 | 662.46 |
| Advance received for ROB/RUB | 259.38 | |
| **Ministry of Corporate Affairs** | | |
| Stamp duty expense | 2.86 | 1.09 |
| **Other entities** | | |
| BSNL - For shifting of utilities & capital works | 6.42 | - |
| PGCIL - For shifting of utilities & capital works | 11.63 | 189.70 |
| RailTel corporation Ltd - For shifting of utilities & capital works | 1.01 | 0.06 |
| NHAI - For shifting of utilities & capital works | 96.37 | - |
| IOCL - For shifting of utilities & capital works | - | 0.19 |
| CRWC New Delhi - For shifting of utilities & capital works | - | 3.79 |
| GAIL - For shifting of utilities & capital works | - | 19.00 |
| **Total** | **13,710.94** | **9,618.75** |

## 9. Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report:

There are no Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate i.e. 31.03.2017 and the date of the report.

## 10. Conservation of Energy, Technology Absorption and Foreign Exchange Earning and Outgo.

With the series of measures taken over past 2 to 3 years, Bureau of Energy Efficiency, Ministry of Power, Government of India has awarded BEE 5 STAR rating to DFCCIL Corporate Building in Nov. 2016. DFCCIL Corporate Office Building is among very few organizations in the country to have BEE 5 STAR rating label with Air-conditioning area of more than 90%.

### A) Conservation of Energy

#### i. Steps taken or impact on conservation of energy:

a) Energy Optimization Study has been conducted through use of Energy Efficient Train Performance Software to calculate optimal driving strategies for various train configurations & routes. Based on the route & train configuration, Driver Advice System (DAS) shall be developed with the following features:

- Accurate inputs regarding driving style provided in loco cab.
- Real time in cab advisory systems that assist drivers to save energy & improves train operation.
- Saving in energy consumption of 8-10% possible.

b) Provision of Energy Efficient LED light fitting, replacement of CFL fitting with LED fitting, Occupancy Sensor and efficient monitoring & control mechanism for operation of Air-conditioning and lighting services has been made and implemented. New air-conditioning system with inverter technology & environment friendly refrigerant is being procured.

#### ii. Steps taken by the company for utilizing alternate source of energy:

To encourage green energy on DFCCIL network, solar plants have been planned for various installations along the corridor and its corporate building.

#### iii. Capital investment on energy conservation equipment.

Approx. Rs.10 Lac has been spent on energy conservation measures during 2016-17. All efforts are being made to further reduce Carbon footprint on DFCCIL.

## B) Technology absorption

i. The efforts made towards technology absorption; -NIL

ii. The benefits derived like product improvement, cost reduction, product development or import substitution; - NIL

iii. In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) -NIL

   a) The details of technology imported; - N.A.

   b) The year of import; - N.A.

   c) Whether the technology been fully absorbed; - N.A.

   d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof N.A.

iv. The expenditure incurred on Research and Development. - N.A.

## C) Foreign Exchange earnings and outgo during the period under review are

| | | |
|---|---|---|
| Foreign Exchange Earning | - | Nil |
| Foreign Exchange Outgo | - | Rs.**1019.77** Crore out of which |
| Interest | - | Rs.**26.32** Crore |
| Tour & Travelling Expenses | - | Rs.**0.34** Crore |
| L.C Opening Charges | - | Rs.**0.24** Crore |
| Bank Charges JICA Loan | - | Rs.**0.89** Crore |
| Consultancy | - | Rs.**94.75** Crore |
| Works | - | Rs.**897.23** Crore |

## 11. A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company.

The Company has developed the Enterprise Risk Management Framework which has been approved by the Audit Committee and also by the World Bank. The Enterprise Risk Management Framework has been implemented with effect from 1st December 2014. The top 20 risks each perceived at this stage during "Planning & Construction Phase" and "Operation Phase" have been identified and prioritized. Mitigation Plans for these top 20 risks has also been formulated. A Risk Management structure has already been defined, which comprise of a Risk Management Committee (RMC) consisting of three members (GM/Fin/ RM, GGM/Civil and GM/CO/WC), a Chief Risk Management Coordinator (CRMCO) reporting to Risk Management Committee, Heads of various departments such as Civil, S&T, IT, Administration, Electrical, Operation, Finance etc. and Chief Project Managers would act as Risk & Mitigation Plan Owners (RMPOs) and would be responsible for risk identification, its prioritization and for framing the mitigation plan. To ensure that there are appropriate controls in place for the risk management activities a risk monitoring and assurance mechanism through MIS has been provided for as a part of Enterprise Risk Management Framework to assess the effectiveness of mitigation plan for a particular risk.

The status of Risk Management Framework is being regularly coordinated by the GM/Fin./RM (CRMCO) in association with the Risk Management Coordinators (RMCOs) which is further reviewed by the Risk Management Committee (RMC) and the Audit Committee at regular intervals. The summary of review and Risk Management Committee meetings held till date is as under:

a) Five review meetings have been held at CRMCO level on 16th September 2015, 16th October 2015, on 21st January 2016, on 27th January 2016 and on 16th March 2016 respectively.

b) Five RMC meetings have been held till date on 6th November, 2015, 16th May 2016, 24th May 2016, 03rd Nov, 2016 and 30th March 2017 respectively.

c) To enhance the ability of the Risk and Mitigation Plan Owners (RMPOs) two half days Knowledge Transfer Sessions were held on 09th February 2016 and 26th February 2016 and two full days Knowledge Transfer Sessions were conducted on 27th June 2016 and 28th June 2016 for the officials reporting to RMPOs.

d) In the light of Audit Committee's directives vide minutes of the 32nd Audit Committee a review of the progress made till date was presented before the 33rd Audit Committee meeting held on 18th July 2016 in the form of presentation. Audit Committee further directed to put up the status before the Board and the same was also presented before the Board in the Board of Directors' meeting held on 26th July 2016.

e) Risk Management Committee has further decided that after completion of award by E & Y, the work would now be done 'in house 'as a regular DGM/RM has already been posted in DFCCIL.

f) Risk Management Committee also decided that the calendar for the year 2016-17 (starting from 01-10-2016 to 30-09-2017) would be a quarterly one i.e at end of each quarter and generated in the month of December, March, June and September.

g) GM/Fin/RM has given a presentation on the implementation of Risk Management for the year 2015-16 along with status of Mitigation Plans for Risk that Matters before the Audit Committee during the 37th meeting held on 28th Jan, 2017.

h) All RMPOs of Corporate Office as well as CPM Units were requested to critically review the existing Risk Library vis-à-vis the risks identified for Updation of Risk Library for the Year 2017.

## 12. The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year.

A report of Corporate Social Responsibility initiatives taken during the year under review annexed at **Annexure -B** forms the part of Directors' Report.

## 13. Other Compliances

### A) Rajbhasha (Official Language)

In DFCCIL Corporate Office, special emphasis is being given to ensure maximum use of Hindi in Official dealings. During the period from 01.04.2016 to 31.03.2017 number of activities to promote use of Hindi were initiated.

DFCC Official Language implementation Committee meetings were organized in every quarter. A quarterly progress report regarding use of Hindi was submitted to Railway Board for onward submission to Ministry of Home Affairs regularly. Actively participated in Town Official Language Committee (Public Sector – Delhi) meetings.

Rajbhasha Pakhwada was organized in DFCCIL from 01.09.2016 to 14.09.2016. During the Pakhwada different competitions were arranged and the prizes were distributed to the first, second and third winners by the Managing Director. On this occasion Managing Director, all Directors, officers were present. Besides this Hindi workshops were organized regularly in an effort to inculcate the habit of doing more and more work in Hindi by the officers and staff of DFCCIL. The Website of DFCCIL is updated from time to time in Hindi. To ensure to compliance of section 3(3) of Official Language Act, all office orders, Land acquisition and Gazette Notifications are issued in Hindi-English bilingually.

To encourage more and more use of official language, the incentive schemes of Railway Board has been implemented. In DFCCIL, office Manuals have been translated into Hindi. Remaining Manuals are under process of translation.

Hindi Library has been established in DFCCIL Corporate office. All the officers and employees are taking full advantage of this library.

### B) Right to Information Act, 2005

The enactment of Right to Information Act, 2005 is a historic event in the annals of democracy in India. The Act mandates a legal-institutional framework for setting out the practical regime of right to information for every citizen to secure access to information under the control of Public Authorities, in order to promote transparency and accountability in the working of every Public Authority.

DFCCIL has been able to fulfil the mandatory requirements as well as its obligations towards the citizens in providing information sought for by them. The Public Information officer in the corporate office coordinates with the APIOs in the field offices or in the corporate office for obtaining information in desired format and within stipulated time period so that the same is sent to the applicant in time. Under the mandatory requirements the duties and responsibilities of an Appellate Authority have been assigned to the Group General Manager (Administration).

During the year 2016-2017, total 414 applications (including 54 Appeal cases) were received and replied with in the stipulated time period. All the replies have also been uploaded on DFCCIL website (www.dfccil.gov.in). The status of RTI replies are updated regularly on DFCCIL website.

## C) Parliament Questions

Dealing with Parliamentary matters calls for utmost accuracy, swiftness and conformation to the prescribed norms and procedures as laid down by the nodal authorities.

An officer of Dy. General Manager level has been designated especially for dealing with all Parliamentary matters in coordination with other Directorates in DFCCIL. During the year 2016-2017, total 30 Parliament Questions were received and all were replied in time.

## D) MCA 21 E -filing

In terms of Companies (Electronic Filing and Authentication of Documents) Rules, 2006 and Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules 2012, the Company has filed all the statutory forms and returns electronically during the year under review.

## E) Memorandum of Understanding

During the period under review, the Company has been ranked under the "Excellent" grading of MoU for the year 2015-2016 by the Department of Public Enterprises.

## F) Vigilance

Oxford English dictionary defines Vigilance as keeping careful watch to avoid possible danger of difficulties. In the organization context Vigilance means keeping a watchful eye on the activities of the personnel and taking prompt fair practices and ensure integrity and honesty in official transactions and behaviors. It is an important and integral part of Management and provides important platform for improving performance of the organization. It includes promoting clean business environment, professional integrity, promptness and ethical practices.

The DFCCIL Vigilance gave more emphasis on preventive vigilance and system improvement as compared to punitive vigilance. In order to update the vigilance officials with latest instructions and guidelines on vigilance matters, nine training programmes were arranged. To increase transparency, all the contracts and purchases made above Rs.1,00,00,000 are posted on the website monthly in the proforma stipulated by CVC. The Vigilance organization of DFCCIL is headed by a full time CVO assisted by Dy CVO (vacant since April-2016), three DGMs, Four Manager/VIG, 01 AM/VIG & 01 Executive/VIG against the total sanctioned post of 13.

- **Complaints**

  Company has well defined complaint handling policy which is available on Vigilance portal of website of the Company. It contains detailed procedure for scope and lodging complaints. The opening balance for the number of complaints on 01.01. 2016 was 08. Total 18 complaints were received through CVC/Railway Board and individuals during the year. Out of which 18 complaints were investigated and finalized. Remaining 08 complaints are at various stages of investigation.

- **Recommendations after investigation on complaints.**

  In case involving irregularities in execution of a contract Minor penalty against three officers has been recommended.

  During investigation a complaint case, a fraudulent payment for **Rs.2, 18, 85,255/-** was noticed and recovery of same has been made from agency after Vigilance check.

- **Preventive checks**

  A total of 29 Preventive checks against the target of 20 (Including two CTE type check) were conducted during the year. Total 16 were finalized.

- **Surprise Checks**

  A total of 18 Surprise checks were conducted during the year.

- **Immovable property returns scrutinized**

  Immovable property returns (IPRs) submitted by 150 officials were scrutinized during the year.

- **System Improvements**

  Based on the outcome, recommendations for system improvements were made in different spheres of working related to Tenders and contracts, land acquisition, payment of compensation for land acquisition & HR matters as under.

- **System Improvement suggested & undertaken**

  i. Where PSC sleepers are being procured from sleeper plant of Indian Railways and sleeper's inspection is being carried out by AEN of Indian Railway s, PMC will carry out test check by way of deputing staff to sleeper manufacturing unit for two days in a month when production is in progress to witness & certify all quality test from raw material to finish as per QAP. Necessary test check by DFCCIL officials may also be carried out as per extent instructions ((Minimum once a month). Where PRC sleepers being manufactured at site sleeper plant: QAP of such plant is approved by RDSO and after initial inspection of RDSO regular production & inspection is entrusted to DFCCIL, in this case, inspection of the sleepers will be carried out by PMC as is being done by AEN of Indian Railways. Third party sleeper testing may also carried out by DFCCIL at a frequency of 1.0 Lakh sleepers.

ii. In the aftermath of the receipt of a report from CPM/Tundla on the incidence of missing of cheque leaves and subsequent fraudulent clearance of the same from the bank, a preventive check was conducted by DFCCIL/Vigilance. In the light of certain systemic deficiencies observed, the following system improvements were recommended by Vigilance to prevent the recurrence of such incidence.

   a) No outsourced staff should be entrusted/engaged to handle money value books/documents under any circumstances.

   b) Accounting Manual of DFCCIL should be modified/updated incorporating various guidelines issued from time to time by the Corporate Finance and suitable and relevant guide lines of Ministry of Railways on financial matters.

   c) The payment on land acquisitions through NEFT/RTGS should be implemented in the field offices.

   d) Till the NEFT/RTGS is implemented, the stock of cheque books should be kept in the joint custody of two signatories under double lock system. If the double lock system for custody of cheque books is not feasible owing to the smallness of the establishment or lack of facilities, the cheque books should be in the custody of the Head of the department.

   e) Dy.PM/Finance should test check 5% of the Cheque books checked by the custodian of the cheque books.

iii. The guidelines for the activities carried out by DFCCIL field units on land acquisition procedures need to be well defined, separately for Finance and Civil Engineering matters.

iv. All important instructions issued by Corporate Office should be made available in the DFCCIL's website.

v. In running contracts, the quality of ballast shall be ensured through conducting required tests on ballast before laying on bed. CPMs as well as PMC have to enforce quality and grading test on ballast before spreading.

vi. In future contracts, wherever the payment provision has been made on supply of ballast, the stacking may be enforced.

vii. Certificate of test check endorsed on IPC by Dy Team Leader, Team Leader of PMC and DFCCIL officials is not sufficient; rather test check should also be endorsed on RFIs.

viii. Name of the official conducting test checks should be written under his signature along with designation.

ix. There should be a clear clause in contract condition that a consultant has to submit the copy of qualification & experience along with C.V. to ensure that the qualification & experience of candidates fulfil the condition of contract requirement.

x. Nominated authority of the agency for certifying the C.V. should mention his full name with designation at the time of verifying the C.Vs.

xi. At random qualification and experience certificates of 10 % Indian staff & 100 % of Foreigner staff deployed by agency should be got verified from the issuing authority.

xii. There should be a clause for penalty if agency failed to provide the staff as per contract agreement which is not existing in current contract.

xiii. There should be a clause in contract for hiring fresh staff i.e. 60% by agency from market through advertisement so that suitable candidates may be provide in project work.

xiv. The auditing of a PMC contract must be mandatory part of contract agreement for future PMC contract.

xv. There should be a clause in contract for some rate of interest on mobilization advance which is not there in existing contract.

xvi. HR department may be advised to reiterate instruction to all concerned that there should not be such type of abnormal delay in forwarding /submission applications to avoid staff grievances.

xvii. A system improvement may be suggested to issue guidelines for calling applications for permanent absorption say in Jan/ July every year & to fix date for interview to meet a uniform policy.

## System Improvement suggested

a) A system improvement is suggested to issue specific guidelines to field units for the purpose of deciding ownership and compensation on account of structures on the land acquired by DFCCIL so that unnecessary litigation may be stopped at the initial stage.

b) A proper system of handing and taking over of the charge should be devised and made mandatory for all departments, where by the official relinquishing the charge should provide the list of cases pending/ requiring immediate attention under acknowledgement from the official taking over the charge of the post.

c) In the event of repatriation/resignation/Transfer of the official, furnishing of charge report should be made essential by incorporating the same in the “No due certificate”

d) All the Manuals such as Works manual, Accounts Manual, HR Manual and Vigilance Manual should be made available in the DFCCIL website. These manuals should be reviewed periodically, incorporating all the amendments/ modifications carried out.

e) Similarly all the important instructions/circulars etc issued by HR, Finance and Technical wings during the last 05 years should be made available in chronological order in the DFCCIL website.

## Awareness Building & Participative Vigilance

Vigilance Awareness week was observed from 31st Oct to 5th Nov, 2016 in corporate office as well as in field offices. Followed by the following programmes:-

- Programme started with Pledge ceremony followed by address on "Integrity Pact" by Sh Vivek Mahrotra, Retd IAS & IEM at ONGC, distribution of pamphlets, handouts on preventive vigilance activities.
- Essay competition on the theme **"Public Participation in Promoting Integrity and Eradicating Corruption"**
- Address by Sh Ramesh Chandra, CTE/CVC on **"Procurement of goods"**, Presentation on **"Fraud and detection Policy & short comings, system improvements in DFCCIL"** by DFC Vigilance,
- Lecture on **"D&AR Rules"** by Sh. Surjit Singh, Ex Director/CVC & Address by Sh. Rajiv, Vigilance Commissioner/CVC on vigilance aspects.
- Debates/Lectures/essay writing competition on the theme of the year was also conducted in school & colleges & winners were suitably awarded with cash award.
- Meetings were also conducted with PAP's, contractors & bank authorities in the field unit. E-Pledge was also taken by staff in corporate office as well as in field units.
- A lecture programme by ERNST & YOUNG on business intelligence and data analytics was arranged for NCR CVO's. Lectures were delivered by various CVO's on Forensic data analytics for fraud detection, analytics and business intelligence & cyber security.

## 15. Corporate Governance

In terms of the applicable provisions of the Companies Act, 2013, read with the Guidelines on Corporate Governance issued by Department of Public Enterprises, following forms an integral part of this Board's Report.

a) A "Corporate Governance Report placed at **Annexure "C"** highlights the philosophy of the Company on the Corporate Governance, composition of Board of Directors as well as their attendance in various meetings, remuneration of directors etc. and other relevant disclosures. It is supplemented by the following compliance certificates.

   i. Certification of financial Statements by Chief Executive Officer and Chief Financial Officer. **Annexure "C-1".**

   ii. A declaration signed by the Managing Director affirming the compliance with the code of conduct by the Board Members and Senior Management Personnel during 2016-2017 is placed at **Annexure "C-2".**

   iii. Certificate of compliance of Corporate Governance obtained from practicing Company Secretary is placed at **Annexure "C-3."**

b) A "Management Discussion and Analysis Report" is placed at **Annexure "D"**.

c) A Secretarial Audit Report from a Company Secretary in Practice **Annexure "E"**.

d) An extract of Annual Return in the prescribed form MGT-9 is appended to the Board Report as **Annexure "F"**.

## 16. Significant and Material Orders Passed by the Regulators or Courts.

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

## 17. Acknowledgement

The Directors wish to place on record their sincere thanks to Ministry of Railways, State Governments, Zonal Railways, the Statutory Authorities and Government agencies for their support and patronage.

The Board would also like to acknowledge with thanks the co-operation extended by C&AG, the Statutory Auditors and the Bankers of the Company.

The Board of Directors acknowledge and wish to place on record their appreciation for the co-operation and support extended by the Associates, the DFCCIL employees and others who have extended their valued co-operation, support and guidance to the Company, from time to time.

For and on behalf of the Board

| | | |
|---|---|---|
| Date: 31.08.2017 | Sd/- | Sd/- |
| Place: New Delhi | Naresh Salecha | Anshuman Sharma |
| | Director / Finance | Managing Director |

# Annexure - "A"

## Management's Reply to the Observations of the Secretarial Auditor

| S.no. | Observations | Management Comments |
|---|---|---|
| 1. | Board is not duly constituted with proper balance of executive Directors, Non Executive Directors and Independent Directors as Independent Directors was less than One –Third of total strength of Board as required under the Act and DPE Guidelines. | In terms Article 81 of Articles of Association of the Company- the Full Time Directors including Managing Director, Chairman, Government Nominee Directors and Independent Directors are appointed by the President of India. The Company has already requested the Ministry of Railways to appoint requisite number of Independent Directors. |

Annexure - "B"

# CORPORATE SOCIAL RESPONSIBILITY

## Corporate Social Responsibility (CSR) at DFCCIL

### DFCCIL's CSR Vision

At DFCCIL, Corporate Social Responsibility is envisaged as a commitment to meet its social obligations by playing an active role to improve the quality of life of the communities and stakeholders on a sustainable basis, preferably in the project areas where it is operating. CSR activities would be executed in a time bound manner with full commitment and transparency.

### DFCCIL's CSR Policy Statement

DFCCIL's Corporate Social Responsibility Policy is "To remain a responsible corporate entity mindful of its social responsibilities to all stakeholders including shareholder, employees, local community and society at large".

### CSR Activities during 2016-17

As the Indian industry grows and competes globally, it is faced with the realization that the availability of requisite skills – in terms of nature, quality and numbers - is beginning to emerge as a major constraint. Our base of skilled and knowledge workers is particularly narrow. Lack of professional skills among the educated is considered to be one of the major factors for large scale unemployment. The facts and statistics captured from industry reports and experts drive home the magnitude of the un-employability issue and the need of the hour for skill development experts of India to venture out with various skilling interventions adapted / customized to the requirements of the various sectors.

**Honorable Prime Minister** on 15 July 2015, emphasized the need to provide the youthful manpower with skills and ability to tackle global challenges, and warned that the demographic dividend would otherwise become a challenge in itself. He added that India can become the world's largest provider of skilled workforce for the world.

Keeping above in view, DFCCIL decided to focus and undertake skill development training as focus area under Corporate Social Responsibility for the year 2016-17 and contribute towards empowerment of Indian youth, giving preference to below poverty line, women, SC/ST, minorities etc.

## Project "Saksham – Phase II"

With a view to impart vocational training leading to employment/self – employment in and around project affected areas, a project named "Saksham" was initiated in association with Confederation of Indian Industry (CII).

## Objectives of the project

a) Address the inability of BPL and School Drop Outs to pay for capacity building and skill training

b) Address the acute lack of trained and skilled manpower as per the emerging needs of industry and development investments in the affected areas

c) Enhance the inadequate skill delivery infrastructure and mechanism

d) Bridge the acute demand – supply mismatch in skill training

e) Empower the youth through skill delivery

f) Quality assessment and certification of the trained beneficiaries adding value to their employability.

The training needs were assessed based on the market demand and potential market opportunities in the areas. Preference was given to BPLs/School Drop outs, children without parents, women, SC/ST, minorities, PWD. Beneficiaries were taken on "one per family basis". Mobilization and sensitization through posters, banners and monitoring was done to ensure proper implementation of the project. 1450 candidates were imparted training across 5 states namely Gujarat, Haryana, Maharashtra, Rajasthan and Uttar Pradesh in in Mumbai, Jaipur, Tundla Allahabad (East), Allahabad (West), Ambala Meerut, Ahmedabad, Ajmer and Vadodara regions as per details given below:

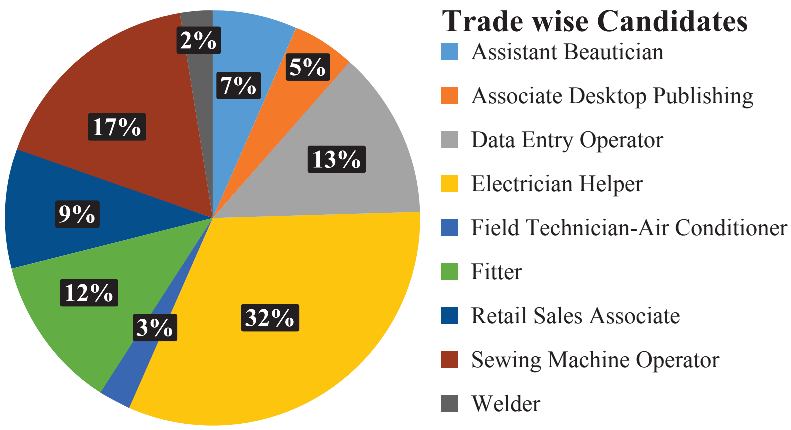
| Unit | Target | Training Completed |
|---|---|---|
| Allahabad (West) | 175 | 175 |
| Jaipur | 100 | 95 |
| Mumbai | 100 | 100 |
| Tundla | 100 | 100 |
| Allahabad (East) | 100 | 100 |
| Ahmedabad | 175 | 175 |
| Vadodara | 175 | 175 |
| Ambala | 175 | 175 |
| Meerut | 175 | 175 |
| Ajmer | 175 | 180 |
| **Total** | **1450** | **1450** |

1. Training man days achieved - 73,025.
2. 64% males and 36% females participated in the training.
3. 1011 candidates have been placed (70%).
4. Trades covered were Electrician, Helper, Beauty and Wellness, Data Entry Operator, Sewing Machine Operator, Desktop Publishing, Retail Sales, fitter mechanical assembly, field technician – air conditioner, welder.
5. Candidates have been placed in organizations such as CCD, Big Bazaar, Idea, Bosch Pvt Ltd., Dominoz, Hindustan Coca Cola Beverages, Lifestyle, Medanta, Motherson, Hero Honda, JW Marriott etc.

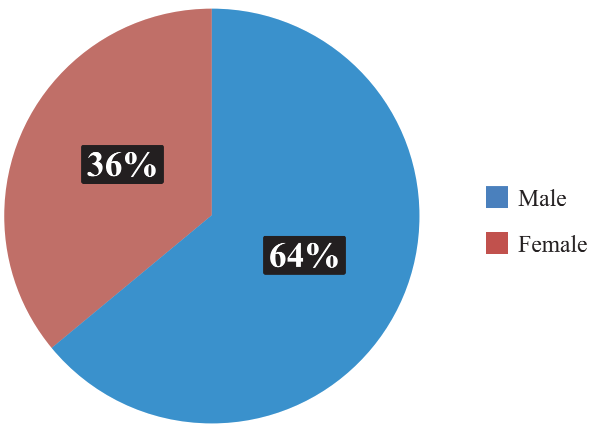
   Trades covered were hard trades as well as soft trades. Special courses were designed for women candidates. Course wise bifurcation of candidates is as mentioned below:

| **Course** | **Candidates** |
|---|---|
| Electrician Helper | 465 |
| Sewing Machine Operator | 250 |
| Data Entry Operator | 190 |
| Fitter | 175 |
| Retail Sales Associate | 135 |
| Assistant Beautician | 95 |
| Associate Desktop Publishing | 70 |
| Field Technician-Air Conditioner | 35 |
| Welder | 35 |
| **Total** | **1450** |

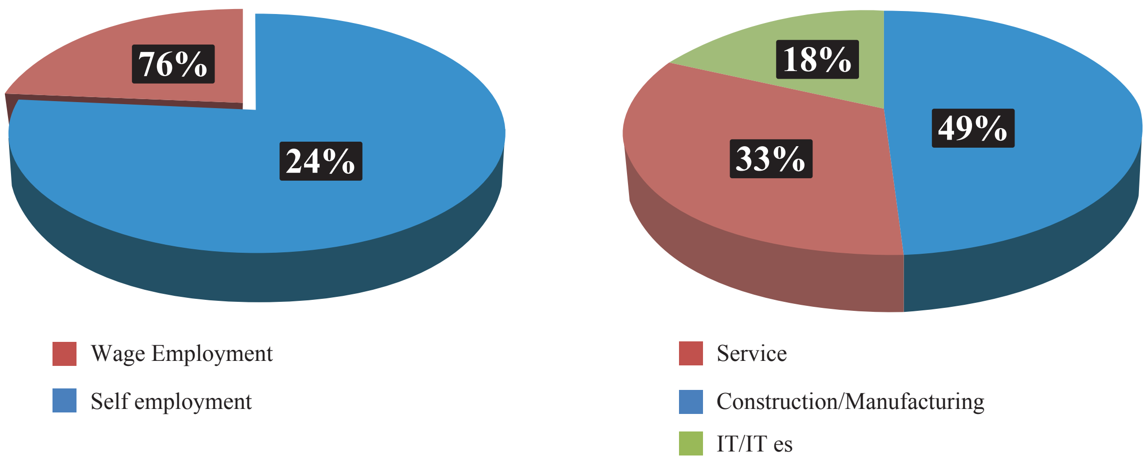
## Trade & Sector wise Analysis




## Gender Ratio




## Self employment v/s wage employment



## Training in Progress

Training Session Data Entry Operator at Merrut Centre


Training Session Retail at Jaipur

Training Session Fitter at Hatras

Training Session-Sewing Machine Operator at Ajmer

Training Session Refrigeration & Air Conditioning at Vadodara

**Provision of filtered water arrangements at stations and supply of segregated dustbins at stations**

Mughalsarai, Mumbai (North) and Noida units made provision for filtered water arrangements and segregated dustbins at stations totaling to at a cost of Rs.22.75 lakhs as per details mentioned below-

- Mughalsarai – 4 water coolers with UV filtration and 50 stainless steel dustbins (Rs 5.68 lakhs)
- Varanasi – 2 R.O water coolers, 120 fibre dustbins (Rs 5.63 lakhs)
- Mumbai (North) – 98 dustbins (Rs.5.68 lakhs)
- Noida- Provision of filtered water coolers/segregated dustbins at Gurgaon Station (Rs 5.68 lakhs)

# Annual Report on CSR Activities to be Included in the Board's Report

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

## Vision

To meet social obligations by playing active role to improve quality of life of communities and stakeholders.

## Mission

To remain a responsible corporate entity to all stakeholders and society at large.

Consequent upon introduction of the Companies Act, 2013, a new CSR Policy of DFCCIL was formulated which was approved by the BoD in its 47th Meeting held on 13.11.2014.

Based on the recommendations of 4th CSR Committee in meeting held on 13.08.2016, Board of Directors (BOD) gave approval for CSR activities to be carried out during the year 2016-17 in its 56th Meeting held on 26.07.2016 (Item No 56.3.1) as per details mentioned below: -

a) Skill Development Training through CII leading to employment/self-employment – CII may be allowed to retain four old centers where skill development training was imparted in the year 2015-16, i.e Allahabad (West) and Tundla on Eastern Corridor and Mumbai (South) and Jaipur on Western Corridor with 100 candidates at each location (total 400). Besides above, vocational training may be given at six new CPM Units- 3 in Eastern Corridor (Allahabad East, Ambala and Meerut) and 3 in Western Corridor (Ahmedabad, Ajmer and Vadodara). The number of candidates at each CPM unit may be kept as 175 (total 1050). This will involve total expenditure of Rs.15,225,000 (for 1450 candidates @ Rs.10,500 per candidate excluding taxes).

b) Balance amount of Rs.22.75 lakhs may be spent towards provision of filtered water arrangements at stations and supply of segregated dustbins at stations as per request from Railway Board. Efforts may also be made to provide above facilities at Pragati Maidan Metro Station Building Complex, which is the location of Corporate Office of the Company.

2. During the year, the Composition of the CSR Committee:
   i. Shri Ravi Mathur, Independent Director - Chairman
   ii. Shri H. D. Gujrati, Director/OP&BD/DFCCIL– Member
   iii. Shri D. S. Rana, Director/Infra/DFCCIL – Member
3. Average net profit of the company for last three financial years: Rs.7047.57 lakhs
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): Rs.140.95 lakhs
5. Details of CSR spent during the financial year.

   Total amount to be spent for the financial year: Rs.175 lakhs (excluding taxes)

   a) Amount unspent, if any: Nil

   b) Manner in which the amount spent during the financial year is detailed below:

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|---|---|---|---|---|---|---|---|
| **S.No.** | **CSR project or activity identified.** | **Sector in which the project is covered** | **Projects or programs (1) Local area or other or (2) Specify the state and district where projects or programs was undertaken** | **Amount outlay (budget) project or programs wise (in lakhs)** | **Amount spent on the projects or programs Sub-heads:- (1) Director expenditure on projects or programs. (2) Overheads. (in lakhs)** | **Cumulative expenditure upto the reporting period (in lakhs)** | **Amount spent:- Direct or through implementing agency** |
| 1 | Skill Development Training to BPLs (Below Poverty Line) | Employment Enhancing Vocational Skills | Total 1450 BPLs were imparted training in various courses, viz., Electrician, Helper, Beauty and Wellness, Data Entry Operator, Sewing Machine Operator, Desktop Publishing, Retail Sales, fitter mechanical assembly, field technician – air conditioner, welder etc. at Meerut, Ambala, Tundla, Allahabad (East), Allahabad (west), Ajmer, Jaipur, Mumbai (South), Ahmedabad, Vadodara. | 152.25 (excluding taxes) | 175.09 lakhs (inclusive of taxes) | 175.09 lakhs (inclusive of taxes) | Confederation of Indian Industry (CII) |
| 2 | Provision of filtered water arrangements at stations and supply of segregated dustbins at stations | | Railway Stations at Mughalsarai, Varanasi, Mumbai and Delhi divisions. | 22.75 lakhs | 22. 67 lakhs | 22.67 lakhs | Directly through CPM units. |
| | **TOTAL** | | | **175 (exclusive of taxes)** | **197.76 (inclusive of taxes)** | **197.76 (inclusive of taxes)** | |

*Give details of implementing agency:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report – Not applicable.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

| | | |
|---|---|---|
| Sd/-<br>Anshuman Sharma<br>(Managing Director) | Sd/-<br>Ravi Mathur<br>(Chairman CSR Committee) | N.A.<br>[Person specified under clause (d) of sub-section (1) of section 380 of the Act]<br>(wherever applicable) |

Annexure - "C"

# CORPORATE GOVERNANCE REPORT

## 1. A brief statement on Company's philosophy on Corporate Governance

The Company believes in achieving the Company's Goal and objectives through the highest levels of transparency, accountability and equity in all spheres of its operations and in all its dealings. The Corporate Governance is the application of best management practices, compliance of Laws, rules, regulation and adherence standard to achieve the objects of the Company.

The key value is to believe in **"Speed, Sincerity and Success."** The cardinal principles such as Accountability, Responsibility, Transparency and Fair Disclosures serve as the means for achieving this.

## 2. Board of Directors

### 2.1 Composition of the Board of Directors

In terms of Article 80 of the Articles of Association of the Company, the President of India has determined that there shall be a total of 12 Directors on the Board of DFCCIL. The President of India vide letter no. 2008/ Infra/6/1 dated 04.05.2010 has approved the composition of the Board of Directors of DFCCIL as follows:

- Chairman Railway Board (CRB) as Part Time Chairman.
- Five full time Functional Directors including Managing Director.
- One Nominee of Ministry of Railways.
- One Nominee of Planning Commission.
- Four Independent non-official Directors including one from financial institutions depending on requirement.

### 2.2 Strength of the Board

In terms of Article 81(1) of the Articles of Association of the Company, The President of India has the power to appoint Directors of the Company. On the date of the report, the total strength of the Board of Directors of the Company is Nine comprising of five whole-time Directors, one part time Chairman, One part-time official Directors (nominee) from Ministry of Railways and One Nominee from Niti Aayog and two Independent directors. Out of four sanctioned position of Independent Directors, two posts are still vacant.

## 2.2.1 Directors who have joined the Board during the financial year 2016-2017

a) In terms of Railway Board's Order no. 2008/Infra/6/1 (Pt.1), dated 01.04.2016, the President of India appointed Sh. Ravi Mathur and Smt. Shakti Munshi, as part-time non official directors on the Board of DFCCIL, w.e.f. 01.04.2016 for a period of three years or until further orders, whichever is earlier.

b) In terms of Railway Board's Order no. 2016/PL/61/4 dated. 30.06.2016, the President of India appointed, Sh. Y.S. Malik, Additional Secretary, NITI Aayog as part time Government Director on the Board of Company with immediate effect till the holding of the post of Additional Secretary, NITI Aayog or further orders whichever is earlier.

c) In terms of Railway Board's Order no. 2016/PL/61/4/Pt dt.05.10.2016, the President of India appointed, Sh. Achal Khare, Advisor/Infrastructure as part time Government Director on the Board of Company with immediate effect till he holds the post of Adviser (Infra) or further orders whichever is earlier.

d) In terms of Railway Board's order no. 2013/E(O)II/40/8 dt. 27.03.2017, the Competent Authority has approved entrustment of additional charge of the post of Director (Finance), DFCCIL to Shri Naresh Salecha, IRAS, Advisor (Finance), Railway Board, in addition to his own, for a period of six months w.e.f. the date of assumption of additional charge of the post i.e. 01.03.2017 or till a regular incumbent joins the post or until further orders whichever is the earliest.

## 2.2.2 Directors cease to be hold office during the financial year 2016-2017

a) In terms of Railway Board's order no. 2016/PL/61/4 dt, 30.06.2016, Sh Gajendra Haldea, Nominee from NITI Aayog cease to hold office w.e.f. 30.06.2017

b) In terms of Railway Board's order no. 2013/E(O)II/40/8 dt. 01.12.2016, the Competent Authority has approved the relieving of Shri M.K.Mittal, Director (Finance), from the post w.e.f. 28.02.2017 so as to enable him to join the post of Director (Finance), NHPC Ltd. on 01.03.2017.

## 2.2.3 The following Directors have joined after the closure of financial year 2016-2017.

a) In terms of Railway Board's Order no. 2017/PL/61/4/Pt dt.08.06.2017, the President of India appointed, Sh. Sushant Kumar Mishra, Advisor/Infra as part time Government Director on the Board of Company with immediate effect till he holds the post of Adviser (Infra) or further orders whichever is earlier.

b) In terms of Railway Board's order no. 2017/PL/61/5 dt, 08.06.2017 the President of India has appointed, Sh. Yaduvendra Mathur, Additional Secretary Niti Aayog as part time Government Director on the Board of Dedicated Freight Corridor Corporation of India Limited with immediate effect till holding of the post of Additional Secretary, NITI Aayog or further orders whichever is earlier.

c) In terms of Railway Board's order no. 2009/Infra/6/2 dated 30.08.2017 the President of India has appointed, Shri Ashwani Lohani, Chairman, Railway Board as part-time Chairman on the Board of Dedicated Freight Corridor Corporation of India Limited with immediate effect vice Shri A.K.Mital, till he holds the post of Chairman, Railway Board or till further orders whichever is earlier.

## 2.2.4 The following Director ceases to hold the office after the closure of the financial year 2016-17.

a) In terms of Railway Board's order no. 2017/PL/61/4/Pt dated 08.06.2017,Sh. Achal Khare, Advisor/Infra cease to hold the office of Nominee Director w.e.f. 08.06.2017.

b) In terms of Railway Board's order no. 2017/PL/61/5 dated 08.06.2017, Sh.Y.S.Malik, Additional Secretary, NITI Aayog, cease to be a Nominee Director on the Board of the Company w.e.f. 08.06.2017 pursuance to his appointment as Chairman of the National Highways Authority of India.

c) In terms of Railway Board's order no. 2014/E(O)II/40/9 dated 14.06.2017, Sh. Adesh Sharma, Managing Director superannuated on 30.06.2017.

d) In terms of Railway Board's order no. 2009/Infra/6/2 dated 30.08.2017 Shri A.K.Mital, Chairman, Railway Board as part-time Chairman on the Board of the Company ceases to hold the office of the Part time Chairman w.e.f. 30.08.2017.

The composition of the Board of Directors, on the date of report, along with Directorships held by them and their attendance in the Board meetings held during the financial year 2016-2017 and the last Annual General Meeting is tabled below:

| S . No. | Category of Directors | Name of Directors/ Date of Appointment | Number of Directorships/ Chairmanships in public companies including DFCCIL and excluding private Companies 1 & 5 | Total No. of Committee Memberships/ chairmanships in public companies including DFCCIL and excluding private companies (*4 & 5) | No. of Board Meetings held during 2016-2017 (during their respective tenure) | No. of Board meetings attended (during their respective tenure) | Last AGM attended |
|---|---|---|---|---|---|---|---|
| **(I) Chairman (Part-time official)** | | | | | | | |
| 1. | Chairman/ Railway Board | Sh. A K. Mital (DIN-007124281) (Held office from 03.02.2015 till 30.08.2017) | 1 | Nil | 6 | 5 | Yes |
| 1A. | Chairman/ Railway Board | Sh. Ashwani Lohani (DIN-001023747) (Held office w.e.f. 30.08.2017) | NA | NA | NA | NA | NA |
| **(II) Whole-time Director** | | | | | | | |
| 1a | Managing Director | Sh. Adesh Sharma (DIN- 007022393) (Held office from 20.10.2014 to 30.06.2017) | 1 | Nil | 6 | 6 | Yes |
| 1b | Looking after Managing Director | Sh. Anshuman Sharma (DIN- 003500815) (Held office from 01.07.2017) | NA | NA | NA | NA | NA |
| 2 | Director (Project Planning) | Sh. Anshuman Sharma (DIN- 003500815) (Held office from 05.04.2011 and extended up to 04.04.2018) | 1 | Nil | 6 | 6 | Yes |
| 3 | Director (Operations & Business Development) | Sh. H.D. Gujrati (DIN- 001393052) (Held office from 29.11.2012) | 1 | 1. Corporate Social Responsibility Committee– (Member) | 6 | 6 | Yes |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| 4 | Director (Finance) | Sh. M.K. Mittal, (DIN-0002889021) (Held office from 16.09.2013 to 28.02.2017) (FN) | 1 | 1. Audit Committee (Member) | 5 | 5 | Yes |
| 4A | Additional Charge of Director (Finance) | Sh. Naresh Salecha (DIN-0000843812) (Held Office From 01.03.2017) | 1 | 1.Audit Committee (Member) | 0 | 0 | N.A. |
| 5 | Director (Infrastructure ) | Sh. D.S. Rana (DIN- 007022825) (Held office from 27.10.2014) | 1 | 1.Corporate Social Responsibility Committee (Member) | 6 | 6 | Yes |
| **(III) Director (Part-time official)** | | | | | | | |
| 1. | Advisor (Infrastructure) / Railway Board | Sh. Girish Pillai (DIN-000382088) (Held office from 14.11.2012 to 05.10.2016) | 2 | 1. Nomination and Remuneration Committee- (Chairman) | 4 | 3 | Yes (as a Share-holder) |
| 1A | Advisor (Infrastructure) / Railway Board | Sh. Achal Khare (DIN- 007576351) (Held office from 05.10.2016 upto 08.06.2017) | 2 | 1. Nomination & Remuneration committee-(Member) | 2 | 2 | No |
| 1B | Advisor (Infrastructure) / Railway Board | Sh. Sushant Kumar Mishra (DIN- 007869414) (Held office from 08.06.2017) | NA | NA | NA | NA | NA |
| 2 | Advisor of Deputy Chairman, Planning Commission | Sh. Gajendra Haldea (DIN-002197994) (Held office from 02.05.2008 to 30.6.2016) | 1 | Nil | 2 | 0 | NA |
| 2A | Additional Secretary Niti Aayog | Sh. Y.S.Malik (DIN-0000000555) (Held office from 30.06.2016 upto 08.06.2017 ) | 1 | Nil | 4 | 0 | No |
| 2B | Additional Secretary Niti Aayog | Sh. Yaduvendra Mathur (DIN-000307650) (Held office from 08.06.2017) | NA | NA | NA | NA | NA |

| (IV) Independent Directors (Part Time non official) | | | | | | | |
|---|---|---|---|---|---|---|---|
| 1 | Part Time non-official official | Mrs. Shakti Munshi (DIN-000483546) (Held office from 01.04.2016) | 1 | 2<br>Audit Committee-(Member)<br>Nomination and Remuneration Committee- (Member) | 6 | 6 | Yes |
| 2 | Part Time non-official | Sh. Ravi Mathur (DIN-002427086) (Held office from 01.04.2016) | 1 | 3.<br>Audit Committee-(Chairman)<br>Corporate Social Responsibility Committee-(Chairman)<br>Nomination and Remuneration Committee-(Chairman) | 6 | 5 | Yes |

**NOTES:**

1. The Directorships being held by the Directors are within the limits laid down under section 165 of the Companies Act, 2013. For reckoning the limit of public companies in which a person can be appointed as director, directorship in private companies that are either holding or subsidiary Company of a public company is included.
2. The term "part–time official" indicates the Government Nominee Directors on the Board of DFCCIL who are the officials of the Ministry of Railways and NITI Aayog.
3. The term "part time non official" means the Independent Directors.
4. For the purpose of considering the limit of the Committees on which a Director can serve, all public limited companies, whether listed or not, is included.
5. For the purpose of reckoning the limit for chairmanship/membership, the Audit Committee, Corporate Social Responsibility Committee and Nomination and Remuneration Committee is taken.
6. The word "NA" denotes "Not Applicable" as the concerned Directors have joined the Board after the financial year 2016-17.

During the financial year 2016-2017, the Board of Directors met six times to transact the business. The meetings of the Board of Directors of DFCCIL were held on following dates as mentioned below:

| S.No. | Quarter | Dates |
|---|---|---|
| 1. | For the quarter ended June 2016 | 02.06.2016, 13.06.2016 |
| 2. | For the quarter ended September 2016 | 26.07.2016, 26.08.2016 |
| 3. | For the quarter ended December 2016 | 04.11.2016 |
| 4. | For the quarter ended March 2017 | 27.02.2017 |

## Brief Resume of Directors appointed as on the date of report

i. **Shri Naresh Salecha, Advisor/Fin, Railway Board, Looking after Director Finance/DFCCIL w.e.f 01.03.2017.**

Shri Salecha is presently working as Adviser (Fin) in Ministry of Railways and holding the post of Director Finance, DFCCIL in addition to his regular charge. Prior to present assignment in Railway Board, he was Divisional Railway Manager (DRM), Ajmer. He has also worked as Joint Secretary & FA in Ministry of Urban Development, Ministry of Housing and Ministry of Development of North Eastern Region. He has also served Railway Board as an Executive Director Finance (Commerce). He was also Chief Vigilance Officer, Indian Railway Finance Corporation Limited for about 7 years. By qualification Shri Salecha is B.Com (Hons.), MBA and L.L.B.

ii. **Shri Sushant Kumar Mishra, Advisor/Infra Railway Board as part-time Government Director /DFCCIL, w.e.f. 08.06.2017.**

Shri Sushant Kumar Mishra is presently working as Adviser (Infrastructure) with additional charge of Adviser (Corporate Coordination), Railway Board. Born on 19th June 1961. Shri Mishra is a graduate in Economics from Ravenshaw College Cuttack and holds a Postgraduate Diploma in Management from Indian Institute of Management. Ahmedabad (llM-A).

An officer of 1985 Batch of Indian Railways Traffic Service (IRTS), Shri S.K. Mishra has worked on various important posts on Indian Railways like Sr.DOM, Chakradharpur/South Eastern Railway, Director/Transport Planning and Executive Director/PPPT, Railway Board and Executive Director (Corporate Coordination) in Railway Board, Ministry of Railways. He has also worked as Director (Road Transport) in Ministry of Transport & Highways when he handled Motor Vehicle Act and rules, inter-state and inter-country transport issues. Prior to Government, he has worked in Brookebond India Ltd. (later part of Hindustan Unilever Ltd.) for two years.

iii. **Shri Yaduvendra Mathur, Additional Secretary, NITI Aayog as part-time Government Director /DFCCIL, w.e.f. 08.06.2017.**

Shri Yaduvendra Mathur, presently Additional Secretary (Knowledge & Innovation Hub) NITI Aayog, New Delhi was earlier Chairman & Managing Director of Export-Import Bank of India, Mumbai. He has extensive experience of the financial and infrastructure sectors and was nominated by Government of India to African Development Bank in 2001. He was CMD Rajasthan Financial Corporation, Principal Secretary Finance Budget, Secretary Expenditure, Secretary Planning, Secretary Energy & CMD RVUNL, Secretary PHED, Ground Water & Chairman IGNP. He has also served at LBSNAA Mussoorie from 1998-2001. An officer of the Indian Administrative Service 1986 batch, Shri Mathur an MBA, has also worked with leading private sector companies.

iv. **Shri Ashwani Lohani, Chairman, Railway Board as part-time Chairman on the Board of the Company.**

Ashwani Lohani, IRSME 1980 is presently the Chairman, Railway Board. He earlier worked as the Chairman & Managing Director of Air India, the Managing Director & Commissioner Tourism, Government of Madhya Pradesh, CAO/IROAF, CME Northern Railway, DRM Delhi, Director, National Rail Museum, New Delhi, Director in the Ministry of Tourism Government of India, Chairman & Managing Director of India Tourism Development Corporation and other important assignments in railways.

### Academic Excellence

i. Qualified Chartered Mechanical Engineer from I.Mech.E (UK)

ii. Degree equivalence in Electrical Engineering from Institution of Engineers, India

iii. Degree equivalence in Metallurgical Engineering from Institution of Engineers, India

iv. Degree equivalence in Electronics & Telecommunication Engineering from Institution of Engineers, India

v. Fellow of the Institution of Engineers, India

vi. Fellow of the Chartered Institute of Logistics & Transport.

vii. Gold Medalist in Metallurgical Engineering

viii. Limca National Record received in 2007 for the four engineering degrees.

### Awards/Accolades Received

a) "Ashwani Garden" created at Patratu, Bihar in 1989 by railway employees.

b) National Award for Outstanding Performance, Ministry of Railways in April 1996.

c) Featured as "Man of the Week" in the Week magazine 21st July 2002 issue.

d) PATWA International Young Achievers Award at Berlin in March 2007.

e) Madhya Pradesh State Tourism Award “Icon of Change” in May 2010.

f) Life Time Achievement Award in Tourism in September 2010.

g) Art Moda Kala Samman in May 2011.

h) ”Eminent Engineer” award by Institution of Engineers India in September 2013.

i) “Excellence in Governance” award in November 2013.

j) Felicitated by ASSOCHAM in March 2014 for Excellence in Tourism.

# 3. Audit Committee

## Composition of the Audit Committee

Audit Committee of the Board of Directors was originally constituted on 14.03.2008 and was reconstituted from time to time. The composition of the Audit Committee as on the date of report is as follows:

| S.No. | Member | Position | Date of holding the membership of the Committee |
|---|---|---|---|
| 1 | Sh. Ravi Mathur<br>Independent Director | Chairman | 13.05.2016 |
| 2. | Smt. Shakti Munshi<br>Independent Director | Member | 13.05.2016 |
| 3. | Sh. Naresh Salecha<br>Director (Finance) | Member | 01.03.2017 |

**The Terms of Reference of the Committee as prescribed by the Board in its meeting held on 14.03.2008.**

- To discuss with the auditors periodically about internal control systems.
- To discuss and decide about the scope of audit including the observations of auditors.
- To review the half-yearly and annual financial statements before submission to the Board and ensure compliance of internal control systems.
- To investigate into any matter relating to financial management including the audit report.
- Any other matter brought to the notice of the Audit Committee by Board of Directors.
- To appoint an internal Auditor and to set the terms and conditions of appointment, including the remuneration payable **(added vide item no. 4 of 12th Board Meeting held on 16.6.2009)**

**Additional Terms of Reference for the Audit Committee re-constituted on 25.06.2010 (Item no.-7 of 17th Board Meeting.**

The role of the Audit Committee shall include the following:

1. 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.
2. Recommending to the Board the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

4. Reviewing, with the management, the annual financial statements before submission to the Board for approval.

5. Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;

   - Changes, if any, in accounting policies and practices and reasons for the same;
   - Major accounting entries involving estimates based on the exercise of judgment by management;
   - Significant adjustments made in the financial statements arising out of audit findings;
   - Compliance with legal requirements relating to financial statements;
   - Disclosure of any related party transactions; and
   - Qualifications in the draft audit report.

6. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.

7. Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.

8. 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.

9. Discussion with internal auditors and/or auditors any significant findings and follow up there on.

10. Reviewing the findings of any internal investigations by the Internal Auditors/Auditors/agencies 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.

11. 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.

12. 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.

13. To review the functioning of the Whistle Blower Mechanism.

14. To review the follow up action on the audit observations of the C&AG audit.

15. To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.

16. Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors

17. Review all related party transactions in the company. For this purpose, the Audit Committee may designate a member who shall be responsible for reviewing related party transactions.

**Explanation:** The term **"related party transactions"** shall have the same meaning as contained in the Accounting Standard 18, issued by the Institute of Chartered Accountants of India.

18. Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.
19. Consider and review the following with the independent auditor and the management:
- The adequacy of internal controls including computerized information system controls and security, and
- Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.
20. Consider and review the following with the management, internal auditor and the independent auditor:
- Significant findings during the year, including the status of previous audit recommendations
- Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.
21. Carrying out any other function as is mentioned in the terms of reference of the Audit.

**Additional Terms of Reference for the Audit Committee re-constituted on 07.08.2012 and are being retained;**

Chapter-4 of the DPE guidelines on Corporate Governance deals with the Audit Committee. Clause 4.5 of the chapter requires that the following information shall be reviewed by the Audit Committee.

a) Management discussion and analysis of financial condition and results of operations.
b) Statement of related party transactions submitted by Management.
c) Management letters/letters of internal control weakness issued by the statutory auditors.
d) Internal audit reports relating to internal control weakness.
e) The appointment and removal of the Chief Internal Auditor shall be placed before the Audit Committee; and
f) Certification/declaration of financial statements by the Chief Executive/Chief Finance Officer.

**Additional Terms of Reference for the Audit Committee in terms of section 177(4) of the Companies Act, 2013.**

1. Every Audit Committee shall act in accordance with the terms of reference specified in writing by the Board which shall, inter alia, include,—
   i. The recommendation for Nomination and Remuneration and terms of appointment of auditors of the company;

ii. View and monitor the auditor's independence and performance, and effectiveness of audit process;
iii. Examination of the financial statement and the auditors' report thereon;
iv. Approval or any subsequent modification of transactions of the company with related parties;
v. Scrutiny of inter-corporate loans and investments;
vi. Valuation of undertakings or assets of the company, wherever it is necessary;
vii. Evaluation of internal financial controls and risk management systems;
viii. Monitoring the end use of funds raised through public offers and related matters.
ix. To oversee the vigil mechanism and to provide for adequate safeguards against victimization of employees and directors who avail of the Vigil Mechanism and also provide direct access to Chairman, Audit Committee and in case of repeated frivolous complaints by a director or an employee, the Audit Committee may take suitable action against the concerned director or employee including reprimand.

## Powers of the Audit Committee

Commensurate with its role, the Audit Committee should be invested by the Board of Directors with sufficient powers, which should include the following:

i. To investigate any activity within its terms of reference.
ii. To seek information on and from any employee.
iii. To obtain outside legal or other professional advice, subject to the approval of the Board of Directors.
iv. To secure attendance of outsiders with relevant expertise, if it considers necessary.
v. To protect whistle blowers.
vi. The Audit Committee may call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and may also discuss any related issues with the internal and statutory auditors and the management of the company.
vii. All powers, as may be required, for executing the Scope of the Audit Committee.
viii. The Audit Committee shall have authority to investigate into any matter in relation to the items specified in sub-section (4) of section 177 of the Companies Act, 2013, or referred to it by the Board and for this purpose shall have power to obtain professional advice from external sources and have full access to information contained in the records of the company.

During the year under review, the Committee met 6 times on the following dates: 30.05.2016, 18.07.2016, 26.08.2016, 27.09.2016, 06.12.2016, and 28.01.2017. The attendance of the members of the Committee during 2016-17 is produced below:

| Member | Position | Meetings held** | Meetings attended *** |
|---|---|---|---|
| Sh. Ravi Mathur, Independent Director | Chairman | 6 | 6 |
| Sh. M.K. Mittal, Dir/ Finance | Member | 6 | 6 |
| Smt. Shakti Munshi, Independent Director | Member | 6 | 6 |

** "Meetings held"- denotes the number of meetings held during the tenure of the member of the Committee.

*** "Meetings attended"- denotes the number of meetings attended by the member during the tenure of the member of the Committee.

## 4. Nomination and Remuneration Committee

'Nomination and Remuneration Committee' was originally constituted vide resolution no. 51.3.7 of 51st Board Meeting held on 13.08.2015 and was reconstituted from time to time. The composition of the Nomination and Remuneration Committee as on the date of report is as follows:-

| S. No. | Member | Position | Date of holding the membership of the Committee |
|---|---|---|---|
| 1. | Sh. Ravi Mathur, Independent Director | Chairman | 13.05.2016 |
| 2. | Smt. Shakti Munshi, Independent Director | Member | 13.05.2016 |
| 3. | Sh. Sushant Kumar Mishra, Nominee Director | Member | 22.06.2017 |
| 4 | Sh. H.D. Gujrati, Director(OP&BD) | Special Invitee | 13.08.2015 |

### Terms of Reference

a) The Nomination and Remuneration Committee shall identify persons who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal.

**Note:**

With reference to clause 2(1.5) of "The Code of Conduct for Board Members and Senior Management Personnel duly approved by the Board, the term "Senior Management Personnel' shall mean personnel of the Company who are members of its core management team excluding Board of Directors and would comprise all members of management one below the whole-time Directors including all functional heads.

b) The Nomination and Remuneration Committee shall recommend to the Board a policy, relating to the remuneration of the Senior Management and other employees.

c) The Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that-

   i. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   ii. Remuneration to senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:

During the year under review, the Committee met 3 times on the following dates: 30.05.2016, 13.06.2016 and 22.02.2017. The attendance of the members of the Committee during 2016-17 is produced below.

| **Name of the Committee Members** | **Position** |
|---|---|
| **1st Meeting of Nomination & Remuneration Committee held on 30.05.2016.** | |
| 1. Sh. Girish Pillai, Nominee Director (Position held up to 05.10.2016) | Chairman |
| 2. Sh. Ravi Mathur, Independent Director | Member |
| 3. Smt. Shakti Munshi, Independent Director | Member |
| **2nd Meeting of Nomination & Remuneration Committee held on 13.06.2016.** | |
| 1. Smt. Shakti Munshi, Independent Director | Chairman |
| 2. Sh. Ravi Mathur, Independent Director | Member |
| **3rd Meeting of Nomination & Remuneration Committee held on 22.02.2017.** | |
| 1. Smt. Shakti Munshi, Independent Director | Chairman |
| 2. Sh. Achal Khare, Independent Director | Member |

## Remuneration of Directors

DFCCIL, being a wholly owned Government Company under Companies Act, 2013, the whole-time Directors of the Company are appointed by the President of India through Ministry of Railways. The functional Directors so appointed, draw remuneration under Industrial Dearness Allowance (IDA) pattern of pay scale pre-determined by the Government and as per the terms and conditions issued by the

Government of India from time to time. The IDA Pay scales (2007) and basket of allowances has been implemented in DFCCIL.

The part-time official (Government Nominee) Directors on the Board of the Company do not draw any remuneration from the Company. They draw remuneration from the Government only as Government officials. The part time non-official Directors (Independent) draws the sitting fee for the Board/Sub-Committee meetings attended during the financial year.

The detail of remuneration paid to the whole time Directors for the year 2016-2017 is detailed below.

(In Rs.)

| S. No | Name of Director | Salary & Allowances | Other Benefits Perks 17(2) | Performance linked incentives | Total (In Rs.) |
|---|---|---|---|---|---|
| 1 | Sh. Adesh Sharma (Managing Director) | 2932571 | 506,169 | - | 3,438,740 |
| 2 | Sh. H. D Gujrati Director (Op & BD) | 2995615 | 434,646 | - | 3,430,261 |
| 3 | Sh. D.S. Rana Director (Infra) | 2765705 | 493,775 | - | 3,259,480 |
| 4 | Sh. Anshuman Sharma Director (PP) | 3147361 | 437,609 | - | 3,584,970 |
| 5 | Sh. M.K Mittal Director (Finance) | 3210859 | 525,048 | - | 3,735,907 |
| | **Total** | **15,052,111** | **2,397,247** | - | **17,449,358** |

## Detail of sitting fee paid to the Part-time non official Directors for the financial year 2016-17:

Two Independent directors were appointed on the Board. Details of sitting fees paid to them during the year 2016-17 are as follows:-

| S.No. | Member | Sitting Fees | Total No. Meetings Attended including sub committees meetings |
|---|---|---|---|
| 1 | Sh. Ravi Mathur, Independent Director | 2,80,000/-* | 14 |
| 2 | Sh. Shakti Munshi, Independent Director | 3,00,000/-* | 15 |

***Sitting fees paid to directors excluding Service tax paid under reverse charge mechanism.**

## 5. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the "Board" was originally constituted on 13.06.2014 and was reconstituted from time to time. The composition of the Corporate Social Responsibility Committee as on the date of report is as follows:

| S. No | Member | Position | Date of holding the membership of the Committee |
|---|---|---|---|
| 1 | Sh. Ravi Mathur, Independent Director | Chairman | 13.05.2016 |
| 2 | Sh. H.D. Gujrati, Dir/ OP&BD | Convener/Member | 13.06.2014 |
| 3 | Sh. D.S. Rana, Dir/Infra | Member | 08.05.2015 |

**Terms of Reference:**

The Corporate Social Responsibility Committee shall, -

a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

c) Monitor the Corporate Social Responsibility Policy of the company from time to time.

**During the financial year 2016-17, the Corporate Social Responsibility met once on 13.06.2016.**

## 6. General Meetings

### Annual General Meetings

The Annual General meetings of the Company are held at New Delhi, where the registered office of the Company is situated. The details of such meetings held during the last three years are as under:

| AGM | Year | Venue | Date | Time |
|---|---|---|---|---|
| 8th | 2013-2014 | Committee Room, 2nd Floor, Rail Bhawan, Raisina Road, New Delhi-110001. | 19.09.2014 | 16:00 Hrs. |
| 9th | 2014-2015 | Board Room, 5th Floor, Pragati Maidan, Metro Station Building Complex, New Delhi-110001. | 21.09.2015 | 12:30 Hrs. |
| 10th | 2015-2016 | Board Room, 5th Floor, Pragati Maidan, Metro Station Building Complex, New Delhi-110001. | 26.09.2016 | 12.30 Hrs |

**Detail of special resolutions passed in the previous three AGMs.**

| AGM | Year | Subject Matter of the Special Resolution | Date | Time |
|---|---|---|---|---|
| 8th | 2013-2014 | Section 180(1) (C) –Power to borrow money in excess of the prescribed limit. | 19.09.2014 | 16:00 Hrs. |
| 9th | 2014-2015 | Nil | 21.09.2015 | 12:30 Hrs. |
| 10th | 2015-2016 | Nil | 26.09.2016 | 12.30 Hrs |

## 7. Disclosures

A) There has not been a reported materially significant related party transaction except the disclosed vide note 37 to the financial statements.

B) All the terms of expenditure debited in the books of accounts of DFCCIL are for the purpose of project execution entrusted to DFCCIL and are related to project execution.

C) There are no personal expenses incurred for the Board of Directors.

D) The Net administrative expenses as a percentage of total expenses have decreased from 3.84 % in 2015-16 to 3.74% % in 2016-17.

E) The Auditors' Report submitted by M/s Baweja & Kaul, Chartered Accountants doesn't contain any qualification and hence no explanation or comments are required.

## 8. Corporate Communication

Corporate Communication is inspired by the belief that sustainable communication is essential for thriving organizations. Through the means of Corporate Communication, a company establishes a positive image in the eyes of its key stakeholders, and is seen as a trusted and informed partner in public affairs.

Dedicated Freight Corridor Corporation of India Ltd. (DFCCIL) has been set up as a special purpose vehicle with the mandate of planning, construction, operation and maintenance of Dedicated Freight Corridors in Eastern and Western routes of the country. Construction of over 3350 kms of freight corridors passing through 9 states, 63 districts and 2100 villages is a mammoth task. Another challenge is to meet the deadlines set for the completion of the project. Here comes the role of Corporate Communications. The targets set by any organization becomes very difficult to achieve when there is a lack of proper communication with various stakeholders and the organization. Communication channels working properly helps the organization enjoy cooperation from all the stakeholders.

DFC is a project which has number of stakeholders including Funding Agencies (World Bank, JICA), Railway Board, Project Affected Persons (PAPs), its employees, State Governments, District Administration, Contractors and Consultants. It is very important to convey right message at the right time, so that the project gets full cooperation from all the stakeholders involved.

Keeping the above things in mind, DFCCIL prepared its communication strategy to meet information needs of different stakeholders. The strategy is based on the Communication Need Assessment (CNA) study carried out by DFCCIL to identify its communication requirements and the ways and means to achieve them. The role of Corporate Communication Department of DFCCIL is to ensure that information that matters to the stakeholders is disseminated in the most effective manner. This work is achieved through proper coordination with all the departments and with the use of the most suitable media as required.

### Corporate Communication Department of DFCCIL has taken the following measures to achieve this end during the year 2016-17:

DFCCIL has further expedited the two-way communication strategy with the use of social media. The official twitter handle (www.twitter.com/dfccil_india) Facebook page (www.facebook.com/dfccil.india) and YouTube channel (www.youtube.com/dfccilindia) of DFCCIL allow users to communicate directly with the organization. DFCCIL regularly posts important messages, pictures and videos on its social platforms for spreading more awareness on the project and to keep people updated with the progress made in both the corridors of DFCCIL.

DFCCIL interacts with print and electronic media from time to time to provide them updated status of the project. In 2016-17, Corporate Communication Department organized two Press Conferences on 03.06.2016 & 13.02.2017 which were covered by most of the prominent newspapers. 19 bilingual Press Releases carrying information on DFC projects and other activities were issued to the national media. DFCCIL produced two films during the year 2016-17. It includes a short film depicting features, benefits and impact of DFCCIL for Rail Vikas Shivir and a corporate film giving complete picture of the project and the organization.

Direct interaction of Managing Director of DFCCIL with Press Correspondents of leading news organizations was organized and Interviews were published in Hindustan Times, Times of India, Indian Express, Economic Times, Business Standard, Coal Insight and Hindustan Opinion etc. during the year 2016-17. Electronic media also covered the organization in a very positive way as NDTV, Doordarshan and ET Now broadcast exclusive interview of MD/ special program on DFC during the period. A revised Corporate Brochure with updated figures and new photographs of the project was published and Bilingual leaflets on features of the project were also printed. Four issues of Quarterly News Letter 'DFC NEWS' were published during the period. The newsletter was prepared in Hindi keeping in mind the most preferred language of the audience. DFCCIL participated in BRICS Trade fare organized at New Delhi from 12th to 14th October 2016 and Vibrant Gujarat Trade Show from 9th to 13th January 2017. Publishing of notifications in newspapers like tender, land acquisition, vacancies etc. is one of the most important jobs taken care of by Corporate Communication Department. During the year 2016-17, over 200 tenders & notifications were published in international, national and regional dailies.

DFCCIL has adopted a dynamic strategy for Corporate Communication. It is purely a need based exercise and the strategy is aimed to make communication effective and efficient.

## 9. Audit Qualifications

The Auditors' Report submitted by M/s Baweja & Kaul, Chartered Accountants doesn't contain any qualification and hence no explanation or comments are required.

## 10. Training of Board Members

DFCCIL is concerned to take various training programs for its officers/ employees. The detail of training of officers and Employees is being dealt separately in Corporate Governance Report. In order to acquaint the Board Members, presently the Corporation has adopted the practice of furnishing a set of documents/ booklets to a Director on his/ her joining the Board. The set of documents provided includes Annual Reports for the last financial years, Memorandum and Articles of Association, a copy of the Memorandum of Understanding along with MOU targets and its achievements. This provides the basic information about the Company to the incumbent. Besides that Board Members and Senior Management personnel are nominated for various training programs, from time to time.

## 11. CEO/CFO Certification

The certificate duly signed by the Chief Executive Officer and CFO as presented to Board of Directors, is annexed as Annexure "C-1" to the report.

## 12. Code of Business Conduct & Ethics

The Company has in place the Code of Conduct for Board Members and Senior Level Management duly approved by the Board of Directors. At 36$^{th}$ meeting of the Board, the Code of Business Conduct and Ethics for Board members and Senior Management which came into force w.e.f. 1st day of April 2009 was replaced by the Model Code of Conduct as suggested in DPE guidelines. In terms of Code of Conduct for Directors and Senior Management Personnel, the annual affirmation that Code of Conduct has been complied with has been obtained from all the functional Board members and Senior Management Personnel. The Code of Conduct is also posted on the Website of the Company www.dfccil.gov.in. A declaration signed by the Managing Director affirming the compliance with the code of conduct by the Board Members and Senior Management Personnel during 2016-17 is placed at **"Annexure "C-2".**

## 13. Whistle Blower Policy

DFCCIL believes in conduct of its affairs with highest standards of professionalism, honesty and integrity and is committed to ensure ethical behaviour by all its employees. The company therefore believes in creating a culture where it should be safe for all employees to raise concerns about any unethical practices or misconduct. The Company had formulated a Whistle Blower Policy. This policy provides a framework to enable employees wishing to raise a concern about serious irregularities within the Company without fear of victimisation and covers protected disclosures by employees of DFCCIL including those on deputation.

## 14. Compliance Certificate

The Certificate from a practicing Company Secretary regarding compliance of the conditions of Corporate Governance in accordance with the guidelines issued by Department of Public Enterprises forms the part of the Annual Report. **(Annexure "C-3").**

# Annexure - "C-1"

डेडीकेटेड फ्रेट कोरीडोर

**Dedicated Freight Corridor Corporation of India Ltd.**
(A GOVERNMENT OF INDIA UNDERTAKING)

## MANAGING DIRECTOR AND DIRECTOR FINANCE CERTIFICATION

We have reviewed the Financial Statements including the Balance sheet, Statement of Profit & Loss, and the Cash Flow Statement for the financial year 2016-17 and to the best of our knowledge and belief:

i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations;

iii. 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 in violation of the Company's code of conduct;

iv. 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. We have disclosed to the Auditors and the Audit Committee deficiencies in the design or operation of such internal controls of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies;

v. We have indicated to Auditors and the Audit Committee changes in Accounting Policies during the year, and that the same have been disclosed in the Notes to the Financial Statements; and

vi. There was no instance of fraud nor there has been involvement of the Management or an employee having a significant role in the Company's internal control system over financial reporting, of which we are aware.

| | | |
|---|---|---|
| Place:- New Delhi | Sd/- | Sd/- |
| Dated:- 08.08.2017 | Naresh Salecha | Anshuman Sharma |
| | Director Finance | Managing Director |

**Regd. Off:-** 5th Floor, Pragati Maidan Metro Station Building Complex, New Delhi – 110001
CIN- U60232DL2006GOI155068, Tel.:- +91-11-23454700, Fax:- +91-11-23454701, Website:- dfccil.gov.in

# Annexure - "C-2"

**Declaration by Managing Director regarding compliance with the code of Business and Ethics Conduct by Board members and Senior Management during F.Y 2016-17.**

I, Adesh Sharma, Managing Director, Dedicated Freight Corridor Corporation of India Limited do hereby declare that all the functional members of the Board of Directors and the Senior Management Personnel have affirmed compliance of the Code of Business and Ethics Conduct during 2016-17.

Place:- New Delhi
Dated:- 09.05.2017

Sd/-
(Adesh Sharma)
Managing Director

# Annexure - "C-3"

**Balika Sharma And Associates**
**Company Secretaries**

Address:- Flat No. 211 pocket A / 3, Sector-7
Rohini, New Delhi, Pin Code -110085
Mobile:- 9811387946 E-mail Id:- balikasharma@gmail.com

## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of,
Dedicated Freight Corridor Corporation of India Limited
5th Floor, Pragati Maidan Metro Station
Building Complex, Delhi-110001
**CIN: U60232DL2006GOI155068**

**REG: COMPLIANCE CERTIFICATE WITH REFERENCE TO COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE UNDER GUIDELINES ON CORPORATE GOVERNANCE FOR CENTRAL PUBLIC SECTOR ENTERPRISES 2010.**

1. This Certificate is in accordance with compliance of conditions of Corporate Governance by **DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED, (Hereinafter referred to as "Company" )** for the Financial Year ended on 31st March, 2017 as stipulated in Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprise (DPE), Government of India.
2. The Compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company to ensure 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.
3. We have obtained all the information and explanations which to the best of my knowledge and belief were necessary for the purposes of certification and have been provided with such records, documents, certifications etc., as had been required by us.
4. We certify that in respect of the aforesaid financial year 31st March2017, the company has complied with various provisions of the Guidelines in its Corporate Governance Report except:

   **a) Clause No. 3.1 relating to Composition of Board of Directors-Independent Directors.**
5. We hereby 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: New Delhi
Date: 26.07.2017

Sd/-
Balika Sharma & Associates
Company Secretaries
FCS No.: 4816
C P No.: 3222

Annexure - "D"

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## Industry Structure and Developments

Infrastructure sector includes developing road infrastructure, railway infrastructure and port connectivity, power, bridges and urban infrastructure development. Rail transportation is the backbone of our country's transportation infrastructure.

"The Dedicated Freight Corridor (DFC) project is one of the identified projects of the Government which is of public importance and to be delivered on a priority basis," The project is being closely monitored at different levels.

In line with international best practices, we rely on technological solutions for project management and monitoring. Latest drone and Geo Spatial based satellite technology is used for remotely reviewing the physical progress across major projects.

## The Vision and the Mission of the Company is as follows

### Vision

To create a partnership with IR for retaining and expanding the market share of rail through efficient and reliable service with customer focus.

### Mission

As the dedicated agency to make the vision into reality, DFCCIL's mission is

1. To build a corridor with appropriate technology that enables Indian Railways to regain its market share of freight transport by creating additional capacity and guaranteeing efficient, reliable, safe and cheaper options for mobility to its customers.

2) To support the Government's initiatives towards ecological sustainability by encouraging users to adopt Railways as the most environment friendly mode for their transport requirements.

## Capital Expenditure on Project Execution

As on 31st March, 2017, the Cumulative expenditure on Project Execution (other than land) is Rs.15781.32 Crore which includes Fixed Assets Rs.15.27 Crore, Capital Work in progress Rs.8861.64 Crores, Assets under Development Rs.11.31 Crore and Capital advances Rs.6754.40 Crore and IND AS Adjustment of Rs.85.27 Crores and Expenses charged to P&L Account of Rs.53.43 Crores . The gross expenditure during the year 2016-17 on project execution is Rs.5488.44 Crore which includes tangible assets Rs.-0.43 Crore, intangible assets Rs.-0.65 Crore, assets under development Rs.1.41 Crore, Capital Advances Rs.2264.93

Crore and Capital Work in Progress Rs.3179.69 Crore and IND AS Adjustment of Rs.12.50 Crores and Expenses charged to P&L Account of Rs.30.99 Crores

## Strength

Land Acquisition in the project continues to be its hallmark of strength. The acquisition process has been moving smoothly due to adoption of cautious and sensitive approach with the Project Affected People (PAPs) and also due to intense frequent engagement with the State revenue and other officials.

There has been tremendous improvement in the cooperation by State Governments. With constant persuasion at Chief Secretaries level in the State Government, 15 patches affecting 20 kms in EDFC and 170 patches affecting 28.3 kms in WDFC acquired.

Besides, 20 E notifications for 151 Ha were issued during the year. With this, Notifications under section 20 E of RAA 2008 for entire WDFC has been completed. Notification for 4450 Ha (97%) have been completed for the entire EDFC except for Sonnagar – Dankuni section. In Sonnagar-Dankuni section, notification under Section 20E for 811 Ha (69%) has been issued upto 31.03.2017.

During the year, award u/s 20F of RAA-2008 has been declared for 826 hectare. With this, a total award for 10750 hectares of land (WDFC: 5803 ha out of 6000 ha and EDFC: 4947 ha out of 5767 ha) with compensation amounting to Rs.11357 Crs. (WDFC: 5186 Cr., EDFC: 6170 Cr.) has been issued. Progress of land acquisition is approximately 96% excluding Sonnagar-Dankuni section and above 91.4% on overall basis.

The activities of the Company received a tremendous boost during 2016-2017 .Year 2016-17 saw major progress in the award of Civil, Electrical, S&T and other contracts in DFCCIL. Contracts worth Rs.11,643 crores were awarded/signed taking the cumulative value of contracts awarded to Rs.48,954 crores. As a result, Civil contracts for 2600 kms (92%), Electrical contracts for 2315 kms (82%) and S&T contracts for 2315 kms (82%) length have been finalized. All Civil, Electrical and S&T contracts of Western DFC have been finalised. Civil, Electrical and S&T Contracts worth Rs.4263.6 crores for Eastern DFC were finalized during the year. The team with Railway experience is the backbone of the organization for construction phase, manning and positioning of adequate number of experience officers & Staffs provides valuable strength to the organization.

Implementation of electrified DFC, itself is an environment friendly and energy saving activity, a major strength. On environmental front, necessary pre project statutory clearances are being obtained for forest land diversion, CRZ, ASI protected monuments, other Eco sensitive zone. Necessary Permissions to cut the trees within the right of way, including those in Taj Trapezium Zone (TTZ), mangrove areas, periphery of Sanjay Gandhi National Park, Dahanu region of Maharashtra, have been obtained in all the states.

## Weakness

Schedule of implementing agencies have been affected due to the time involved in obtaining the statutory clearances for the procurement of construction material under the various Rules. Continuous follow up with the authority is being maintained to expedite the matter. Delay in obtaining various statutory clearances by the contractor and his subcontractors could lead delay in execution of the project.

DFC requires 11766 hectares of Land spread over 3361 Kms for both Corridor. The Acquisition of Land being the subject matter of the concerned States is a biggest challenge faced by the Company. The Land is to be acquired in terms of various guidelines issued by State Governments/Zonal Railways, Central Government, provision of NRRP 2007 and requirement of funding agencies with respect to environmental and social considerations and expectations of project affected parties. With the passage of "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation & Resettlement Act, 2013 followed by the Amendment Ordinance, the provisions of the new act with regard to compensation & R&R are applicable to all acquisition being undertaken by DFCC from 01.01.2015.

## Opportunity

Given the emphasis on rapid expansion of freight business, it is essential to build more dedicated freight corridors for increased traffic with consequent benefits for the economy and environment. DFCCIL has a great opportunity to build world class infrastructure that will have the capability of bringing about a paradigm shift in the transportation sector in India. The DFC will be a game changer in transport logistics. Speedier, Scheduled services is expected to bring down logistics cost significantly. Development of logistics terminals along DFC will provide much awaited end logistic solutions to the Industry. It will help in creating employment not only on regional basis but also on national level. New opportunity unleashed from "Make in India" Initiative, setting up of Industrial and Investment zone from Delhi Mumbai Industrial Corridor & Amritsar Kolkata Industrial Corridor is expected to provide huge impetus to manufacturing sector in the country. DFC backbone will be a catalyst in growth of manufacturing along the route and resultant transport demand on DFC.

## Threats

Delay in consent and subsequent sanction of cost sharing of all RoB's by the State Government's falling in the DFC alignment i.e Bihar, Uttar Pradesh, Punjab and Haryana threats the timely execution of the RoB's. The disbursement of the compensation in the process of acquiring the remaining land becomes complex with the introduction of new Land Acquisition Act. Besides, the transition from the provisions of one Act to another itself entails a lot of explanations/ clarifications which causes further delay. The Multi Stage clearances from funding agencies sometimes results in delay in the procurement process. Besides, a number of Court cases and surging arbitration cases as well appear to be a significant threat if not tackled in a systematic manner. To deal with the surging trend of arbitration cases concerned chief Secretaries are continuously being advised to pass necessary instructions down the line to expedite finalization of these cases. For Court cases, all necessary steps are being taken for their early finalization.

In order to ensure delivery of the project on time, coordinated efforts are required among all the stake holders and the parties involved in the projects i.e. Ministry of Railways, Niti Aayog, Ministry of Finance, State Governments, Japan International Co-operation Agency, World Bank - and each must perform its obligations in time to ensure that DFCs get constructed in time and within the estimated completion cost.

## Strategies

Land Acquisition in the project shall continue to be a challenge but at the same time it is hallmark of strength of the organization. For redressal of grievances related with Rehabilitation and Resettlement Plan, an Ombudsman has already been appointed. Besides Arbitrators have been appointed in each District to look into the grievances pertaining to compensation for land and structure related issues. District Level Grievance Redressal Committee have also been formed in EDFC-1, EDFC-2 & EDFC-3 and provisions for redressal of grievances at Field as well as Project level have been included in the published RRP for WDFC also. The process of Land Acquisition is stretched over 9 States. In order to ensure the timely and hassle free acquisition, the State Level Coordination Committee have been formed headed by Chief Secretaries of the states for monitoring the progress of land acquisition in the states and to have a better liaisioning with the state machinery. Rs.1340 Crs. has been disbursed during the current year. This has become possible because of good coordination and cooperation from all concerned.

With constant persuasion at Chief Secretaries level in the State Government, 15 patches affecting 20 kms in EDFC and 170 patches affecting 28.3 kms in WDFC were acquired.

## Outlook

The Company is looking forward to create a state of art world class infrastructure that will have the capability of bringing about a paradigm shift in the transportation sector in India. The Company is committed to ensure the quality as well as safety in the implementation of the project. In this regard, steps are taken to give adequate training to field staff to acquaint them with best international construction practices.

## Road Ahead

DFCCIL is committed to its motto of **'SSS' – 'Sincerity, Speed and Success'** which would lead to fulfillment of Organization's Mission, Vision and Objectives.

## Risks and Concerns

The Company has developed the Enterprise Risk Management Framework which has been approved by the Audit Committee and also by the World Bank. The Enterprise Risk Management Framework has been implemented with effect from 1st January, 2014. The top 20 risks that perceived at this stage during "Planning and Construction Phase" and "Operation Phase" have identified and prioritized. Mitigation Plans for these 20 risks has also been formulated. A Risk Management structure has already been defined, which comprise of a Risk Management Committee (RMC) consisting of three members (GM/Fin/RM, GGM/Civil and GM/CO/WC), a Chief Risk Management Coordinator (CRMCO) reporting to Risk Management Committee, Heads of various departments such Civil, S&T, IT, Administration, Electrical, Operation, Finance etc., and Chief Project Managers would act as Risk & Mitigation Plan Owner(RMPOs) and would be responsible for risk identification, its prioritization and for framing the mitigation plan, To ensure that there are appropriate controls in place for the risk management activities a risk monitoring and assurance mechanism through MIS has been provided for as part of Enterprise Risk Management Framework to assess the effectiveness of mitigation plan for a particular risk.

The status of Risk Management Framework is being regularly coordinated by the GM/Fin/RM (CRMCO) in association with the Risk Management Coordinators (RMCOs) which is further reviewed by the Risk Management Committee (RMC) and the Audit Committee at regular intervals. Top five risks identified are as under:

1. Inadequate management of procurement of goods/services/works (issued related to procurement)
2. Possible increase in scope of work of contractors.
3. Delayed construction of corridors.
4. Delay /difficulty in construction of RUB/ROBs (issues pertaining to construction of RUBs/ROBs
5. RRP benefits distribution.

GM/Fin/RM has given a presentation on the implementation of Risk Management for the year 2015-16 along with status of Mitigation Plans for Risk that Matters before the Audit Committee during the 37th meeting held on 28th Jan, 2017. Audit Committee directed that

a) Risk Mitigation Plan should not remain on the paper but it should be implemented.
b) Top 5 Risks be apprised to the Board.
c) The risk due to non-recruitment of manpower in time be reported to the Board.

All Risk & Mitigation Plan Owners (RMPOs) has been apprised of involved risks and urged to take care of Mitigation Plan for Risk that Matters.

## Internal Control Systems

In any organisation, internal control being an integral process, effected by an entity's Management and personnel is designed to address risks and to provide reasonable assurance that in pursuit of entity's mission, the general objectives of executing the operations more orderly, ethically, economically, efficiently and effectively is achieved and the resources are safeguarded against loss, misuse and damage.

The company has internal systems and processes in place, which ensures the execution of operation more orderly, ethically, economically, efficiently, and effectively, which is adequate and commensurate with the size of the Company. However, Internal Control being the ongoing process, the Management is committed towards its continuous improvement. In order to ensure that, all the required internal control systems and processes are in place and are operating effectively and to assess the shortcomings in the existing internal control systems and procedures, steps that have to be taken to strengthen the internal systems and processes, Audit Committee has approved to conduct a study on the adequacy of Internal Control systems in the Company. In order to maintain the independence in the study of Internal Control Systems the work of "study on the adequacy of Internal Control systems in DFCCIL" was entrusted to an outsourced Consultancy Firm. The firm has submitted its report which was presented in 37th meeting of audit committee held on 28th Jan 2017. Report along with the recommendation of audit committee was again deliberated by the senior Management in meeting held on 07th Jun 2017. Views of the senior management are again been apprised to the audit committee. The Audit Committee of the Board of Directors also reviews the reports of the Internal Auditor, comments of the Statutory Auditor and the Comptroller and Auditor General of India. The Management reviews the findings and recommendations of the auditors, takes corrective actions wherever necessary, and monitors the implementation of the recommendations.

Statutory Auditor of the Company vide **Annexure "C"** to the Independent Auditor's Report on the Internal Financial Control in compliance of Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 have commented that the company has in all material respect an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017.

## Industrial Relations

During the year under review, the Industrial Relations remained peaceful and harmonious. DFCCIL celebrated its 11th Foundation Day on 05/11/2016 in Air Force Auditorium, Subroto Park, New Delhi. The event was celebrated with great fanfare and enthusiasm by officer and staff of DFCCIL besides Senior Officers from Railway Board, Representatives from the World Bank and the JICA, Members of the Stakeholders, Consultants and Contractors and Representatives from Press and Media.

Cleanliness Drive was launched from 16/05/2016 to 31/05/2016 in the DFCCIL Corporate Office as well as in the Field Offices. A Special Cleanliness Drive was conducted in the Corporate Office on 28/05/2016 which was attended by officers and staff. Rail Hamsafar Saptaah was organized from 26/05/2016 to 01/06/2016 in the DFCCIL Corporate Office as well as in the Field Offices. As a part of Weeklong Celebrations, the Managing Director along with Directors of DFCCIL planted saplings in DFCCIL Corporate Office premises.

The Anti-Terrorism Day was observed on 20/05/2016 and a Pledge Taking Ceremony was conducted. All officers and staff took the Pledge on Anti-Terrorism.

'International Day of Yoga' was celebrated on 21st June 2016 in the DFCCIL Corporate Office as well as in the Field Offices. On this occasion, Audio Video Presentation followed by Demonstration cum Yoga Session as per 'Common Yoga Protocol – 2016' brought out by Ministry of Ayush, Government of India was organized in the DFCCIL Corporate Office by Yoga Instructors deputed by the Morarji Desai National Institute of Yoga which was participated by Officers & Staff of the DFCCIL Corporate Office.

The National Flag was hoisted in the DFCCIL Corporate Office premises on the Independence Day and Republic Day i.e. 15th August 2016 and 26th Jan 2017

The Sadbhawana Diwas was observed on 19/08/2016 and a Sadbhawana Diwas Pledge Taking Ceremony was conducted. All officers and staff took the Sadbhawana Diwas Pledge.

'Rashtriya Ekta Diwas' was observed on 31/10/2016 and on this occasion a Pledge Taking Ceremony was conducted. All officers and staff took the 'Rashtriya Ekta Diwas Pledge'.

DFCCIL participated in the BRICS India Trade Fair organized in the Pragati Maidan, New Delhi from 12-14 October 2016 and put up a Stall which was well appreciated by all including the numerous distinguished visitors from the BRICS Countries. On this occasion, DFCCIL Brochure and Pamphlets were distributed, DFCCIL Achievements highlighted and a Video Film show casing DFCCIL was shown.

Martyrs' Day was observed on 30th Jan. 2017. As a part of observance of Martyrs' Day, Two Minutes Silence' was observed in the DFCCIL Corporate Office as well as in the Field Offices.

National Productivity Week was celebrated from 12 to 18 Feb. 2017 in the Corporate Office as well as in the Field Offices. As a part of celebration, Banners and Posters downloaded from www. nationalproductivitycoucil.com were displayed.

## Environment Protection and Conservation

Alignment of DFC have been meticulously selected & finalized to avoid or minimize intrusion & acquiring of sensitive environmental features like forest land, water body etc. This is to ensure negligible/ minimum damage to the flora & fauna. Wherever, it becomes unavoidable, statutory clearance from Competent Authority shall have been obtained before undertaking construction work.

Required Statutory Clearances under Taj Trapezium Zone, Sanjay Gandhi National Park, Aravalli Eco-sensitive zone, Forest Clearance, Wildlife Clearance, and Coastal Regulation Zone Notification & Forest Diversion are being taken up before commencement of any activity. All regulatory compliances are also being ensured through the implementing agencies and DFCCIL officials, PMC officials, SESMRC, QSAC are regularly inspecting worksites for compliances.

During the Year 2016-17, Environmental Impact Assessment Report for Khurja-Pilkhani section of EDFC-3, Sleeper Plants in EDFC-2 and 132 KVA electrical transmission line in EDFC-I have been prepared. Cumulative Impact Assessment study have been carried out for EDFC corridor under the guideline of World Bank and World Bank has given their approval on the same and report has been uploaded on DFCCIL website for wide publicity.

The implementing agencies have prepared their own site specific Environmental Management Plan (EMP) as per the funding agencies guidelines and site specific SHE Plan as per the DFCCIL's SHE manual in EDFC-1, 2 and in EDFC-2 it is under process. The contractor has approached for project specific certification i.e. ISO 14000 and 18000 in EDFC-2 & 3. Implementations of agreed action with funding agencies are being complied at site and all necessary action plans in place for meeting the compliances.

Workshop for all DFCCIL officials, PMC officials, Contractor and NGO for implementation of Safeguards polices and Environment Management are regularly being organized at field units.

MD, DFCCIL issued a message based on theme "Go Wild for Life and Against Wildlife Crime" on the occasion of World Environment Day on 5th June 2016.This was disseminated widely. All national day related to Environment, workmen safety like HIV AIDS awareness, fire safety Day National safety Day are being celebrated time to time at all worksites. DFCCIL has been awarded international prestigious "Golden Peacock Award for Sustainability" for the year 2016 in a special ceremony held at London (UK) on 18.10.2016.

EIA studies of both the corridor, EDFC and WDFC have revealed negligible impact on the environment due to DFC, suitable mitigation measures and Environment Management Plan have been recommended. Tree cutting, Compensatory tree planation, silicosis exposure reduction strategy have been adequately addressed in the EIA reports. At implementation level, DFCCIL has already committed itself to take all necessary steps to mitigate the unavoidable impacts due to the construction and operation of the freight corridor.

## Social Safeguards Measures

The 'National Rehabilitation and Resettlement Policy, 2007' was to be adopted, as per section 20-O of the Railway (Amendment) Act, 2008. The Ministry of Railways had issued Entitlement Matrix (EM) which covers category wise various entitlements to be given to Project Affected Persons (PAPs) based on the relevant provisions of NRRP-2007. With the passage of "the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation & Resettlement Act, 2013 (RFCT-LARR) followed by the Amendment Ordinance, the provisions of the new act with regard to compensation & R&R are applicable to all acquisition being undertaken by DFCC from 01.01.2015 onwards. A new Entitlement Matrix has been issued by Railway Board as per the provisions of the new Act and has come into force from 01.01.2015. The New Entitlement Matrix has been made available on DFCCIL web site, all the CPM office, and at Public places in affected villages for the public information. Disbursement of Rs.490 Crores against resettlement and rehabilitation has also been completed.

Due care has been taken to avoid or minimize land acquisition and involuntary resettlement impacts by exploring all viable alternatives and to ensure adequate rehabilitation package and expeditious implementation of rehabilitation process. DFC has a well formulated Resettlement Policy Framework (RPF) to take appropriate resettlement and rehabilitation measures for persons / household adversely affected due to implementation of DFC project.

To meet the World Bank & JICA Social safeguard policies compliance, Social Impact Assessment (SIA) studies have been conducted for EDFC & WDFC. During the year 2016-2017, Resettlement Action Plan (RAP) of EDFC Phase-II of APL-3 (Khurja – Pilkhani, 220.710 km.) have also been finalized in accordance with the provisions of the new Land Acquisition Act, 2013, and uploaded on DFCC's website for public information.

NGOs were appointed for implementation of RAP, preparation of Micro Plan and assist in resolution of various grievances of PAPs. Two NGOs have submitted its completion report. M/s CRADLE (Consultants for Rural Area Development Linked Economy) has submitted its Completion Report in connection with implementation of RAP on Slice – 202 (Karchana – Fatehpur) Section and M/s SPS (Study Point Samiti NGO) has also submitted its Completion Report in connection with implementation of RAP on Slice- 203 (Fatehpur – New Bhaupur) Section. M/s CRADLE have been appointed for RAP implementation for Slice – 303 (Khurja – Pilkhani) Section in August'2016.

Further, External independent Agency for monitoring & review of Social & Environmental Safeguards for EDFC-1, EDFC-2 and EDFC-3 are also appointed. The agency role is to monitor & review the progress of land acquisition and R&R, implementation of RAP & EMP and provide suggestions for improving the same. The Social & Environmental Safeguards monitoring & review Consultant (SESMRC) appointed for EDFC-1, EDFC-2 and EDFC-3 has been continuously monitoring the implementation plan of the RAP and EMP and has helped DFCCIL in providing the project personnel ensure a quality and safe work environment. Expression of Interest (EOI) for engaging SESMRC for EDFC-3 (Phase II - Khurja – Pilkhani, 220.710 km.) has been finalised and firms are shortlisted. Technical and Financial bids has been submitted by shortlisted firms. Evaluation of technical bid is in final stage.

The Project Affected Persons (PAPs) concerns are addressed by emphasizing their participation and by extending necessary support to them in the R&R process. The Grievance Redressal Mechanism provides for addressing legitimate concerns / problems of affected individuals and groups who may consider themselves deprived of resettlement or rehabilitation benefits as available under the Resettlement Policy Framework designed for the implementation of DFC project. For grievance redressal, an Ombudsman has been appointed. Grievance Redressal Committee (GRC) has been constituted at Project level and district level. The Committee constituted at project level is posted at DFCCIL website. Besides Arbitrators have also been appointed in each district to look into the grievances pertaining to compensation of land.

# Human Resource

## 1. Manpower Mobilisation

The HR department serves the interest of the organization by supporting, developing and protecting most valuable assets of the organization i.e. Employees. It is committed to provide quality services in an environment of continuous change and challenges to achieve goal of the organization by building collaborative organization. Characterized by challenging & supporting. work environment that offer opportunities for both employees and organization growth and at the same time being guided by ethical and professional standard.

### A) Direct Recruitment (from Open market)

a) During the year 87 candidates joined the Corporation from the Open Market i.e. 08 Assistant Managers, 52 Executives and 27 Junior Executives in various cadres.

b) Walk-in-interviews were held at various locations for Finance officers & Works engineer on contract basis. As on date a total of 26 Finance Officer/Jr. Finance officer& 17 Works Engineer have joined.

c) Document verification and Medical Examination Test was conducted for 149 candidates and was followed up by Panel formation for 117 candidates. For the first time, selection test for the intake of MTS was made by conducting Physical Endurance Test In which 249 candidates participated. Panel for Four different categories have been formed as per eligibility and candidates preferences.

### B) Deputation

62 (Sixty two) officers have joined on deputation basis at various levels / cadres during the year 2016-17.

### C) Permanent Absorption

Eleven (11) officers have taken Permanent Absorption at various levels / cadres during the year 2016-17.

## 2. Promotion

Fifty (50) officials were promoted in various levels and departments during the year 2016-17.

## 3. Policy Initiative

The following policies were introduced during the year:

a) Employees Group Insurance Scheme from LIC introduced w.e.f 01.06.2016.

b) A new policy of Financial Assistance to employee's family in case of death of employee has been introduced wherein provision has been made for grant of Rs.5 Lakh in case of death due to accident while performing duty and Rs.1 Lakh in case of natural death. Provision has also been made to grant Rs.10,000/- as funeral expense to the next kin of the employee.

c) Guidelines for "Land losers affected by land acquisition for railway project for appointment" in DFCCIL issued by HR on 22.02.2017.

d) "Revised Procedure for reimbursement of cost of Uniform for Employees" in DFCCIL issued by HR on 08.03.2017.

## 4. Other Initiatives

a) Instructions issued for alignment of service rules with the Sexual Harassment of Women at Workplace Act, 2013.

b) Review of remuneration for outsourced staff for CPM units done & relevant instructions issued on 30.08.2016.

c) Pay fixation for all the deputationists as per 7$^{th}$ Pay Commission has been done and paid in August'2016.

d) Revised perks & benefits to Executive Directors issued on 27.09.2016.

e) Guideline for re-employment /re-engagement of retired Govt. /PSUs employees.

f) Included "Dependent Parents for the purpose of Medical benefits w.e.f 01.04.2016.

g) Benchmark for reimbursement of Medical claims for indoor treatment w.e.f 05.12.2017.

## 5. Training

Trainings organized during the year 2016-17

Technical trainings have been planned for professional up gradation of staff and officers of DFCCIL.

Training of DFCCIL is broadly divided into 4 groups:

i. Induction Training for direct recruits

ii. Induction Training for absorbed officials

iii. World Bank Approved Trainings

iv. Other Professional Trainings

### World Bank approved Training

Based on the Training need analysis done by HR involving GGM/GMs of Corporate Office, a detailed Training Plan was prepared which was also approved by World Bank. 444 employees have undergone training for 930 man days.

## Major Trainings Organized

- **Leadership Development - Indian School of Business (ISB)**
  - Based on pre-diagnostic done through ISB of expectations from the training program of the officers of DFCCIL involving senior level officers and Directors a tailor-made training plan was organized for 35 senior level officers.
  - The workshop helped the participants to explore to developing a broader vision for business success, inspiring others to excel and lead, operational focus to inspiring leadership that transforms terms and organizations.
- **International Technical Seminar -Institution of Permanent Way Engineers (India) (IPWE)**
  - 12 Senior Level officers of DFCCIL have participated in the International Technical Seminar organized by Institution of Permanent Way Engineers (India) on 12th & 13th January, 2017 at Mumbai.
  - The topic of the seminar was "Challenges in Design and Maintenance of Track under Mixed Traffic Regime of Semi High Speed and Heavy Axle Load". In addition to the seminar, a technical exhibition was also organized which exhibited various developments/innovations made in track and bridge technology and new products and processes connected with development of Railway in India and abroad.
- **6th Asian Regional Conference on Geosyethatics- Central Board of Irrigation and Power (CBIP)**
  - 3 officers of DFCCIL have participated in 6th Asian Regional Conference of Geosynthetics organized by Central Board of Irrigation and Power on 8th to 11th November, 2016 at New Delhi.
  - The main theme for the conference was "Geosynthetics for Infrastructure Development". This conference was a step towards providing opportunity for exchange of experiences, practices and collaborations to facilitate flow of appropriate technology to enable successful implementation of infrastructure projects.
- **Project Management Programme- Management Development Institute/Gurgaon (MDI/Gurgaon)**
  - 20 officers of DFCCIL participated in Project Management Programme organized by MDI/Gurgaon from 14th to 16th July, 2016 at MDI/Campus Gurgaon.
- **MDP on Land Acquisition, Resettlement and Rehabilitation- NTPC School of Business**
  - 04 officers from DFCCIl participated in MDP on Land Acquisition, Resettlement and Rehabilitation organized by NTPC School of Business on 21st & 22nd July, 2016 at Noida.
  - MDP on International Finance- Indian Institute of Management Calcutta (IIM/Calcutta)
  - 4 officers of DFCCIL participated in Management Development Programme on International Finance organized by Indian Institute of Management/Calcutta from 8th to 11th July, 2016 at Calcutta.

- **Public Private Partnership- Strategies, Methods & Project Structuring Techniques by Marcep Inc. Mumbai**
  - During the year 07 senior level officers participated in the training on Public Private Partnership- Strategies, Methods and Project Structuring Techniques and Project Appraisal & Risk Management at Delhi and IIM/Lucknow.
  - The Objective of the courses was to provide participants with a comprehensive understanding of the key elements to design, develop and monitor PPP programs and contracts in a variety of sectors. Subject like valuing projects, managing risky project, Social cost benefit analysis of projects etc. were also discussed during the course.
- **Global Technology Conference for Leveraging World Class Technology- Ministry of Railway**
  - 10 senior level officers have participated in Global Technology Conference for Leveraging World Class Technology organized by Ministry of Railway under the combined aegis of Institute of Rolling Stock Engineers & Institution of Railway Signal and Telecommunication Engineers on 3rd and 4th May, 2017 at New Delhi.
  - The aim of the conference was to scanning and assessing contemporary global technology, relevant to critical areas of concern of Indian Railway. The Conference was a platform for the industry, academia and research fraternity to interact with IR for identification of appropriate cutting edge technology and system available around the world for adaption and deployment of IR.
- **MDP on Contract and their Management- ICWAI (MARF)**
  - 4 officers from DFCCIL participated in MDP on Contract and their Management organized by ICWAI- Management Accounting Research Foundation on 9th to 12th August, 2016 at Tirupati.
- **Training on FOIS- CRIS**
  - 14 officers from DFCCIL participated in training on FOIS organized by Centre for Railway Information System (CRIS) on 19th & 20th August, 2016 at New Delhi.
- **GST-A Game Changer for India in 21st Century- Delhi Management Association.**
  - 5 officials from DFCCIL have participated in the training on GST organized by Delhi Management Association.
  - The training covered areas such as GST concept, financial gain to Industry/Consumer in proposed GST Regime, Levy (supply) under GST, Point of Taxation, Registration, Return, Composition Scheme, Casual trader, Assessment, Preparedness for GST.
- **Workshop and Conference on Tunneling- Central Board of Irrigation and Power (CBIP)**
  - 08 officials from DFCCIL participated in the training on Tunnel design and construction organized by Central Board of Irrigation and Power.
  - The training covered areas such as Planning, Investigation and Design of Tunnel, Cavern & Underground Projects, Tunnel & Cavern Construction Technology and Equipment, Risk

Management, Environmental and Social Impacts, Safety Issues, Contractual, Insurance aspects and Financing of Underground Construction work and Research & Development on Tunnel.

- **RTI- Institute of Secretariat Training and Management (ISTM)**
  - 39 officials from DFCCIL participated in the RTI training during the year 2016-17
  - The detailed training regarding provision & procedure of RTI Act 2005, private & confidential information, exempted information under RTI, judgments passed by Hon'ble Supreme Court of India, Various Hon'ble High Courts & CIC etc. were provided to the participants.
- **Training on Earthing Systems- Central Board of Irrigation & Power (CBIP)**
  - 16 officials from DFCCIL participated in the National Conference on Earthing Systems organized by Central Board of Irrigation & Power at New Delhi
  - The conference covered the topics such as Earthing design parameters, International Concepts, IEEE-80-2000, Computer Software designing, Earthing of electronic installations, testing/ maintenance practices, case studies etc.
- **Induction Training for Direct Recruits:**
  - For fresh recruits Induction and specialized technical trainings were organized at various Railway Training Institutes like: IRISET, IRICEN, ZRTI/Udaipur, ZETC/Vadodara for 51 candidates for 7497 mandays.
- **Trainings Abroad**
  - One official from DFCCIL participated in programme on Case studies and International experience on Port-Hinterland connectivity-Modern Logistics and Port centered economic regeneration at Deep See Port on Liverpool in England.
  - One official of DFCCIL participated in IHHA BoD Meting at Beijing China
  - Counterpart Training Program for the Technical Assistance Project on Freight Transportation of Dedicated Freight Corridor in India was held in three batches at Japan where total of 18 officers participated.

## Other Important Trainings organized for DFCCIL officials

- Programme on Strategies for Cost Leadership- ASCI
- HR Development Trg.- SCOPE
- Risk Mitigation Training- LNJN National Institute of Criminology and Forensic Science
- India Infrastructure Summit 2016- FICCI
- Corporate Governance, Department of Public Enterprises
- Implementation of ESI Act- PHD Chamber of Commerce & Industry
- Orientation Course in Record Management- National Archives of India
- Governance Programme for Directors on Board- ISB
- Effect Land Acquisition, Resettlement & Rehabilitation- ACSI
- Advance Contract Drafting & Negotiation – GLM

- Public Procurement- IRILMM
- Techniques & Procedure of Arbitration-ASSOCHAM
- D&AR Training- NAHRD
- RTI Training- ISTM
- SCOPE International HR Summit 2017- SCOPE
- Trg. Programme of Working Capital Appraisal and Monitoring-CRISIL
- Global Convention on Corporate Ethics & Risk Management- Institute of Directors (IOD)
- Vigilance Training- Delhi Productivity Council
- Corporate Communication Summit-SCOPE
- Global Trends & Innovation in Development of Power Sector-CBIP
- Indian Accounting Standards- ICWAI
- Seminar on Labour Law-SCOPE
- Short Terms programme on RAMS for Railway Systems-IIT Kharagpur

## 6. Corporate Social Responsibility

A report of Corporate Social Responsibility initiatives taken during the year under review is annexed at **Annexure –B of the Directors Report.**

# Annexure - "E"

AKHIL ROHATGI
M.Com. L.L.B. F.C.S.

AKHIL ROHATGI & COMPANY.
Company Secretaries
21, Shamnath Marg, Civil Lines,
Delhi – 110054.
Phone:- 011-23926504, 9810690633
Email:- rohatgi_co_secy@yahoo.co.in

## Form No. MR-3

## SECRETARIAL AUDIT REPORT

## FOR THE FINANCIAL YEAR ENDED 31st March 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
Dedicated Freight Corridor Corporation of India Limited,
5th Floor, Pragati Maidan Metro Station Building Complex,
New Delhi- 110001.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Dedicated Freight Corridor Corporation of India Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minutes books, eforms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, eforms and returns filed and other records maintained by Dedicated Freight Corridor Corporation of India Limited for the financial year ended on 31st March, 2017 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made there under;

ii. The Securities Contracts (Regulations) Act, 1999 and the rules made thereunder is not applicable as the shares of Company are not listed with any of the Stock Exchanges

iii. The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder is not applicable. There were no Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings during the period under review.

iv. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder are not applicable as the shares of Company are not registered with any of the depository mentioned under the said Act.

v. The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable as the shares of Company are not listed with any of the Stock Exchanges.

vi. Other applicable Laws, rules and Guidelines as mentioned here-in-below:

   a. DPE guidelines on Corporate Governance for Central Public Sector Enterprises issued by the 'Department of Public Enterprises', Ministry of Heavy Industries and Public Enterprises, Government of India.

   b. The Ancient Monuments and Archaeological Sites and Remains (Amendment and Validation) Act 2010

   c. Micro Small and Medium Enterprises Development Act 2006

   d. Forest (Conservation) Act, 1980

   e. The Railways (Amendment) Act 2008

   f. Wildlife Protection Act 1972

   g. The Wetlands (Conservation And Management) Rules 2010

   h. Coastal Regulation Zone Act 2011

   i. Relevant Provisions And NRRP 2007

   j. The Building And Other Construction Workers (Regulation Of Employment And Conditions Of Service) Act, 1996

   k. Building and Other Construction Workers Welfare Cess Act 1996

   l. Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

   m. Right to Information Act 2005

   n. Shops and Establishment Act

   o. Environmental laws as applicable.

   p. Labour Laws as Applicable

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India with effect 1st July 2015:

During the period under review, the Company, as per explanations and clarifications given to us and representations made by the Management, has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above except that the number of Independent Directors on the Board was less than One-Third of the total strength of Board as required under the Act and DPE Guidelines.

We further report that the Board is not duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors as Independent Directors was less than One-Third of the total strength of Board as required under the Act and DPE Guidelines.

Adequate notice was given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance.

Further, a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision has been carried through while the dissenting members' views were recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under review the Company has issued and allotted 28,556,041 Equity Shares of Rs. 1000/- each aggregating Rs. 28,556,041,000 to the Ministry of Railways, Government of India.

For Akhil Rohatgi & Co

Sd/-
Akhil Rohatgi
Practicing Company Secretary
FCS No.: 1600
CP No: 2317

Date: 29.08.2017
Place: New Delhi

AKHIL ROHATGI
M.Com. L.L.B. F.C.S.

AKHIL ROHATGI & COMPANY.
Company Secretaries
21, Shamnath Marg, Civil Lines,
Delhi – 110054.
Phone:- 011-23926504, 9810690633
Email:- rohatgi_co_secy@yahoo.co.in

Date:29.08.2017

To,

The Members,
Dedicated Freight Corridor Corporation of India Limited.
5th Floor, Pragati Maidan Metro Station Building Complex,
New Delhi-110001

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. We believe that the processes and practices, we follow provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of the events etc.
5. The compliance of the provisions of Corporate and other applicable law, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report 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.

For Akhil Rohatgi & Co

Sd/-
Akhil Rohatgi
Practicing Company Secretary
FCS No.: 1600
CP No: 2317

Date: 29.08.2017
Place: New Delhi

# Annexure - "F"

## Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31.03.2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules,2014]

## i. Registration and Other Details

| | | |
|---|---|---|
| i. | CIN | U60232 DL 2006 G0I 155068 |
| ii. | Registration Date | 30.10.2006 |
| iii. | Name of the Company | Dedicated Freight Corridor Corporation of India Ltd. |
| iv. | Category/Sub-Category of the Company | Government Company/Limited by Shares |
| v. | Address of the Registered office and contact details | 5th Floor, Pragati Maidan Metro Station Building Complex, New Delhi-110001<br>Tel: 011-2345480, Fax: 011-23454701 |
| vi. | Whether listed company | No |
| vii. | Name, Address and Contact details of Registrar and Transfer Agent, if any | N.A. |

## ii. Principal Business Activities of the Company

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| SI.No. | Name and Description of main products/services | NIC Code of the Product/ services | % to Total turnover of the company |
|---|---|---|---|
| 1 | N.A. | | |
| 2 | | | |
| 3 | | | |

## iii. Particulars of Holding, Subsidiary and Associate Companies

| S.no | Name And Address Of The Company | CIN/GIN | Holding/ Subsidiay/ Associate | %Of Shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | N.A. | | | | |
| 2 | | | | | |

## iv. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

### i. Category-wise Share Holding

| Category of share-holders | No. of shares held at the beginning of the year | | | | No. of shares held at the end of the year | | | | %Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters (1) Indian** | – | – | – | – | – | – | – | – | – |
| a) Individual/HUF | – | – | – | – | – | – | – | – | – |
| b) Central Govt | | 48,026,688 | 48,026,688 | 100% | – | 76,582,729 | 76,582,729 | 100% | 59.46% |
| c) State Govt(s) | – | – | – | – | – | – | – | – | – |
| d) Bodies Corp. | – | – | – | – | – | – | – | – | – |
| e) Banks/FI | – | – | – | – | – | – | – | – | – |
| f) Any Other…. | – | – | – | – | – | – | – | – | – |
| **Sub-total (A)(1):-** | | **48,026,688** | **48,026,688** | **100%** | – | **76,582,729** | **76,582,729** | **100%** | **59.46%** |
| **(2) Foreign** | – | – | – | – | – | – | – | – | – |
| (a) NRIs-Individuals | – | – | – | – | – | – | – | – | – |
| (b) Other–Individuals | – | – | – | – | – | – | – | – | – |
| (c) Bodies Corp. | – | – | – | – | – | – | – | – | – |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| (d) Banks/FI | – | – | – | – | – | – | – | – | – |
| (e) Any Other ….. | – | – | – | – | – | – | – | – | – |
| **Sub-total (A)(2):-** | – | – | – | – | – | – | – | – | – |
| **Total shareholding of Promoter (A)= (A)(1)+(A) (2)** | – | **48,026,688** | **48,026,688** | **100%** | – | **76,582,729** | **76,582,729** | **100%** | **59.46%** |
| **B. Public Shareholding 1. Institutions** | – | – | – | – | – | – | – | – | – |
| (a) Mutual Funds | – | – | – | – | – | – | – | – | – |
| (b) Banks/FI | – | – | – | – | – | – | – | – | – |
| (c) Central Govt | – | – | – | – | – | – | – | – | – |
| (d) State Govt(s) | – | – | – | – | – | – | – | – | – |
| (e) Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| (f) Insurance Companies | – | – | – | – | – | – | – | – | – |
| (g) FIIs | – | – | – | – | – | – | – | – | – |
| (h) Foreign Venture Capital Funds | – | – | – | – | – | – | – | – | – |
| (i) Others(specify) | – | – | – | – | – | – | – | – | – |
| **Sub-total(B)(1):-** | – | – | – | – | – | – | – | – | – |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **2. Non Institutions**<br>**a) Bodies Corp.** | – | – | – | – | – | – | – | – | – |
| i) Indian | – | – | – | – | – | – | – | – | – |
| ii) Overseas | – | – | – | – | – | – | – | – | – |
| **b) Individuals** | – | – | – | – | – | – | – | – | – |
| i) Individual shareholders holding nominal share capital up to Rs.1 lakh | – | – | – | – | – | – | – | – | – |
| ii) Individual shareholders holding nominal share capital in excess of Rs1 lakh | – | – | – | – | – | – | – | – | – |
| c) Others (specify) | – | – | – | – | – | – | – | – | – |
| **Sub-total (B)(2):-** | – | – | – | – | – | – | – | – | – |
| Total Public Shareholding (B)=(B)(1)+(B)(2) | – | – | – | – | – | – | – | – | – |
| C. Shares held by Custodian for GDRs & ADRs | – | – | – | – | – | – | – | – | – |
| **Grand total(A+B+C)** | **–** | **48,026,688** | **48,026,688** | **100%** | **–** | **76,582,729** | **76,582,729** | **100%** | **59.46%** |

## ii. Shareholding of Promoters

| SL. No. | Share-holder's Name | Shareholding at the beginning of the year | | | Shareholding at the end of the year | | | % change in shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | % of shares pledged / encumbered to total shares | No. of Shares | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | |
| 1 | The President of India | 48,026,688 | 100% | – | 76,582,729 | 100% | – | 59.46% |
| | **Total** | **48,026,688** | **100%** | **–** | **76,582,729** | **100%** | **–** | **59.46%** |

## iii. Change in Promoters' Shareholding (please specify, if there is no change)

| SL. NO. | | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| 1 | At the beginning of the year | 48,026,688 | 100% | 48,026,688 | 100% |
| **2.** | Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc): | 02/06/2016 Share Allotment | 59.46% | 28,556,041 | 59.46% |
| | **At the End of the Year** | | | **76,582,729** | **159.46%** |

## iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

| SL. No. | For Each of the Top 10 Shareholders | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | % of total shares of the company | No. of shares | % of total shares of the company |
| | At the beginning of the year | Not Applicable | | | |
| | Datewise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/ bonus/sweat equity etc): | | | | |
| | At the End of the year (or on the date of separation, if separated during the year) | | | | |

## v. Shareholding of Directors and Key Managerial Personnel: None of the Director or KMP hold share in Company

| Sl. No. | For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative Shareholding during the year | |
|---|---|---|---|---|---|
| | | No. of shares | %of total shares of the company | No. of shares | %of total shares of the company |
| | At the beginning of the year | – | – | – | – |
| | Date wise Increase/ Decrease in Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/sweat equity etc) | – | – | – | – |
| | At the End of the year | – | – | – | – |

## vi. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

| | Secured loans excluding deposits | Unsecured Loans | Deposits | Total |
|---|---|---|---|---|
| **Indebtedness Indebtedness at the beginning of the financial year** | | | | |
| (i) Principal Amount | – | 32,689,933,000 | – | 32,689,933,000 |
| (ii) Interest due but not paid | – | – | – | – |
| (iii) Interest accrued but not due | – | 1,568,934,976 | – | 1,568,934,976 |
| **Total (i+ ii+ iii)** | **–** | **34,258,867,976** | **–** | **34,258,867,976** |
| **Change in Indebtedness during the financial year** | | | | |
| Addition (Int + Loan) | – | 38,839,160,331 | – | 38,839,160,331 |
| Reduction | – | – | – | – |
| **Net Change** | **–** | **38,839,160,331** | **–** | **38,839,160,331** |
| **Indebtedness at the end of the financial year** | | | | |
| (i) Principal Amount | – | 69,454,599,000 | – | 69,454,599,000 |
| (ii) Interest due but not paid | – | – | – | – |
| (iii) Interest accrued but not due | – | 3,643,429,307 | – | 3,643,429,307 |
| **Total (i+ ii+ iii)** | **–** | **73,098,028,307** | **–** | **73,098,028,307** |

## vii. Remuneration Of Directors And Key Managerial Personnel

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager

| Sl. No. | Particulars of Remuneration | Name of MD/WTD/Manager | | | | | | Total Amount |
|---|---|---|---|---|---|---|---|---|
| | | Name | 100007 Adesh Sharma | 100004 H.D. Gujrati DL42192135 | 100291 D.S. Rana | 100003 Anshuman Sharma DL-42192-007 | 100005 M. K. Mittal Dir/Fin | |
| | | Designation | M.D. | Dir/OP & BD | Dir/Infra | Dir/PP | Dir/Fin | |
| 1. | Gross salary (a) Salary as per provisions Contained in section 17 (1) of the Income-tax Act,1961 | – | 2,932,571 | 2,995,615 | 2,765,705 | 3,147,361 | 3,210,859 | 15,052,111 |
| | (b) Value of perquisites u/s 17 (2) Income-tax Act, 1961 | – | 506,169 | 434,646 | 493,775 | 437,609 | 525,048 | 2,397,247 |
| | (c) Profits in lieu of salary under section 17 (3) Income tax Act, 1961 | – | – | – | – | – | – | – |
| 2. | Stock Option | – | – | – | – | – | – | – |
| 3. | Sweat Equity | – | – | – | – | – | – | – |
| 4. | Commission -as% of profit-others, specify… | | | | | | | |
| 5. | Others, please specify | – | – | – | – | – | – | – |
| | **Total(A)** | | **3,438,740** | **3,430,261** | **3,259,480** | **3,584,970** | **3,735,907** | **17,449,358** |
| | **Ceiling as per the Act** | | | | | | | |

## B. Remuneration to other directors:

| Sl. No. | Particulars of Remuneration | Name of Directors | | Total Amount |
|---|---|---|---|---|
| | | Smt. Shakti Kishorilal Munshi | Sh. Ravi Mathur | |
| | 3. Independent Directors Fee for attending board/ Committee meetings | 300000 | 280000 | 580000 |
| | Commission | – | – | – |
| | Others, please specify | – | – | – |
| | **Total (1)** | **300000** | **280000** | **580000** |
| | 4. Other Non-Executive Directors Fee for attending board/ committee meetings | – | – | – |
| | Commission | – | – | – |
| | Others, please specify | – | – | – |
| | Total (2) | – | – | – |
| | Total (B)=(1+2) | – | – | – |
| | Total Managerial Remuneration | – | – | – |
| | **Overall Ceiling as per the Act** | **–** | **–** | **–** |

## C. Remuneration To Key Managerial Personnel Other Than Md/Manager/Wtd

| S. No. | Particulars of Remuneration | Key Managerial Personnel | | | |
|---|---|---|---|---|---|
| | | CEO | Company Secretary | CFO | Total |
| 1 | Gross salary<br>(a) Salary as per provisions contained in section17(1) Of the Income-tax Act,1961 | – | 1,378,837 | - | 1,378,837 |
| | (b) Value of perquisites u/s 17 (2) Income-taxAct,1961 | – | 230,649 | - | 230,649 |
| | (c) Profits in lieu of salary under section17(3) Income-tax Act,1961 | – | – | – | – |
| 2 | Stock Option | – | – | – | – |
| 3 | Sweat Equity | – | – | – | – |
| 4 | Commission - as% of profit - others, specify… | – | – | – | – |
| 5 | Others, please specify | – | – | – | – |
| | **Total** | **–** | **1,609,486** | **-** | **1,609,486** |

### vii. Penalties / Punishment/ Compounding of Offences

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment Compounding fees imposed | Authority [RD/ NCLT/ COURT] | Appeal made, if any (give details) |
|---|---|---|---|---|---|
| **A. Company** | | | | | |
| Penalty | - | Nil | Nil | - | - |
| Punishment | - | Nil | Nil | - | - |
| Compounding | - | Nil | Nil | - | - |
| **B. Directors** | | | | | |
| Penalty | - | Nil | Nil | - | - |
| Punishment | - | Nil | Nil | - | - |
| Compounding | - | Nil | Nil | - | - |
| **C. Other Officers in Default** | | | | | |
| Penalty | - | Nil | Nil | - | - |
| Punishment | - | Nil | Nil | - | - |
| Compounding | - | Nil | Nil | - | - |

# FINANCIAL STATEMENTS FOR THE YEAR 2016-2017

डेडीकेटेड फ्रेट कोरीडोर कॉर्पोरेशन ऑफ इंडिया लिमिटेड

**Dedicated Freight Corridor Corporation of India Limited**

# Balance Sheet as at 31st March 2017

*(All amounts are in Rupees lacs, unless otherwise stated)*

| | Notes | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Property, plant and equipment | 3 | 1,453.36 | 1,496.17 | 1,182.58 |
| Capital work-in-progress | 4 | 8,86,163.98 | 5,68,194.92 | 3,21,653.03 |
| Other intangible assets | 5 | 73.88 | 139.86 | 41.37 |
| Intangible assets under development | 6 | 1,130.76 | 989.54 | 911.88 |
| Financial assets | | | | |
| (i) Other non-current financial assets | 7 | 229.98 | 610.62 | 561.96 |
| Deferred tax assets (net) | 8 | 2,132.37 | 776.62 | - |
| Other non-current assets | 9 | 6,81,571.25 | 4,53,367.19 | 2,86,921.13 |
| **Total non-current assets** | | **15,72,755.58** | **10,25,574.92** | **6,11,271.95** |
| **Current assets** | | | | |
| Financial assets | | | | |
| (i) Cash and cash equivalents | 10 | 1,44,600.88 | 1,57,507.81 | 79,685.71 |
| (ii) Bank balances other than (i) above | 11 | 2,18,805.75 | 2,683.12 | 3,382.70 |
| (iii) Other current financial assets | 12 | 4,875.74 | 5,860.26 | 1,977.85 |
| Current tax assets (net) | 13 | 1,538.52 | 305.08 | 440.50 |
| Other current assets | 14 | 843.59 | 343.94 | 310.49 |
| **Total current assets** | | **3,70,664.48** | **1,66,700.21** | **85,797.25** |
| **Total assets** | | **19,43,420.06** | **11,92,275.13** | **6,97,069.20** |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 15 | 7,65,827.29 | 4,80,266.88 | 3,71,566.88 |
| Other equity | 16 | 23,434.56 | 3,01,416.06 | 1,19,710.62 |
| **Total equity** | | **7,89,261.85** | **7,81,682.94** | **4,91,277.50** |
| **Liabilities** | | | | |
| **Non-current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Borrowings | 17 | 6,94,545.99 | 3,26,899.33 | 1,43,988.43 |
| (ii) Other non-current financial liabilities | 18 | 50,186.44 | 28,133.96 | 14,199.07 |
| Long-term provisions | 19 | 1,456.77 | 1,031.87 | 557.60 |
| Other non-current liabilities | 20 | 32,242.34 | 5,932.86 | 5,751.43 |
| **Total non-current liabilities** | | **7,78,431.54** | **3,61,998.02** | **1,64,496.53** |
| **Current liabilities** | | | | |
| Financial liabilities | | | | |
| (i) Other financial liabilities | 21 | 3,64,885.58 | 41,123.84 | 35,809.57 |
| Other current liabilities | 22 | 10,699.76 | 7,273.63 | 5,448.91 |
| Short-term provisions | 23 | 141.33 | 82.63 | 34.85 |
| Current tax liabilities (net) | 24 | - | 114.07 | 1.84 |
| **Total Current liabilities** | | **3,75,726.67** | **48,594.17** | **41,295.17** |
| **Total liabilities** | | **11,54,158.21** | **4,10,592.19** | **2,05,791.70** |
| **Total equity and liabilities** | | **19,43,420.06** | **11,92,275.13** | **6,97,069.20** |

The accompanying notes are an integral part of these financial statements
This is the Balance Sheet referred to in our report of even date

For Baweja & Kaul
Chartered Accountants
ICAI Firm Regn. No. 05834N

*For and on behalf of* ***Board of Directors DFCCIL***

Sd/-
CA Samvit K Gurtoo
Partner
Membership No - 090758

| | | |
|---|---|---|
| Sd/- | Sd/- | Sd/- |
| Adesh Sharma | Naresh Salecha | Meenu Kapoor |
| Managing Director | Director - Finance | Company Secretary |
| DIN-7022393 | DIN -0000843812 | ACS-18954 |

Place: New Delhi
Dated: 30/06/2017

# Statement of Profit and Loss for the year ended 31st March 2017

*(All amounts are in Rupees lacs, unless otherwise stated)*

| | Notes | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|---|
| **Revenue** | | | |
| Revenue from operations | | - | - |
| Other income | 25 | 15,138.10 | 10,082.42 |
| **Total income** | | **15,138.10** | **10,082.42** |
| **Expenses** | | | |
| Employee benefits expense | 26 | - | - |
| Finance costs | 27 | 57.27 | - |
| Depreciation and amortisation expense | 28 | 255.25 | 211.10 |
| Other expenses | 29 | 2,999.73 | 2,387.21 |
| **Total Expenses** | | **3,312.25** | **2,598.31** |
| **Profit/ (loss) before tax** | | **11,825.85** | **7,484.11** |
| **Tax expense:** | | | |
| Current tax | | 5,576.03 | 3,408.35 |
| Deferred tax | | (1,346.52) | (774.08) |
| **Profit/ (loss) for the year (A)** | | **7,596.34** | **4,849.84** |
| **Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss** | | | |
| Remeasurement of defined benefit plans | | (26.66) | (7.35) |
| Income tax relating to remeasurement of defined benefit plans | | 9.23 | 2.54 |
| **Total other comprehensive income for the year (B)** | | **(17.43)** | **(4.81)** |
| **Total comprehensive income for the year (A + B)** | | **7,578.91** | **4,845.03** |
| **Earnings per equity share** | 30 | | |
| Basic | | 9.92 | 10.33 |
| Diluted | | 9.92 | 10.08 |

The accompanying notes are an integral part of these financial statements
This is the Statement of Profit & Loss referred to in our report of even date

For Baweja & Kaul
Chartered Accountants
ICAI Firm Regn. No. 05834N

*For and on behalf of* ***Board of Directors DFCCIL***

| | | | |
|---|---|---|---|
| Sd/- | Sd/- | Sd/- | Sd/- |
| CA Samvit K Gurtoo | Adesh Sharma | Naresh Salecha | Meenu Kapoor |
| Partner | Managing Director | Director - Finance | Company Secretary |
| Membership No - 090758 | DIN-7022393 | DIN -0000843812 | ACS-18954 |

Place: New Delhi
Dated: 30/06/2017

## Statement of cash flows for the year ended 31st March 2017

*(All amounts are in Rupees lacs, unless otherwise stated)*

| | | |
|---|---|---|
| **A. Cash flow from operating activities** | | |
| **Net Profit before tax** | 11,825.85 | 7,484.12 |
| Adjustment for :- | | |
| Depreciation | 255.25 | 211.10 |
| Interest income on financial assets measured at amortised cost - Flexi deposits | (14,550.88) | (9,869.17) |
| **Operating profit before working capital changes** | **(2,469.82)** | **(2,173.95)** |
| Movements in working capital :- | | |
| (Increase)/ Decrease in other financial assets | 2,611.38 | (1,198.39) |
| (Increase)/ Decrease in other assets | 356.89 | 527.30 |
| Increase / (Decrease) in other financial liabilities | 3,11,045.55 | (2,793.10) |
| Increase / (Decrease) in provisions | 0.00 | (0.00) |
| Increase / (Decrease) in other liabilities | 29,735.62 | 2,006.15 |
| **Cash Generated / (used in) operations** | 3,41,279.62 | (3,631.99) |
| Less: Income Tax Paid (net of refunds) | (6,923.55) | (3,160.70) |
| **Net Cash generated from /(used in) operating activities (A)** | **3,34,356.07** | **(6,792.69)** |
| **B. Cash flow from investing activities** | | |
| Purchase of property, plant & equipments including capital work in progress & asset under development | (2,87,882.70) | (2,19,856.45) |
| Sale of property, plant & equipments | 8.36 | 15.21 |
| Net movement in other bank balances | (2,16,122.61) | 699.60 |
| Interest received from bank deposits | 14,522.09 | 8,060.85 |
| (Increase)/ Decrease in capital advances | (2,28,204.06) | (1,66,446.06) |
| **Net Cash Generated / (Used in) Investing Activities (B)** | **(7,17,678.92)** | **(3,77,526.85)** |
| **C. Cash Flow from Financing Activities** | | |
| Proceeds from Share Application Money | - | 2,85,560.41 |
| Net proceeds/(Repayment) of Long Term Borrowings | 3,74,014.78 | 1,77,788.02 |
| Interest Expense Paid | (3,598.87) | (1,206.79) |
| **Net Cash generated / (used in) Financing Activities (c)** | **3,70,415.91** | **4,62,141.64** |
| **Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)** | **(12,906.93)** | **77,822.10** |
| Cash and cash equivalents at the beginning of the year | 1,57,507.81 | 79,685.71 |
| **Cash and cash equivalents at the end of the year** | **1,44,600.88** | **1,57,507.81** |

As per our report of even date attached

For Baweja & Kaul
Chartered Accountants
ICAI Firm Regn. No. 05834N

*For and on behalf of* ***Board of Directors DFCCIL***

Sd/-
CA Samvit K Gurtoo
Partner
Membership No - 090758

| Sd/- | Sd/- | Sd/- |
|---|---|---|
| Adesh Sharma | Naresh Salecha | Meenu Kapoor |
| Managing Director | Director - Finance | Company Secretary |
| DIN-7022393 | DIN -0000843812 | ACS-18954 |

Place: New Delhi
Dated: 30/06/2017

## Statement of changes in equity for the year ended 31st March 2017

*(All amounts are in Rupees lacs, unless otherwise stated)*

**(a) Equity share capital**

| | As at 31 March 2017 | | As at 31 March 2016 | |
|---|---|---|---|---|
| | No. of shares | Amount | No. of shares | Amount |
| Balance at the beginning of the year | 480,26,688 | 4,80,266.88 | 371,56,688 | 3,71,566.88 |
| Changes in equity share capital during the year | 285,56,041 | 2,85,560.41 | 108,70,000 | 1,08,700.00 |
| Balance at the end of the reporting period | **765,82,729** | **7,65,827.29** | **480,26,688** | **4,80,266.88** |

**(b) Other equity**

| | Share application money pending allotment | Reserves & surplus | Remeasurement of defined benefit plans | Total |
|---|---|---|---|---|
| | | Retained earnings | | |
| **Balance at 1 April 2015** | **1,08,700.00** | 11,010.62 | **-** | **1,19,710.62** |
| Changes in accounting policy / prior period errors | - | - | - | - |
| **Restated balance at the beginning of the reporting period** | **1,08,700.00** | **11,010.62** | **-** | **1,19,710.62** |
| Profit for the year | - | 4,849.84 | - | 4,849.84 |
| Other comprehensive income/ (loss) for the year | - | - | (4.81) | (4.81) |
| **Total comprehensive income for the year** | **1,08,700.00** | **15,860.46** | **(4.81)** | **1,24,555.65** |
| Shares issued during the year | (1,08,700.00) | - | - | **(1,08,700.00)** |
| Additional share application money received during the year | 2,85,560.41 | - | - | 2,85,560.41 |
| **Balance at 31 March 2016** | **2,85,560.41** | **15,860.46** | **(4.81)** | **3,01,416.06** |
| Changes in accounting policy / prior period errors | - | - | - | - |
| **Restated balance at the beginning of the reporting period** | **2,85,560.41** | **15,860.46** | **(4.81)** | **3,01,416.06** |
| Profit for the year | - | 7,596.34 | - | 7,596.34 |
| Other comprehensive income for the year | - | - | (17.43) | (17.43) |
| **Total comprehensive income for the year** | **2,85,560.41** | **23,456.80** | **(22.24)** | **3,08,994.97** |
| Shares issued during the year | (2,85,560.41) | - | - | **(2,85,560.41)** |
| Additional share application money received during the year | - | - | - | - |
| **Balance at 31 March 2017** | **-** | **23,456.80** | **(22.24)** | **23,434.56** |

As per our report of even date attached

For Baweja & Kaul
Chartered Accountants
ICAI Firm Regn. No. 05834N

*For and on behalf of* ***Board of Directors DFCCIL***

Sd/-
CA Samvit K Gurtoo
Partner
Membership No - 090758

Sd/-
Adesh Sharma
Managing Director
DIN-7022393

Sd/-
Naresh Salecha
Director - Finance
DIN -0000843812

Sd/-
Meenu Kapoor
Company Secretary
ACS-18954

Place: New Delhi
Dated: 30/06/2017

# Notes to the financial statements for the year ended 31st March 2017

*(All amounts are in Rupees lacs, unless otherwise stated)*

## 1. Reporting Entity

Dedicated Freight Corridor Corporation of India Limited (herein after referred as 'DFCCIL' or 'the Company') is domiciled in India. The Company's registered office is at 5th Floor, Pragati Maidan, Metro Station Building Complex, New Delhi - 110001

DFCCIL has been setup under the administrative control of Ministry of Railway for the construction, maintenance and operation of the Dedicated Freight Corridor.

## 2. Significant Accounting Policies

The Company has consistently applied the following accounting policies to all periods presented in the financial statements.

### i. Basis of preparation

These financial statements have been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard ('Ind AS'), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder; or by the Institute of Chartered Accountants of India , as applicable and other accounting principles generally accepted in India.

The financial statement up to year ended 31 March, 2016 were prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the applicable accounting standards prescribed in the Companies (Accounting Standards) Rules, 2014 issued by the Central Government and as per relevant provisions of the Companies Act, 2013 read together with Paragraph 7 of The Companies (Accounts) Rules, 2014.

The financial statements for the year ended 31 March, 2017 are the first financial statements of the Company prepared under Ind AS. An explanation of how the transition to Ind AS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 42.

These financial statements were authorised for issue by the Board of Directors on 22.06.2017.

### ii. Basis of measurement

The financial statements have been prepared on a historical cost basis.

### iii. Functional and presentation currency

These financial statements are presented in Indian National Rupee ('INR'), which is the Company's functional currency. All amounts have been rounded to the nearest lacs, unless otherwise indicated.

### iv. Use of judgments and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

### A. Judgements

Information about the judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements have been given below:

**- Leases:** whether an arrangement contains a lease

**- Classification of leases:** Classification of leases under finance lease or operating lease requires judgment with regard to the estimated economic life and estimated cost of the asset. The Company has analysed each lease contract on a case to case basis to classify the arrangement as operating or finance lease, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the fair value of the asset.

### B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included below:

- Measurement of defined benefit obligations: key actuarial assumptions;
- Recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used;
- Impairment test: key assumptions underlying recoverable amounts, including the recoverability of development costs;
- Useful life of property, plant and equipment and intangible assets
- Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources

## v. Property, plant and equipment

### Recognition and measurement

- The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. In case where the final settlement of bills with contractors is pending, but the asset is complete and ready to use, capitalisation is done on estimated basis subject to necessary adjustment, including those arising out of settlement of arbitration/ court cases, in the year(s) of final settlement.
- Capital Work-in-Progress is carried at Cost. Expenditure during construction net of incidental income is capitalized as part of relevant assets.
- Capital stores are valued on weighted average cost.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as a separate items (major components) of property, plant and equipment. Any gain on disposal of property, plant and equipment is recognised in Profit and loss account.

**Transition to Ind AS**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as at 1 April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

**Subsequent Measurement**

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company

**Depreciation**

Depreciation on property, plant and equipment is charged on pro-rata basis from/ upto the date on which the asset is available for use/ disposal.

Depreciation on property plant and equipment is provided as per Para 219 of Indian Railway Finance Code Volume I which specifies the normal life of the various classes of Railway Assets. In case a particular component of property plant and equipment is not available in the said Para 219 of Indian Railway Finance Code, then depreciation on these assets are provided on Straight Line Method using the useful life specified in Schedule II of the Companies Act, 2013 except in case of certain assets the useful life have been determined based on technical evaluation done by the management's expert which are lower than those specified by Schedule II of the Companies Act, 2013, in order to reflect the actual usage of the assets.

Property plant and equipment created on Leasehold Land and Leasehold Premises Improvements are depreciated fully over the residual period of lease of respective Land/ Leasehold Premises or over the life of respective asset as specified in Schedule II of the Companies Act, 2013, whichever is shorter.

Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along-with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life determined by technical assessment.

Where the cost of the depreciable assets has undergone a change during the year due to price adjustment, change in duties or similar factors the unamortised balance of such assets is depreciated prospectively over the residual life of such assets.

Depreciation methods, useful lives and residual values are reviewed in each financial year end and changes, if any, are accounted for prospectively.

## vi. Intangible assets

Intangible Assets are stated at cost less accumulated amortization and impairment loss, if any.

Cost of Software is recognised as Intangible Assets and is amortized on Straight Line method over a period of legal right to use or three years, whichever is earlier. Other intangible Assets are amortized on Straight Line Method over the period of legal right to use.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company.

### vii. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments also include derivative contracts such as foreign currency forward contracts, cross currency interest rate swaps, interest rate swaps and currency options; and embedded derivatives in the host contract.

### Financial Assets

### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### Classification and subsequent measurement

#### Classifications

The company classifies its financial assets as subsequently measured at either amortised cost or fair value depending on the company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

#### Business model assessment

The company makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management.

#### Debt instruments at amortised cost

A financial asset is measured at amortised cost only if both of the following conditions are met:

a) it is held within a business model whose objective is to hold assets in order to collect contractual cash flows.

b) the contractual terms of the financial asset represent contractual cash flows that are solely payments of principal and interest.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included as finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

#### Debt instrument at fair value through Other Comprehensive Income (FVOCI)

Debt instruments with contractual cash flow characteristics that are solely payments of principal and interest and held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets are classified to be measured at FVOCI.

**Debt instrument at fair value through profit and loss (FVTPL)**

Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the company may elect to classify a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**Equity Instruments**

All equity instruments in scope of Ind AS 109 are measured at fair value. On initial recognition an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All other Financial Instruments are classified as measured at FVTPL.

**Derecognition of financial assets**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognize the transferred asset to the extent of the company's continuing involvement. In that case, the company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss.

### Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

With regard to trade receivable, the Company applies the simplified approach as permitted by Ind AS 109, *Financial Instruments,* which requires expected lifetime losses to be recognised from the initial recognition of the trade receivables

## Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, amortised cost, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of amortised cost, net of directly attributable transaction costs.

## Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

### Financial Liabilities measured at amortised cost

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective rate interest amortisation is included as finance costs in the statement of profit and loss.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.

**Derecognition of financial liabilities**

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

**Modifications of financial assets and financial liabilities**

### Financial assets

If the terms of a financial asset are modified, the company evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value.

If the cash flows of the modified asset carried at amortised cost are not substantially different, then the modification does not result in derecognition of the financial asset. In this case, the company recalculates the gross carrying amount of the financial asset and recognises the amount arising from adjusting the gross carrying amount as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

### Financial liabilities

The company derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

### viii. Revenue/ Other income

a) Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity.

b) Interest income is recognized using the Effective Interest Rate (‘EIR’) method. The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate to the net carrying amount of the financial asset. The EIR is computed basis the expected cash flows by considering all the contractual terms of the financial instrument. The calculation includes all fees, transaction costs, and all other premiums or discounts paid or received between parties to the contract that are an integral part of the effective interest rate.

c) Other items of Income are accounted for as and when the right to receive is established.

d) Service Charges Income is recognized as per the terms of the contracts

### ix. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs, in terms of Para 6(e) of Ind AS-23, are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis within other gains/ (losses).

## x. Employee benefits

### i. Short term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Provision/liabilities towards Foreign Service Contribution are made in terms of Government Rules & Regulations for employees on deputation and charged to development account.

### ii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. The company has following defined contribution plans:

**a) Provident Fund**

### iii. Defined benefit plans

The company net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income. Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset), to the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The company has following defined benefit plans:

**a) Gratuity**

**iv. Other long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in profit or loss in the period in which they arise.

The company has following long term employment benefit plans:

a) Earned leave

b) Half pay leave

c) Leave travel concession

**Termination benefits**

Expenses on ex-gratia payments & notice pay under voluntary retirement scheme are charged to revenue at the earlier of the following dates:

a) When the Company can no longer withdraw the offer of those benefits; and

b) When the Company recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

## xi. Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are expensed in the period in which they are incurred.

## xii. Taxation

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in Other Comprehensive Income

**Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:

a) Has a legally enforceable right to set off the recognised amounts; and

b) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognized deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

a) The entity has a legally enforceable right to set off current tax assets against current tax liabilities; and

b) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

## xiii. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

A disclosure for Contingent Liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

The provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate. Where an inflow of economic benefits is probable, an entity shall disclose a brief description of the nature of the contingent assets at the end of the reporting period, and, where practicable, an estimate of their financial effect.

## xiv. Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication on impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment loss in respect of assets other than goodwill is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## xv. Leases

**Determining whether an arrangement contains lease**

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating lease. Lease payments for assets taken on operating leases are recognized as an expense in the Profit and Loss Account over the lease term on a straight line basis except where the increment in lease rentals is in line with general rate of inflation.

### xvi. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### xvii. Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors of the Company have been identified as being the chief operating decision maker by the Management of the company. Refer note 33 for segment information presented.

### xviii. Miscellaneous

a) Liquidation damages are recognised at the time of actual recovery.

b) Insurance claims are accounted for based on Management best assessment of the quantum of loss & coverage thereof in terms of Insurance policy. Any shortfall excess are adjusted on the settlement of claims. Claim towards loss of CWIP, for which Insurance are obtained by Contractors under the provisions of respective contract agreement, are not accounted in the books of the company.

c) Liabilities for goods in transit/ Capital works executed but not certified are not provided for, pending inspection and acceptance by the corporation.

d) Claims including price variation are accounted for on acceptance.

# Notes to the financial statements for the year ended 31st March 2017

*(All amounts are in Rupees lacs, unless otherwise stated)*

**3. Property, plant and equipment**

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2015 | Additions | Deletions | As at 31 March 2016 | As at 1 April 2015 | Additions | Deletions | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2016 |
| **Tangible Assets** | | | | | | | | | | |
| Leasehold premises improvement | 327.84 | 53.23 | - | 381.07 | - | 79.18 | - | 79.18 | 327.84 | 301.89 |
| EDP assets | 271.20 | 294.24 | 7.29 | 558.15 | - | 172.89 | - | 172.89 | 271.20 | 385.26 |
| Office equipment | 163.29 | 91.36 | 0.00 | 254.65 | - | 43.65 | - | 43.65 | 163.29 | 211.00 |
| Furniture and fixtures | 267.90 | 87.60 | 7.05 | 348.45 | - | 55.68 | - | 55.68 | 267.90 | 292.76 |
| Machinery | 3.01 | - | - | 3.01 | - | 0.28 | - | 0.28 | 3.01 | 2.73 |
| **Assets taken on finance lease** | | | | | | | | | | |
| Flat (Leasehold) | 149.34 | 160.00 | - | 309.34 | - | 6.82 | - | 6.82 | 149.34 | 302.53 |
| **Total** | **1,182.58** | **686.43** | **14.34** | **1,854.67** | **-** | **358.50** | **-** | **358.50** | **1,182.58** | **1,496.17** |

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31 March 2016 | Additions | Deletions | As at 31 March 2017 | As at 31 March 2016 | Additions | Deletions | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2017 |
| **Tangible Assets** | | | | | | | | | | |
| Leasehold premises improvement | 381.07 | 38.82 | - | 419.89 | 79.18 | 71.36 | - | 150.54 | 301.89 | 269.35 |
| EDP assets | 558.15 | 213.99 | 57.30 | 714.84 | 172.89 | 193.90 | 39.30 | 327.49 | 385.26 | 387.35 |
| Office equipment | 254.65 | 66.69 | 2.96 | 318.38 | 43.65 | 62.83 | 1.90 | 104.58 | 211.00 | 213.80 |
| Furniture and fixtures | 348.45 | 78.83 | 9.02 | 418.26 | 55.68 | 77.51 | 3.49 | 129.70 | 292.76 | 288.55 |
| Machinery | 3.01 | | | 3.01 | 0.28 | 0.29 | - | 0.57 | 2.73 | 2.44 |
| **Assets taken on finance lease** | - | | | | - | | | | | |
| Flat (Leasehold) | 309.34 | | | 309.34 | 6.82 | 10.66 | | 17.48 | 302.53 | 291.87 |
| **Total** | **1,854.67** | **398.33** | **69.28** | **2,183.72** | **358.50** | **416.55** | **44.69** | **730.36** | **1,496.17** | **1,453.36** |

## Notes:

1. Lease Deed in respect of Flat amounting to Rs 309.34 as at 31 March 2017 (Rs.309.34 as at 31 March 2016 and Rs 149.34 as at 1 April 2015) is yet to be executed in favour of the Company. There are no future minimum lease payments outstanding with respect to said finance lease. Further, there are no contingent rents recognized as an expense during year ended 31 March 2017 and 31 March 2016.

**4. Capital work-in-progress**

| Particulars | As at 1 April 2015 | Additions during the year | Capitalized during the year | Deletions/ adjustments during the year | As at 31 March 2016 |
|---|---|---|---|---|---|
| Earthwork | 25,780.66 | 2,793.59 | - | - | 28,574.25 |
| Bridges Under Progress | 1,41,906.83 | 32,632.62 | - | 839.44 | 1,73,700.01 |
| Tracks | 38,031.53 | 1,68,024.12 | - | 1,136.26 | 2,04,919.39 |
| Other Project Expenditure | 55,683.60 | 20,642.67 | - | 652.87 | 75,673.40 |
| Formation | 170.72 | 17.67 | - | 12.50 | 175.89 |
| Overhead Electric Equipment | 81.11 | 2,131.06 | - | - | 2,212.17 |
| Compensatory Afforestation Expenses | 2,185.69 | 8,298.27 | - | 37.79 | 10,446.17 |
| Material Issued to Contractors | 10,396.39 | 165.46 | - | 10,561.85 | - |
| Expenditure During Construction Period | 47,397.50 | 25,096.14 | - | - | 72,493.64 |
| **Total (A)** | **3,21,634.03** | **2,59,801.60** | **-** | **13,240.71** | **5,68,194.92** |
| **Tangible assets under development** | | | | | |
| Leasehold Improvements Under Progress | 8.19 | 88.59 | 96.78 | - | 0.00 |
| Office Equipments under Installation | 10.81 | - | 10.81 | - | 0.00 |
| **Total (B)** | **19.00** | **88.59** | **107.59** | **-** | **0.00** |
| **Total (A+B)** | **3,21,653.03** | **2,59,890.19** | **107.59** | **13,240.71** | **5,68,194.92** |

| Particulars | As at 31 March 2016 | Additions during the year | Capitalized during the year | Deletions/ adjustments during the year | As at 31 March 2017 |
|---|---|---|---|---|---|
| Earthwork | 28,574.25 | 1,349.04 | - | - | 29,923.29 |
| Bridges Under Progress | 1,73,700.01 | 30,607.28 | - | 489.89 | 2,03,817.40 |
| Tracks | 2,04,919.39 | 2,21,760.81 | - | 2,015.65 | 4,24,664.55 |
| Other Project Expenditure | 75,673.40 | 33,745.98 | - | 1,432.54 | 1,07,986.84 |
| Formation | 175.89 | 886.07 | - | 84.06 | 977.90 |
| Overhead Electric Equipment | 2,212.17 | 889.65 | - | - | 3,101.82 |
| Compensatory Afforestation Expenses | 10,446.17 | 67.84 | - | - | 10,514.01 |
| Material Issued to Contractors | - | | | | - |
| Expenditure During Construction Period | 72,493.64 | 32,684.53 | - | - | 1,05,178.17 |
| **Total (A)** | **5,68,194.92** | **3,21,991.20** | **-** | **4,022.14** | **8,86,163.98** |
| **Tangible assets under development** | | | | | |
| Leasehold Improvements Under Progress | 0.00 | 6.52 | 6.52 | | 0.00 |
| **Total (B)** | **0.00** | **6.52** | **6.52** | **-** | **0.00** |
| **Total (A+B)** | **5,68,194.92** | **3,21,997.72** | **6.52** | **4,022.14** | **8,86,163.98** |

### 5. Other Intangible Assets

| Particulars | Gross Block | | | | Accumulated Amortisation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 1 April 2015 | Additions | Deletions | As at 31 March 2016 | As at 1 April 2015 | Additions | Deletions | As at 31 March 2016 | As at 1 April 2015 | As at 31 March 2016 |
| **Intangible Assets** | | | | | | | | | | |
| Licenses/ Softwares | 41.37 | 153.25 | 0.18 | 194.44 | - | 54.58 | - | 54.58 | 41.37 | 139.86 |
| **Total** | **41.37** | **153.25** | **0.18** | **194.44** | **-** | **54.58** | **-** | **54.58** | **41.37** | **139.86** |

| Particulars | Gross Block | | | | Depreciation | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|
| | As at 31 March 2016 | Additions | Deletions | As at 31 March 2017 | As at 31 March 2016 | Additions | Deletions | As at 31 March 2017 | As at 31 March 2016 | As at 31 March 2017 |
| **Intangible Assets** | | | | | | | | | | |
| Licenses/ Softwares | 194.44 | 1.51 | - | 195.95 | 54.58 | 67.49 | - | 122.07 | 139.86 | 73.88 |
| **Total** | **194.44** | **1.51** | **-** | **195.95** | **54.58** | **67.49** | **-** | **122.07** | **139.86** | **73.88** |

### 6. Intangible assets under development

| Particulars | As at 1 April 2015 | Additions | Capitalized | Deletions/ adjustments | As at 31 March 2016 |
|---|---|---|---|---|---|
| Software under progress | 911.88 | 84.26 | - | 6.60 | 989.54 |
| | **911.88** | **84.26** | **-** | **6.60** | **989.54** |

| Particulars | As at 31 March 2016 | Additions | Capitalized | Deletions/ adjustments | As at 31 March 2017 |
|---|---|---|---|---|---|
| Software under progress | 989.54 | 141.22 | | | 1,130.76 |
| | **989.54** | **141.22** | **-** | **-** | **1,130.76** |

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **7. Other non-current financial assets** | | | |
| Security deposits | | | |
| - Electricity | 33.13 | 32.95 | 32.60 |
| - Lease rent | 104.32 | 86.18 | 75.58 |
| - Against telephone and others | 1.57 | 1.52 | 1.36 |
| - Against cutting of trees | 53.48 | 55.49 | 36.08 |
| Fixed deposit accounts pledged as security | - | 416.34 | 416.34 |
| Others | | | |
| - Employee advance | 37.48 | 18.14 | - |
| | **229.98** | **610.62** | **561.96** |
| **8 Deferred tax assets (net)** | | | |
| Deferred tax assets | 2,132.37 | 776.62 | - |
| | **2,132.37** | **776.62** | **-** |

**Deferred Tax/ Income Tax**

**A. Amounts recognised in profit or loss**

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **Current tax expense** | | |
| Current year | 5,576.03 | 3,408.34 |
| Adjustment for change in estimates for prior period | - | (0.01) |
| | **5,576.03** | **3,408.33** |
| **Deferred tax expense** | | |
| Origination and reversal of temporary differences | (1,346.52) | (774.08) |
| | **(1,346.52)** | **(774.08)** |
| **Total Tax Expense** | **4,229.51** | **2,634.25** |

**B. Amounts recognised in Other Comprehensive Income**

| | For the year ended 31 March 2017 | | | For the year ended 31 March 2016 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (Expense)/ Income | Net of tax | Before tax | Tax (Expense)/ Income | Net of tax |
| Remeasurements of defined benefit liability | (26.66) | 9.23 | (17.43) | (7.35) | 2.54 | (4.81) |
| | **(26.66)** | **9.23** | **(17.43)** | **(7.35)** | **2.54** | **(4.81)** |

**C. Reconciliation of effective tax rate**

| | For the year ended 31 March 2017 | | For the year ended 31 March 2016 | |
|---|---|---|---|---|
| | Rate | Amount | Rate | Amount |
| **Profit before tax from continuing operations** | | **11,825.85** | | **7,484.11** |
| Tax using the Company's domestic tax rate | 34.608% | **4,092.69** | 34.608% | **2,590.10** |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income | | | | |
| Corporate social responsibility expense | 0.5787% | 68.44 | 0.7769% | 58.14 |
| Deemed deduction of expenditure on income | 0.0000% | - | -0.5030% | (37.65) |
| Income/ expenses capitalised since the Company is in pre-operative stage | 0.4106% | 48.56 | 0.3163% | 23.67 |
| Non-deductible expenses | 0.1676% | 19.82 | 0.0000% | - |
| Changes in estimates related to prior years | 0.0000% | - | -0.0001% | (0.01) |
| | **35.765%** | **4,229.51** | **35.198%** | **2,634.25** |

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|

**D. Movement in deferred tax balances**

| | As at 31 March 2016 | Recognized in P&L | Recognized in OCI | As at 31 March 2017 |
|---|---|---|---|---|
| **Deferred Tax Assets** | | | | |
| Property, plant and equipment including capital work in progress | 776.62 | 1,355.75 | - | 2,132.37 |
| | **776.62** | **1,355.75** | **-** | **2,132.37** |
| **Deferred Tax Liabilities** | | | | |
| Employee benefit expense | - | 9.23 | (9.23) | - |
| | **-** | **9.23** | **(9.23)** | **-** |
| **Net deferred tax asset (b)-(a)** | **776.62** | **1,346.52** | **9.23** | **2,132.37** |

| | As at 1 April 2015 | Recognized in P&L | Recognized in OCI | As at 31 March 2016 |
|---|---|---|---|---|
| **Deferred Tax Assets** | - | 776.62 | | 776.62 |
| | **-** | **776.62** | **-** | **776.62** |
| **Deferred Tax Liabilities** | | | | |
| Employee benefit expense | - | 2.54 | (2.54) | - |
| | **-** | **2.54** | **(2.54)** | **-** |
| **Net Deferred Tax Liability (b)-(a)** | **-** | **774.08** | **2.54** | **776.62** |

The Company does not have any unrecognised deferred tax liabilities and deferred tax assets as on 31 March 2017, 31 March 2016 and 1 April 2015. Further, the Company does not have any tax losses to be carried forward.

**9 Other non-current assets**

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Capital advances | | | |
| - Mobilisation Advance | 3,34,567.90 | 1,57,020.70 | 1,02,704.14 |
| (Secured against hypothecation of plant and machinery in favour of DFCCIL Rs. 2,346.27 as at 31 Mar 2017 (As at 31 March 2016 Rs. 3,080.79, 1 April 2015 Rs. 3,734.84) | | | |
| - Advance for Shifting of Utilities | 2,71,239.82 | 2,28,583.39 | 1,79,047.00 |
| - Advance for ROB/RUB | 40,809.82 | 36,152.20 | - |
| - Advance for Capital Works- Others | 28,822.07 | 27,190.77 | 1,876.44 |
| - Interest accrued on mobilization advances & others | 2,805.88 | 1,588.46 | 664.09 |
| - Other deposits including interest | 319.94 | 287.83 | 265.43 |
| Prepaid expenses | 3,005.82 | 2,543.84 | 2,364.03 |
| | **6,81,571.25** | **4,53,367.19** | **2,86,921.13** |

**10 Cash and cash equivalents**

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Balance with banks: | | | |
| - In current account and flexi | 94,599.73 | 14,796.72 | 13,663.75 |
| - In deposit accounts with initial maturity of 3 months or less | 50,608.26 | 1,44,893.71 | 66,385.39 |
| Less: Interest accrued on fixed deposit presented as other financial assets | (607.26) | (2,193.71) | (385.39) |
| Cheque in hand | 0.15 | 11.09 | 21.96 |
| | **1,44,600.88** | **1,57,507.81** | **79,685.71** |

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|

Note:
As required by MCA notification number G.S.R. 308(E) dated 30 March 2017, the details of the Specified Bank Notes ('SBN') held and transacted during the period 8 November 2016 to 30 December 2016 as provided in the table below :-

| | SBNs | Other Denomination Notes | Total |
|---|---|---|---|
| Closing cash in hand as on 8 November 2016 | - | - | - |
| (+) Permitted receipts | - | - | - |
| (-) Permitted payments | - | - | - |
| (-) Amount deposited in banks | - | - | - |
| Closing cash in hand as on 30 December 2016 | - | - | - |

**11 Other bank balances**

| | | | |
|---|---|---|---|
| In deposit accounts | 2,16,615.24 | - | - |
| Less: Interest accrued on fixed deposit presented as other financial assets | (1,615.24) | - | - |
| Earmarked balances with banks | 3,389.41 | 2,683.12 | 3,382.70 |
| Fixed deposit accounts pledged as security | 416.34 | - | - |
| | **2,18,805.75** | **2,683.12** | **3,382.70** |

**12 Other current financial assets**

| | | | |
|---|---|---|---|
| Interest accrued on fixed deposit | 2,222.50 | 2,193.71 | 385.39 |
| Expenditure on land acquisition - recoverable from MOR * | 1,047.80 | 2,084.26 | 355.41 |
| Expenditure on PETS survey - recoverable from MOR | 679.81 | 1,355.30 | 974.47 |
| Other recoverable | 374.66 | 184.47 | 228.61 |
| Security deposit- NDMC | 9.98 | 9.98 | 10.33 |
| Employee advances | 32.34 | 12.34 | 15.16 |
| Recoverable from contractors/ consultants | 506.79 | 16.83 | 5.10 |
| Recoverable from staff | 1.86 | 3.37 | 3.38 |
| | **4,875.74** | **5,860.26** | **1,977.85** |

* a) As per the directions of Ministry of Railways (MOR), Land for the project shall be acquired in the name of MOR under The Railways Act, 1989 as modified by The Railways (Amendment) Act, 2008 and the Land so acquired shall be leased to the Company at lease rent of 6% per annum of the Cost of Land on the date of handing over to DFCCIL.

b) Lease rent shall commence from the date of commissioning. Funds for acquisition of land are being provided by MOR to separate bank accounts, being operated jointly by the State Land Acquisition Officer, being the Competent Authority under the above Act and a nominated official of the Company. Such Bank Accounts do not form part of the Company's Accounts.

**13 Current tax assets (net)**

| | | | |
|---|---|---|---|
| Advance tax net of provision for income tax of Rs.5,576.03 as at 31 March 2017 (previous year as at 31 March 2016 Rs.3,408.35, and as at 1 April 2015 Rs. 1,914.25) | 1,538.52 | 305.08 | 440.50 |
| | **1,538.52** | **305.08** | **440.50** |

**14 Other current assets**

| | | | |
|---|---|---|---|
| Prepaid expenses | 588.92 | 193.74 | 165.70 |
| Interest accrued but not due on retention money | 198.36 | - | - |
| Service tax input credit and advance paid | - | 91.26 | 113.15 |
| Other loans and advances | 54.29 | 58.70 | 29.95 |
| Gold silver medallion for employees in hand | 2.02 | 0.24 | 1.69 |
| | **843.59** | **343.94** | **310.49** |

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **15 Share capital** | | | |
| **Authorised:** | | | |
| 80,000,000 (As at 31st March 2016 - 80,000,000 and 1st April 2015 - 80,000,000) equity shares of Rs.1,000/- each | 8,00,000.00 | 8,00,000.00 | 8,00,000.00 |
| **Issued, subscribed & fully paid up:** | | | |
| 76,582,729 as at 31st March 2017 48,026,688 as at 31st March 2016 and 37,156,688 as at 1 April 2015 equity shares of Rs.1,000/- each | 7,65,827.29 | 4,80,266.88 | 3,71,566.88 |
| | **7,65,827.29** | **4,80,266.88** | **3,71,566.88** |

**a. Rights, Preferences & Restrictions attached to Equity Shares**

The Company has only one class of shares referred to as equity shares each having a par value of Rs. 1,000/- per share. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the company in proportion to the number of and amounts paid on the shares held. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

**b. Reconciliation of number of shares outstanding at the beginning and end of the year :**

| | Number of Shares | Amount |
|---|---|---|
| Outstanding at the 1 April 2015 | 371,56,688 | 3,71,566.88 |
| Equity Shares issued during the year in consideration for cash | 108,70,000 | 1,08,700.00 |
| Outstanding at the 31 March 2016 | **480,26,688** | **4,80,266.88** |
| Equity Shares issued during the year in consideration for cash | 285,56,041 | 2,85,560.41 |
| Outstanding at the 31 March 2017 | **765,82,729** | **7,65,827.29** |

**c. Shareholders holding more than 5% shares in the company**

| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|---|---|---|---|---|---|---|
| | No. of Shares | Percentage | No. of Shares | Percentage | No. of Shares | Percentage |
| The President of India & his nominees (Ministry of Railways) | 765,82,729 | 100.00% | 480,26,688 | 100.00% | 371,56,688 | 100.00% |

| **16 Other equity** | As at 31 March 2017 | As at 31 March 2016 |
|---|---|---|
| **a. Share Application Money Pending Allotment** | | |
| Balance at the beginning of the year | 2,85,560.41 | 1,08,700.00 |
| Add: Share application money received from Ministry of Railways | - | 2,85,560.41 |
| Less: Shares issued during to Ministry of Railways | (2,85,560.41) | (1,08,700.00) |
| Balance at the end of the year | **-** | **2,85,560.41** |

1. Company had opening balance of Rs. 1,08,700.00 of Share Application Money received from Ministry of Railways as on 1 April 2015. Company has issued Equity shares at par in respect of this outstanding share application money on 08 May 2015.

2. Company has closing balance of Rs. 2,85,560.41 of Share Application Money received from Ministry of Railways as on 31 March 2016. 2,85,56,041 number of equity shares are issued at par for said outstanding application money during year ended 31 March 2017.

| | | |
|---|---|---|
| **b. Retained earnings** | | |
| Balance at the beginning of the year | 15,860.46 | 11,010.62 |
| Add: Profit for the year after taxation as per statement of Profit and Loss | 7,596.34 | 4,849.84 |
| | **23,456.80** | **15,860.46** |
| **c. Remeasurement of defined benefit plans** | | |
| Balance at the beginning of the year | (4.81) | - |
| Addition during the year | (17.43) | (4.81) |
| Balance at the end of the year | **(22.24)** | **(4.81)** |

**Remeasurement of defined benefit plans**

Remeasurements of defined benefit plans represents the following as per Ind AS 19, Employee Benefits:

(a) actuarial gains and losses

(b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and

(c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset)

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **17 Borrowings** | | | |
| Term loans *(unsecured)* | | | |
| - JICA | 4,93,644.17 | 2,02,227.42 | 98,591.97 |
| - IBRD | 2,37,336.11 | 1,40,361.26 | 52,828.49 |
| **Total** | **7,30,980.28** | **3,42,588.68** | **1,51,420.46** |
| Less: accrued interest on JICA loan (Refer note 18) | (35,133.30) | (15,269.99) | (7,305.61) |
| Less: accrued interest on IBRD loan (Refer note 21) | (1,300.99) | (419.36) | (126.42) |
| | **6,94,545.99** | **3,26,899.33** | **1,43,988.43** |

a. Term of repayment and interest are as follows :

| Loan From | Repayment Terms | Year of Maturity | Rate of Interest p.a. | Carrying Amount As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|---|---|
| MoR for EAP Projects JICA - 205 | Refer Note A | 2049 | 7% - Fixed | 16,138.99 | 15,002.15 | 13,811.94 |
| MoR for EAP Projects JICA - 209 | Refer Note A | 2050 | 7% - Fixed | 3,81,899.33 | 1,75,198.55 | 77,661.24 |
| MoR for EAP Projects JICA - 212 | Refer Note A | 2050 | 7% - Fixed | 8,745.99 | 8,142.52 | 7,118.79 |
| MoR for EAP Projects JICA - 229 | Refer Note A | 2053 | 7% - Fixed | 67,541.70 | 3,884.20 | - |
| MoR for EAP Projects JICA - 209 A | Refer Note A | 2050 | 7% - Fixed | 14,347.29 | - | - |
| MoR for EAP Projects JICA - 229 A | Refer Note A | 2053 | 7% - Fixed | 4,970.88 | - | - |
| MoR for EAP/IBRD Projects - 8066 | Half Yearly | 2033 in 30 instalments | 1.77% - Variable | 1,57,007.23 | 1,18,320.06 | 52,671.90 |
| IBRD for EAP Projects- 8318 | Half Yearly | 2035 in 30 instalments | 1.77% - Variable | 67,148.84 | 22,041.20 | 156.59 |
| IBRD for EAP Projects- 8513 | Half Yearly | 2037 in 30 instalments | 1.97%- Variable | 13,180.03 | - | - |
| Less: accrued interest | | | | (36,434.29) | (15,689.35) | (7,432.03) |
| | | | | **6,94,545.99** | **3,26,899.33** | **1,43,988.43** |

**Externally Aided Projects ('EAP')/ Japan International Cooperation Agency ('JICA') Loan**

Loan by JICA is being given to Ministry of Railways as Externally Aided components of Gross Budgetary Support (GBS) through Ministry of Finance. This is passed on to Loan for DFCCIL on back to back basis. As per clarification received from MOR vide letter number 2009/Infra/3/1/26 Pt-1 dated 06/02/2015, the tenure of loan is 40 years, rate of interest is 7% and moratorium period is 10 years. The accumulated interest accrued during the period of moratorium is payable after completion of 10 years. This interest will accrue on simple interest basis.

**EAP/ International Bank for Reconstruction and Development ('IBRD') Loan**

The Government of India (GOI) through the Ministry of Finance has entered into a Loan Agreement dated: 27 December 2011 to avail a loan of USD 975 Million with Loan ID-8066 IN with the IBRD which shall be utilized towards Institutional Development Activities and Design, Construction and Commissioning of 343 Kms of double track electrified railway on the Khurja-Bhaupur Section of the Eastern Dedicated Freight Corridor (EDFC). In terms of the Loan Agreement, DFCCIL has been identified as the Project Implementing Entity for implementation of the project. Further, to facilitate the carrying out of the project by DFCCIL, GOI through the MoR is required to make the proceeds of the Loan available to DFCCIL by way of MOR Loan under a Subsidiary Loan Agreement between the GOI through MOR and DFCCIL, under terms and conditions satisfactory to the Bank. The repayment of IBRD Loan ID-8066 IN along with interest will be made by DFCCIL to MOR in Rupee equivalent of the USD Loan/Interest amount.

The DFCCIL has entered into another Loan Agreement with the IBRD dated 11 December 2014 to avail a loan of USD 1100 Million with Loan ID-8318 IN. This Loan shall be utilized towards Institutional Development Activities and Design, Construction and Commissioning of 393 Kms of double track electrified railway on the Kanpur-Mughal Sarai section of the EDFC. In this agreement the Government of India (GOI) has given Sovereign Guarantee and charges guarantee fees which has been included in note 26.

The DFCCIL has entered into another Loan Agreement with the IBRD dated 21 October 2016 to avail a loan of USD 650 Million with Loan ID-8513 IN. This Loan shall be utilized towards Institutional Development Activities and Design, Construction and Commissioning of 401 Kms of double track electrified railway on the Ludhiana - Khurja section of the EDFC. In this agreement the Government of India (GOI) has given Sovereign Guarantee and charges guarantee fees which has been included in note 26.

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| **18 Other non-current financial liabilities** | | | |
| Deposits/ Retention money (received from supplier & service providers) | 15,053.14 | 12,863.97 | 6,893.46 |
| Interest accrued but not due on Loan from MoR on EAP/JICA | 35,133.30 | 15,269.99 | 7,305.61 |
| | **50,186.44** | **28,133.96** | **14,199.07** |
| **19 Long-term provisions** | | | |
| Provision for employee benefits | | | |
| - Gratuity | 457.10 | 302.92 | 205.20 |
| - Leave encashment | 865.11 | 600.96 | 263.36 |
| - Leave travel concession | 134.56 | 127.99 | 89.04 |
| | **1,456.77** | **1,031.87** | **557.60** |

| | | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|---|
| **20** | **Other non-current liabilities** | | | |
| | Advance for ROB/ RUB | 25,938.00 | - | - |
| | Income received in advance | 211.07 | 187.59 | 189.90 |
| | Advance received from customers against deposit work | 5,561.52 | 5,561.52 | 5,561.53 |
| | Other advances received | 531.75 | 183.75 | - |
| | | **32,242.34** | **5,932.86** | **5,751.43** |
| **21** | **Other current financial liabilities** | | | |
| | Earnest money deposit | 222.44 | 216.75 | 138.24 |
| | Deposits/ retention money (received from supplier & service providers) | 3,517.04 | 2,576.54 | 1,033.77 |
| | Others payables | 48,799.56 | 37,911.19 | 31,718.04 |
| | Funds received from MOR pending adjustment | 3,11,045.55 | - | 2,793.10 |
| | Interest accrued but not due on loan from IBRD | 1,300.99 | 419.36 | 126.42 |
| | | **3,64,885.58** | **41,123.84** | **35,809.57** |
| **22** | **Other current liabilities** | | | |
| | Advance for land (Pending for transfer to SLAO A/c) | 3,389.41 | 2,683.12 | 3,382.70 |
| | Advance received from customers against deposit work | 6.48 | 6.48 | 6.48 |
| | Duties and taxes payable | 7,298.31 | 4,373.48 | 2,054.18 |
| | Income received in advance | 5.56 | 5.55 | 5.55 |
| | Other advances received | - | 205.00 | - |
| | | **10,699.76** | **7,273.63** | **5,448.91** |
| **23** | **Short-term provisions** | | | |
| | Provision for employee benefits (Refer note 36) | | | |
| | - Gratuity | 28.30 | 21.21 | 8.19 |
| | - Leave encashment | 82.37 | 56.01 | 23.58 |
| | - Leave travel concession | 30.66 | 5.41 | 3.08 |
| | | **141.33** | **82.63** | **34.85** |
| **24** | **Current tax liabilities** | | | |
| | Provision for income tax net of advance tax of NIL as at 31 March 2017, (previous year Rs.3,294.26 as at 31 March 2016 and Rs.1,912.41 as at 1 April 2015). | - | 114.07 | 1.84 |
| | | **-** | **114.07** | **1.84** |

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **25. Other Income** | | |
| Interest income on financial assets measured at amortised cost | | |
| - on Flexi FDR | 14,550.88 | 9,869.17 |
| Foreign currency fluctuation gain/ (loss) | 17.76 | - |
| Other interest income | 569.46 | - |
| Recruitment fees received | - | 186.28 |
| Miscellaneous income | 7.53 | 6.86 |
| Application money received | 23.00 | - |
| Rent recovery on sub-lease | 282.43 | 274.24 |
| Housekeeping expenses recovered from sub-lessee | 13.91 | 15.45 |
| Office Security expenses recovered from sub-lessee | 21.91 | 20.01 |
| Electricity expenses recovered from sub-lessee | 25.83 | 25.57 |
| Annual maintenance charges recovered from sub-lessee | 18.29 | 6.03 |
| Other charges recoverable | 1.39 | - |
| Composite rent and facility management charges | 317.48 | 236.17 |
| **Total** | **15,849.87** | **10,639.78** |
| Direct expenses | | |
| Housekeeping expenses | 12.36 | 13.73 |
| Rent | 282.43 | 274.24 |
| Composite rent & facility management expenses | 225.65 | 162.47 |
| Office repair and maintenance | 1.24 | - |
| Office security expenses | 19.48 | 17.78 |
| Electricity expenses office | 22.96 | 22.73 |
| Annual maintenance charges | 16.25 | 5.36 |
| **Total direct expenses** | **580.37** | **496.31** |
| **Other Income** | **15,269.50** | **10,143.47** |
| Less: Transferred to development account (net of tax impact) | 131.40 | 61.05 |
| **Net other income** | **15,138.10** | **10,082.42** |
| **26. Employee benefits expense** | | |
| Salaries and wages | 9,836.18 | 7,814.01 |
| Leave salary & pension contribution | 1,019.65 | 319.75 |
| Contribution to provident and other funds | 487.64 | 410.08 |
| Staff welfare expenses | 431.15 | 476.34 |
| | 11,774.62 | 9,020.18 |
| Less: Transferred to development account (refer note 31) | 11,774.62 | 9,020.18 |
| | - | - |

**27. Finance cost**

| | | |
|---|---|---|
| Interest Expenses on: | | |
| EAP/JICA loan | 18,880.69 | 7,964.38 |
| IBRD loan | 2,663.29 | 872.38 |
| Interest on Income Tax | 57.27 | - |
| Guarantee fee | - | 266.94 |
| Other finance cost | 1,689.69 | 669.71 |
| Exchange differences regarded as adjustment to interest cost | (6,231.63) | 4,884.03 |
| | 17,059.31 | 14,657.44 |
| Less: Transferred to development account (refer note 31) | 17,002.04 | 14,657.44 |
| | **57.27** | **-** |

Note: The capitalisation rate used to determine the amount of the borrowing costs to be capitalised is the weighted average interest rate applicable to the entity borrowings during the year, in this case 7% (previous year 7%) for loans from JICA and 1.97 % (previous year 1.05%) for loans from IBRD

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **28. Depreciation & Amortization Expenses** | | |
| Depreciation - EDP assets | 261.39 | 217.35 |
| Depreciation - Office equipment | 62.83 | 49.71 |
| Depreciation - Furniture and fixture | 77.51 | 55.68 |
| Depreciation - Leasehold improvement | 71.36 | 82.82 |
| Depreciation - Leasehold flat | 10.67 | 6.82 |
| Depreciation - Plant and machinery | 0.29 | 0.28 |
| | 484.05 | 412.66 |
| Less: Transferred to development account (Refer note 31) | 228.80 | 201.56 |
| | **255.25** | **211.10** |

## 29. Other expenses

| | | |
|---|---|---|
| Rent expense (Refer note 34) ** | 1,647.95 | 1,590.38 |
| Tours, travels and conveyance | 2,449.25 | 2,180.96 |
| Cost of outsourced staff (placement) | 581.74 | 416.32 |
| Seminar and training expenses | 371.50 | 380.81 |
| Advertisement expenses | 379.88 | 341.18 |
| Housekeeping expenses | 372.84 | 321.26 |
| Office security expenses | 199.52 | 215.08 |
| Legal and professional charges | 154.16 | 158.63 |
| Corporate social responsibility | 197.76 | 167.98 |
| Communication expenses | 137.77 | 105.79 |
| Printing and stationary | 156.59 | 135.89 |
| Consultancy fees to consultants | 446.91 | 141.96 |
| Recruitment expenses | 410.92 | 1.10 |
| Electricity expenses | 125.68 | 117.89 |
| Repair and maintenance - others | 113.12 | 118.61 |
| Rates and taxes | 286.88 | 112.03 |
| Foundation day expense | 26.88 | 25.19 |
| Computer job work | 44.99 | 18.95 |
| Payment to statutory auditors * | 15.07 | 16.73 |
| Meeting and conference | 63.24 | 54.77 |
| Office expenses | 49.33 | 41.71 |
| Hospitality expenses | 36.24 | 17.68 |
| Miscellaneous expenses | 173.69 | 32.59 |
| | 8,441.91 | 6,713.49 |
| Less: Transferred to development account (Refer note 31) | 5,442.18 | 4,326.28 |
| **Total** | **2,999.73** | **2,387.21** |

| | | |
|---|---|---|
| * **Payment to Statutory Auditors includes :** | | |
| Statutory audit fee | 9.70 | 9.78 |
| Tax audit fee | 2.25 | 2.27 |
| Reimbursement of expenses (paid during the period) | - | 1.02 |
| Provision towards out of pocket expenses in connection with audit of FY 2015-16 | - | 1.41 |
| Other audit fees (EDFC-I audit) | 1.97 | 1.96 |
| Other audit fees (EDFC-II audit) | 1.15 | 0.29 |
| | **15.07** | **16.73** |

****Note:**

As per the directions of Ministry of Railways (MOR), Land for the project shall be acquired in the name of MOR under The Railways Act, 1989 as modified by The Railways (Amendment) Act, 2008 and the Land so acquired shall be leased to the Company at lease rent of 6% per annum of the Cost of Land on the date of handing over to DFCCIL. Lease rent shall commence from the date of commissioning.

The lease rent on above mentioned land so handed over to DFCCIL has not been straight lined for the rent free construction period, as it is impracticable to determine the impact of the same.

| | For the year ended 31 March 2017 | For the year ended 31 March 2016 |
|---|---|---|
| **30. Earning per share** | | |
| **Basic earning per share** | | |
| Total profit/ (loss) for the year | 7,596.34 | 4,849.84 |
| Weighted average number of equity shares of Rs. 1,000/- each (In lacs) | 765.83 | 469.28 |
| EPS - Basic | **9.92** | **10.33** |
| **Diluted earning per share** | | |
| Total profit/ (loss) for the year | 7,596.34 | 4,849.84 |
| Weighted average number of equity shares of Rs. 1,000/- each (In lacs) - Diluted | 765.83 | 481.05 |
| EPS - Diluted | **9.92** | **10.08** |

**31. Development account (pending capitalisation)**

| | | |
|---|---|---|
| Employees benefit expense | 11,774.62 | 9,020.18 |
| Finance cost | 17,002.04 | 14,657.44 |
| Depreciation and amortization expense | 228.80 | 201.56 |
| Other expenses | 5,442.18 | 4,326.28 |
| **Total (A)** | **34,447.64** | **28,205.46** |
| Less: | | |
| Liquidated damages (LDA) | 270.06 | 1,918.30 |
| Interest on mobilization advance | 1,298.57 | 1,385.50 |
| Interest on advance consumption deposit | 32.11 | 22.40 |
| Interest on advances - employees | 2.42 | 0.93 |
| Cash discount from contractors | - | 0.72 |
| Foreign currency fluctuation gain/ (loss) | - | (326.52) |
| D&G, supervision & plant estimation charges received | 5.44 | 5.85 |
| Security deposit/EMD forfeited | 1.39 | |
| Sale of tender | 30.08 | 40.40 |
| Profit on sale of property, plant and equipment | (8.36) | 0.69 |
| **Total (B)** | **1,631.71** | **3,048.27** |
| **Net expenditure (A-B)** | **32,815.93** | **25,157.19** |
| Income transferred from other income | 131.40 | 61.05 |
| **Total transferred to capital work in progress (CWIP)** | **32,684.53** | **25,096.14** |

**32. Contingent liabilities, contingent assets and commitments**

**A. Commitments**

**a.** Estimated amount of contracts remaining to be executed on capital account and not provided for Rs. 39,89,915.40 as at 31 Mar 2017, Rs. 24,70,940.11 as at 31 March 2016 and Rs.10,00,720.72 as at 31 March 2015.

**B. Contingent Liabilities**

| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
|---|---|---|---|
| Claims against the Company not acknowledged as debts in respect of Capital Works | 34,994.92 | 34,805.54 | 31,796.38 |
| Disputed Taxation Demands | 502.65 | 119.08 | 705.87 |
| | **35,497.57** | **34,924.62** | **32,502.25** |

**b.** The above Contingent Liabilities do not include Contingent Liabilities on account of pending cases in respect of service matters & others where the amount cannot be quantified

**c.** It is not practicable to disclose the uncertainties relating to any outflow

**d.** A number of cases are lying for adjudication at different forums pertaining to land compensation. Since land acquisition is being done by the company as a facilitator for Ministry of Railways, company is not subject to any liability that may arise pursuant to the decision of aforesaid adjudicating authorities

**C. Contingent Assets**

Company has no contingent assets as at 31 March 2017, 31 March 2016 and 1 April 2015

**33. Segment information**

**A. Description of segments and principal activities**

Segment information is presented in respect of the company's key operating segments. The operating segments are based on the company's management and internal reporting structure.

**Operating Segments**

The Company's Board of Directors have been identified as the Chief Operating Decision Maker ('CODM'), since they are responsible for all major decision w.r.t. the preparation and execution of business plan, preparation of budget, planning, expansion, alliance, and expansion of any new facility. Accordingly, management has identified Eastern corridor and Western corridor as two operating segments for the Company.

**B. Information about reportable segments**

Information related to each reportable segment is set out below. Since the Company is in construction stage, hence profit and loss is not reviewed by the CODM. However, the Segment assets and liabilities are used to measure performance because management believes that this information is the most relevant in evaluating the performance of the respective segments.

| | Total assets | | | Total liabilities | | |
|---|---|---|---|---|---|---|
| | Segment assets | Unallocated corporate assets | Total Assets | Segment liabilities | Unallocated corporate liabilities | Total liabilities |
| **As at 31 March 2017** | | | | | | |
| EDFC | 6,58,922.42 | - | 6,58,922.42 | 2,67,726.11 | - | 2,67,726.11 |
| WDFC | 9,15,839.53 | - | 9,15,839.53 | 5,37,842.42 | - | 5,37,842.42 |
| Unallocated | - | 3,68,658.11 | 3,68,658.11 | - | 11,37,851.53 | 11,37,851.53 |
| **Total** | **15,74,761.95** | **3,68,658.11** | **19,43,420.06** | **8,05,568.53** | **11,37,851.53** | **19,43,420.06** |
| **As at 31 March 2016** | | | | | | |
| EDFC | 4,80,121.57 | - | 4,80,121.57 | 1,68,271.26 | | 1,68,271.26 |
| WDFC | 5,76,202.28 | - | 5,76,202.28 | 2,30,094.41 | | 2,30,094.41 |
| Unallocated | - | 1,35,951.28 | 1,35,951.28 | | 7,93,909.46 | 7,93,909.46 |
| **Total** | **10,56,323.85** | **1,35,951.28** | **11,92,275.13** | **3,98,365.67** | **7,93,909.46** | **11,92,275.13** |
| **As at 1 April 2015** | | | - | | | - |
| EDFC | 2,97,644.61 | - | 2,97,644.61 | 71,731.49 | | 71,731.49 |
| WDFC | 3,77,654.32 | - | 3,77,654.32 | 1,20,879.96 | | 1,20,879.96 |
| Unallocated | - | 21,770.27 | 21,770.27 | | 5,04,457.75 | 5,04,457.75 |
| **Total** | **6,75,298.93** | **21,770.27** | **6,97,069.20** | **1,92,611.45** | **5,04,457.75** | **6,97,069.20** |

**C. Geographic information**

The geographic information analyses the Company's revenue and non-current assets by the Company's country of domicile. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets were based on the geographic location of the assets.

**a) Non-current assets**

| | As at | | |
|---|---|---|---|
| | **31 March 2017** | **31 March 2016** | **1 April 2015** |
| **India** | 15,72,525.60 | 10,24,964.30 | 6,10,709.99 |

Non-current assets exclude financial instruments and employee benefit assets

**34. Leases**

**Operating lease**

The Company's significant leasing arrangements are in respect of operating leases of premises for offices and guesthouses. These leasing arrangements, which are not non-cancellable, are typically for a period of 11 months to 5 years and are usually renewable on mutually agreeable terms.

A part of one of the leased properties had been sub-leased by the Company. The future minimum sublease payments expected to be received under non-cancellable subleases at the end of the reporting period are - 31 March 2017 - Rs 688.84., 31 March 2016 - Rs. 599.91, 1 April 2015 - Rs. 274.24.

**Amounts recognised in profit and loss**

| | **Note No.** | **For the year ended** | |
|---|---|---|---|
| | | **31 March 2017** | **31 March 2016** |
| Rent expense | 29 | 1,647.95 | 1,590.38 |
| Sub-lease income | 24 | 282.43 | 274.24 |

**35.** Disclosure as required under section 22 of The Micro, small and medium enterprises development act, 2006 is as follows :-

| **Particulars** | **Year ended** | |
|---|---|---|
| | **31 March 2017** | **31March 2016** |
| Principal amount remaining unpaid to micro, small and medium enterprise | NIL | NIL |
| Interest accrued on principal amount remaining unpaid as (i) above | NIL | NIL |
| Amount of interest paid during the FY along with the payment of principal amount made beyond 15 days or agreed time from the date of delivery/ rendering of services | NIL | NIL |
| Interest due but yet to be paid on principal paid during the FY | NIL | NIL |
| Amount of further interest remaining due and payable even in the succeeding period, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure | NIL | NIL |

**36. Employee benefits**

The Company contributes to the following post-employment defined benefit plans in India.

**(i) Defined Contribution Plans:**

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

| | For the year ended | |
|---|---|---|
| | **31 March 2017** | **31 March 2016** |
| Contribution to Govt. Provident Fund | 357.63 | 306.68 |

**(ii) Defined Benefit Plan:**

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the employees last drawn basic salary per month computed proportionately for 15 days salary multiplied for the number of years of service. The gratuity plan is an unfunded plan.

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation for gratuity were carried out as at 31 March 2017. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

**A.** Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

| | **31 March 2017** | **31 March 2016** | **1 April 2015** |
|---|---|---|---|
| **Net defined benefit liability** | | | |
| Liability for Gratuity | 485.41 | 324.13 | 213.38 |
| **Total employee benefit liabilities** | **485.41** | **324.13** | **213.38** |
| Non-current | 457.10 | 302.92 | 205.19 |
| Current | 28.31 | 21.21 | 8.19 |

**B. Movement in net defined benefit (asset) liability**

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

| | Defined benefit obligation | |
|---|---|---|
| | **31 March 2017** | **31 March 2016** |
| **Balance as at 1 April** | **324.13** | **213.38** |
| **Included in profit or loss** | | |
| Current service cost | 110.30 | 86.33 |
| Past service credit | - | - |
| Interest cost (income) | 24.31 | 17.07 |
| | **134.61** | **103.40** |
| **Included in OCI** | | |
| Remeasurements loss (gain) | | |
| – Actuarial loss (gain) arising from: | | |
| - experience adjustment | 26.66 | 7.35 |
| | **26.66** | **7.35** |
| **Other** | | |
| Contributions paid by the employer | - | - |
| Benefits paid | - | - |
| | - | - |
| **Balance as at 31 March** | **485.40** | **324.13** |

**C. Actuarial assumptions**

**a) Economic assumption**

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

| | **31 March 2017** | **31 March 2016** | **1 April 2015** |
|---|---|---|---|
| Discount rate | 7.50% | 8.00% | 8.00% |
| Expected rate of future salary increase | 6.00% | 6.00% | 6.00% |

**b) Demographic assumption**

| | **31 March 2017** | **31 March 2016** | **1 April 2015** |
|---|---|---|---|
| Retirement age (years) | 60 | 60 | 60 |
| Mortality rates inclusive of provision for disability | | IALM (2006-08) | |
| Ages | **Withdrawal Rate (%)** | **Withdrawal Rate (%)** | **Withdrawal Rate (%)** |
| Up to 30 Years | 5.00% | 5.00% | 5.00% |
| From 31 to 44 years | 5.00% | 5.00% | 5.00% |
| Above 44 years | 5.00% | 5.00% | 5.00% |

As at 31 March 2017, the weighted average duration of the defined benefit obligation was 15 years (31 March 2016 12.29 years and 1 April 2015 12.96 years)

**D. Sensitivity Analysis**

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

| | 31 March 2017 | | 31 March 2016 | |
|---|---|---|---|---|
| | **Increase** | **Decrease** | **Increase** | **Decrease** |
| Discount rate (0.5% movement) | (18.89) | 40.78 | (14.25) | 15.35 |
| Expected rate of future salary increase (0.5% movement) | 22.01 | (19.30) | 15.58 | (14.58) |

Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated.

Sensitivities as to rate of inflation, rate of increase of pensions in payment, rate of increase of pensions before retirement & life expectancy are not applicable being a lump sum benefit on retirement.

Pending approval of superannuation scheme by MOR in terms of Para 2(iii) of DPE OM no 2(70)/08-DPE (WC)-GL-VII/09 dated 02.04.2009, no provision has been made in the accounts towards Pension & Post Superannuation medical benefits since there is no obligating event pending approval of MOR.

**(iii) Other long-term employee benefits:**

**a. Earned leave and half pay leave**

During the year ended 31 March 2017, the Company has incurred an expense on Earned leave and half pay leave amounting to Rs. 302.40 (Previous year Rs. 254.73). The Company determines the expense for Earned leave and half pay leave basis the actuarial valuation of plan assets and the present value of the obligation, using the Projected Unit Credit Method.

**b. Leave travel concession**

During the year ended 31 March 2017, the Company has incurred an expense on Leave travel concession amounting to Rs. 52.20 (Previous year Rs. 91.26). The Company determines the expense for Leave travel concession basis the actuarial valuation of plan assets and the present value of the obligation, using the Projected Unit Credit Method.

**37. Related parties**

**A. Related parties and their relationships**

**i. Government entities**

The Company is a Central Public Sector Undertaking (CPSU) controlled by Central Government through Ministry of Railways by holding majority of shares (refer Note 14). Pursuant to Paragraph 25 & 26 of Ind AS 24, entities over which the same government has control or joint control of, or significant influence, then the reporting entity and other entities shall be regarded as related parties. The Company has applied the exemption available for government related entities and have made limited disclosures in the financial statements. Such entities with which the Company has significant transactions include but not limited to Ministry of Railways, various divisional / zonal railways under MOR, Ministry of Corporate Affairs, BSNL, IOCL, RailTel, NHAI, PGCIL, GAIL and CRWC.

**ii. Key Managerial Personnel (KMP)**

| | |
|---|---|
| Sh. A.K.Mital | Part Time Chairman (Official) |
| Sh. Adesh Sharma | Managing Director |
| Sh. Anshuman Sharma | Director (Project Planning) |
| Sh. H.D. Gujrati | Director (Operations & Business Development) |
| Sh. M.K. Mittal | Director - Finance (upto 28th Feb 2017) |
| Sh. Naresh Salecha | Director - Finance (w.e.f. 1st Mar 2017) |
| Sh. D. S Rana | Director (Infrastructure ) |
| Sh. Girish Pillai | Part time Official Director -Government Nominee-MoR (upto 5th Oct 2016) |
| Sh Achal Khare | Part time Official Director - Government Nominee-MoR (w.e.f. 5th Oct 2016) |
| Sh. Ravi Mathur | Independent Director |
| Smt. Shakti Munshi | Independent Director |
| Sh. Y.S. Malik | Part-time Official -Government Nominee-Niti Aayog (w.e.f. 30th June 2016) |

**B. Transactions with the above in the ordinary course of business**

| Nature of Transaction | For the year ended | |
|---|---|---|
| | 31 March 2017 | 31 March 2016 |
| **Government entities** | | |
| **Ministry of railways & its constituent** | | |
| Fund Received from MOR | 6,25,300.00 | 4,40,071.00 |
| Expenditure for land acquisition | 4,42,159.00 | 4,33,200.00 |
| Recoverable for PETS survey from MOR | 1,293.25 | 974.47 |
| Recoverable from MOR towards land facilitation expenses | 2,440.18 | - |
| for shifting of utilities, capital advance, ROB Works and construction of Flats | 2,62,135.04 | 66,246.22 |
| (g) Advance received for ROB/RUB | 25,938.00 | |
| **Ministry of Corporate Affairs** | | |
| Stamp duty expense | 285.57 | 108.70 |

| | | |
|---|---|---|
| **Other entities** | | |
| BSNL - For shifting of utilities & capital works | 641.62 | - |
| PGCIL - For shifting of utilities & capital works | 1,163.30 | 18,970.26 |
| RailTel corporation Ltd - For shifting of utilities & capital works | 101.37 | 6.38 |
| NHAI - For shifting of utilities & capital works | 9,636.96 | - |
| IOCL - For shifting of utilities & capital works | - | 18.80 |
| CRWC New Delhi - For shifting of utilities & capital works | - | 378.84 |
| GAIL - For shifting of utilities & capital works | - | 1,900.06 |
| **Total** | **13,71,094.29** | **9,61,874.73** |
| **Remuneration to Key Managerial Personnel** | | |
| a) short-term employee benefits | 237.54 | 137.46 |
| b) post-employment benefits | 5.61 | 6.10 |
| c) other long-term benefits | 9.96 | 20.95 |
| **Total** | **253.11** | **164.51** |
| **Other payments to Key Managerial Personnel** | | |
| Other expenses- legal (sitting fees) | 6.67 | - |
| **Total** | **6.67** | **-** |

**Outstanding balances with related parties**

| Nature of Transaction | As at | |
|---|---|---|
| | **31 March 2017** | **31 March 2016** |
| **Government entities** | | |
| **Recoverable Balances** | | |
| **Ministry of railways & its constituent** | | |
| Expenditure on PETS survey - recoverable from MOR | 679.81 | 1,355.30 |
| Recoverable from MOR towards land facilitation expenses | 1,566.57 | 2,602.93 |
| Shifting of utilities, capital advance, ROB works and construction of flats | 1,68,748.44 | 1,45,534.94 |
| **Other entities** | | |
| BSNL - shifting of utilities & capital works | 641.62 | - |
| ONGC - shifting of utilities & capital works | 10,086.00 | 10,086.00 |
| PGCIL - shifting of utilities & capital works | 31,662.38 | 30,499.08 |
| RailTel corporation Ltd -shifting of utilities & capital works | 1,596.87 | 1,613.80 |
| NHAI - shifting of utilities & capital works | 9,636.96 | - |
| IOCL - shifting of utilities & capital works | 12,506.53 | 12,506.53 |
| CRWC New Delhi - shifting of utilities & capital works | 378.84 | 378.84 |
| GAIL - shifting of utilities & capital works | 1,912.29 | 1,912.29 |
| RDSO\LKO - shifting of utilities & capital works | 0.50 | 0.50 |
| Recoverable from other entities | 112.33 | 24.78 |
| | **2,39,529.14** | **2,06,514.98** |
| **Payable Balances** | | |
| **Ministry of railways & its constituent** | | |
| Funds received from MOR pending adjustment | 3,11,045.55 | - |
| Expenditure on land acquisition | 3,389.41 | 2,683.12 |
| Advance received for ROB/RUB | 25,938.00 | - |
| **Total** | **3,40,372.96** | **2,683.12** |

All transactions were made on normal commercial terms and conditions and at market rates

**38. Corporate Social Responsibility**

a. The Board of Directors has approved a sum of Rs. 175 (Previous year Rs. 135) to be incurred for Corporate Social Responsibility (CSR) during the year 2016-17. During the year, company has incurred Rs. 197.76 (Previous year Rs. 167.98) on CSR Activities

b.

| Particulars | Year ended 31 March 2017 | | | Year ended 31 March 2016 | | |
|---|---|---|---|---|---|---|
| | Paid in cash | Yet to be Paid in Cash | Total | Paid in cash | Yet to be Paid in Cash | Total |
| Construction/Acquisition of any Asset | | | - | - | - | - |
| On purpose other than above | 110.22 | 87.54 | 197.76 | 130.42 | 37.56 | 167.98 |
| **Total** | **110.22** | **87.54** | **197.76** | **130.42** | **37.56** | **167.98** |

**39. Financial instruments – Fair values and risk management**

**I. Fair value measurements**

**A. Financial instruments by category**

| | Amortised Cost | | |
|---|---|---|---|
| | As at 31 March 2017 | As at 31 March 2016 | As at 1 April 2015 |
| **Financial assets** | | | |
| Other non-current financial assets | 229.98 | 610.62 | 561.96 |
| Cash and cash equivalents | 1,44,600.88 | 1,57,507.81 | 79,685.71 |
| Bank balances other than above | 2,18,805.75 | 2,683.12 | 3,382.70 |
| Other current financial assets | 4,875.74 | 5,860.26 | 1,977.85 |
| | **3,68,512.35** | **1,66,661.81** | **85,608.22** |
| **Financial liabilities** | | | |
| Borrowings | 6,94,545.99 | 3,26,899.33 | 1,43,988.43 |
| Other non-current financial liabilities | 50,186.44 | 28,133.96 | 14,199.07 |
| Other current financial liabilities | 3,64,885.58 | 41,123.84 | 35,809.57 |
| | **11,09,618.01** | **3,96,157.13** | **1,93,997.07** |

**B. Fair value hierarchy**

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are:
(a) recognised and measured at fair value and
(b) measured at amortised cost and for which fair values are disclosed in the financial statements.

To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

| | As at 31 March 2017 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | |
| Employee advances | - | - | 37.48 | 37.48 |
| **Total financial assets** | **-** | **-** | **37.48** | **37.48** |
| **Financial liabilities** | | | | |
| Borrowings | - | - | 6,94,545.99 | 6,94,545.99 |
| Deposits/ Retention money | - | - | 15,053.14 | 15,053.14 |
| **Total financial liabilities** | **-** | **-** | **7,09,599.13** | **7,09,599.13** |

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

| | As at 31 March 2016 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | |
| Employee advances | - | - | 18.14 | 18.14 |
| **Total financial assets** | **-** | **-** | **18.14** | **18.14** |
| **Financial liabilities** | | | | |
| Borrowings | - | - | 3,26,899.33 | 3,26,899.33 |
| Deposits/ Retention money | - | - | 12,863.97 | 12,863.97 |
| **Total financial liabilities** | **-** | **-** | **3,39,763.30** | **3,39,763.30** |

**Assets and liabilities which are measured at amortised cost for which fair values are disclosed**

| | As at 1 April 2015 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets** | | | | |
| Employee advances | - | - | - | - |
| **Total financial assets** | **-** | **-** | **-** | **-** |
| **Financial liabilities** | | | | |
| Borrowings | | | 1,43,988.43 | 1,43,988.43 |
| Deposits/ Retention money | - | - | 6,893.46 | 6,893.46 |
| **Total financial liabilities** | **-** | **-** | **1,50,881.89** | **1,50,881.89** |

**Level 1:** Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities. There are no transfers between level 1 and level 2 during the year

**C. Fair value of financial assets and liabilities measured at amortised cost**

| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|---|---|---|---|---|---|---|
| | Carrying Amount | Fair Value | Carrying Amount | Fair Value | Carrying Amount | Fair Value |
| **Financial assets** | | | | | | |
| Employee advances | 37.48 | 37.48 | 18.14 | 18.14 | - | - |
| | **37.48** | **37.48** | **18.14** | **18.14** | **-** | **-** |
| **Financial liabilities** | | | | | | |
| Borrowings | 6,94,545.99 | 6,94,545.99 | 3,26,899.33 | 3,26,899.33 | 1,43,988.43 | 1,43,988.43 |
| Deposits/ Retention money | 15,053.14 | 15,053.14 | 12,863.97 | 12,863.97 | 6,893.46 | 6,893.46 |
| | **7,09,599.13** | **7,09,599.13** | **3,39,763.30** | **3,39,763.30** | **1,50,881.89** | **1,50,881.89** |

The carrying amounts of current financial assets and liabilities such as cash and cash equivalent, bank balances, expenditure on land acquisition, expenditure on pets survey, recoverable from staff/ consultants, security deposits, other payables, interest accrued, security deposit NDMC, employee advances, earnest money deposit, other payables, funds received from MOR pending adjustment, interest accrued on loan from IBRD are considered to be the same as their fair values, due to their short-term nature.

The fair values for employee advances were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit

The fair values of non-current borrowings, deposits and retention money are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

**II. Financial risk management**

The Company has exposure to the following risks arising from financial instruments:
- credit risk;
- liquidity risk; and
- market risk

**i. Risk management framework**

The Company's Audit Committee has overall responsibility for the establishment and oversight of the Company's risk management framework ('RMF'). As per RMF company has well laid down a organisation structure for identifying, prioritising and mitigation of the risk. The Audit Committee has established the Risk Management Committee ('RMC'), which in association with Risk Mitigation Plan Owners is responsible for identification, prioritisation and mitigation of the risk. A risk library of top 20 risk and mitigation plan is in place. These risks and mitigation plan are monitored periodically for updation of risks and its mitigation. The RMC reports to the Audit Committee on periodical basis on its activities.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how management monitors compliance with the Company's risk management framework, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

**ii. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

At present Company is in construction phase and do not have any customer or investment in debt instruments. The financial asset mainly consists of money held in banks pending utilisation in construction activity. Company does not perceive any credit risk in respect of these financial assets.

The carrying amount of financial assets represents the maximum credit exposure.

**Other receivables**

Other receivables mainly consist of recoverable from employees. The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of other receivables. Basis the evaluation, the management has determined that there are no credit impairment loss on other receivables.

### iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions.

Company is in construction of freight corridor for which loan from World Bank and JICA has since been tied up. As per the extant mechanism, based on the budget estimate and fund requirement, funds are received from Ministry of Railways (MOR) towards Equity and Externally Aided Component i.e. Loan. Company keeps on meeting contractual liability from that fund and thereafter sought reimbursement from World Bank and JICA for the share of loan. Once reimbursement is received from these agencies, equivalent amount is paid back to Government of India. So Company at present does have any liquidity risk.

**(a) Financing arrangements**

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

| | As at | | |
|---|---|---|---|
| | **31 March 2017** | **31 March 2016** | **1 April 2015** |
| Expiring beyond one year - Loan from JICA | 8,79,419.90 | 11,38,611.71 | 11,11,623.61 |
| Expiring beyond one year - Loan from IBRD | 15,34,235.59 | 12,41,440.04 | 12,46,893.98 |
| | 24,13,655.49 | 23,80,051.75 | 23,58,517.59 |

The above mentioned amounts are INR equivalent and have been calculated at the closing exchange rate as at the Balance Sheet date

The credit facilities may be drawn by the Company basis the future cash projections. The loan facilities may be drawn in INR (JICA) and USD (IBRD) and have an average maturity of 33.7 years (as at 31 March 2016 - 34.7 years and as at 1 April 2015 - 35.7 years) for JICA loan and have an average maturity of 17.5 years (as at 31 March 2016 - 18.5 years and as at 1 April 2015 - 19.5 years) for IBRD loan

**(b) Maturities of financial liabilities**

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and excluding contractual interest payments the impact of netting agreements.

| | Carrying Amounts 31 March 2017 | Total | Contractual cash flows Upto 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Borrowings | 6,94,545.99 | 6,95,120.68 | - | 5,220.04 | 67,095.87 | 6,22,804.77 |
| Deposit/ retention money | 18,570.18 | 20,310.43 | 3,517.04 | - | 16,793.39 | - |
| Interest accrued but not due on loan - JICA | 35,133.30 | 35,133.30 | - | - | - | 35,133.30 |
| Earnest money deposit | 222.44 | 222.44 | 222.44 | - | - | - |
| Others payables | 48,799.56 | 48,799.56 | 48,799.56 | - | - | - |
| Funds received from MOR pending adjustment | 3,11,045.55 | 3,11,045.55 | 3,11,045.55 | - | - | - |
| Interest accrued but not due on loan from IBRD | 1,300.99 | 1,300.99 | 1,300.99 | - | - | - |
| **Total non-derivative liabilities** | **11,09,618.01** | **11,11,932.95** | **3,64,885.58** | **5,220.04** | **83,889.26** | **6,57,938.07** |

| | Carrying Amounts 31 March 2016 | Total | Contractual cash flows Upto 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Borrowings | 3,26,899.33 | 3,27,217.83 | - | - | 19,067.61 | 3,08,150.22 |
| Deposit/ retention money | 15,440.51 | 17,421.86 | 2,576.54 | - | 14,845.31 | - |
| Interest accrued but not due on loan - JICA | 15,269.99 | 15,269.99 | - | - | - | 15,269.99 |
| Earnest money deposit | 216.75 | 216.75 | 216.75 | - | - | - |
| Others payables | 37,911.19 | 37,911.19 | 37,911.19 | - | - | - |
| Interest accrued but not due on loan from IBRD | 419.36 | 419.36 | 419.36 | - | - | - |
| **Total non-derivative liabilities** | **3,96,157.13** | **3,98,456.98** | **41,123.84** | **-** | **33,912.92** | **3,23,420.21** |

| | Carrying Amounts 1 April 2015 | Total | Contractual cash flows Upto 1 year | Between 1 and 2 years | Between 2 and 5 years | More than 5 years |
|---|---|---|---|---|---|---|
| **Non-derivative financial liabilities** | | | | | | |
| Borrowings | 1,43,988.43 | 1,44,108.49 | - | - | 5,266.55 | 1,38,841.94 |
| Deposit/ retention money | 7,927.23 | 8,890.04 | 1,033.77 | 615.70 | 7,240.57 | - |
| Interest accrued but not due on loan - JICA | 7,305.61 | 7,305.61 | - | - | - | 7,305.61 |
| Earnest money deposit | 138.24 | 138.24 | 138.24 | - | - | - |
| Others payables | 31,718.04 | 31,718.04 | 31,718.04 | - | - | - |
| Funds received from MOR pending adjustment | 2,793.10 | 2,793.10 | 2,793.10 | - | - | - |
| Interest accrued but not due on loan from IBRD | 126.42 | 126.42 | 126.42 | - | - | - |
| **Total non-derivative liabilities** | **1,93,997.07** | **1,95,079.94** | **35,809.57** | **615.70** | **12,507.12** | **1,46,147.55** |

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

The interest payments on variable interest rate loans and bond issues in the table above reflect current interest rates at the reporting date and these amounts may change as market interest rates change.

**iv. Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company does not uses derivatives to manage market risks.

**Currency risk**

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primarily with respect to the US Dollar (USD) and Japanese Yen (JPY). Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows.

In respect of other monetary assets and liabilities denominated in foreign currencies, the Company's policy is to ensure that its net exposure is kept to an acceptable level.

***Exposure to currency risk***

The Company's exposure to foreign currency risk at the end of the reporting period expressed in INR is as follows:

| | As at 31 March 2017 | | As at 31 March 2016 | | As at 1 April 2015 | |
|---|---|---|---|---|---|---|
| | **USD** | **JPY** | **USD** | **JPY** | **USD** | **JPY** |
| **Financial liabilities** | | | | | | |
| Borrowings | 2,36,609.81 | - | 1,40,260.40 | - | 52,822.13 | - |
| Others payables | 29.07 | 13,706.79 | 40.27 | 12,038.42 | - | 10,328.72 |
| Interest accrued but not due on loan from IBRD | 1,300.99 | - | 419.36 | - | 126.42 | - |
| Net statement of financial position exposure | **2,37,939.87** | **13,706.79** | **1,40,720.03** | **12,038.42** | **52,948.55** | **10,328.72** |

The following significant exchange rates have been applied

| | Average Rates | | Year end spot rates | | |
|---|---|---|---|---|---|
| | **31 March 2017** | **31 March 2016** | **31 March 2017** | **31 March 2016** | **1 April 2015** |
| USD 1 | 67.12 | 65.45 | 64.99 | 66.59 | 62.64 |
| JPY 1 | 0.62 | 0.55 | 0.58 | 0.59 | 0.53 |

***Sensitivity analysis***

A reasonably possible strengthening (weakening) of the INR against all other currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

| | Profit or loss after tax | | Equity, net of tax | |
|---|---|---|---|---|
| | **Strengthening** | **Weakening** | **Strengthening** | **Weakening** |
| **31 March 2017** | | | | |
| USD (1% movement) | (1,555.94) | 1,555.94 | (1,555.94) | 1,555.94 |
| Yen (1% movement) | (89.63) | 89.63 | (89.63) | 89.63 |
| **31 March 2016** | | | | |
| USD (1% movement) | (920.20) | 920.20 | (920.20) | 920.20 |
| Yen (1% movement) | (78.72) | 78.72 | (78.72) | 78.72 |

**Interest rate risk**

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk. Company policy is to maintain most of its borrowings at fixed rate. During 31 March 2017 and 31 March 2016, the Company's borrowings at variable rate were mainly denominated in USD.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**Exposure to interest rate risk**

The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

| | Nominal Amount | | |
|---|---|---|---|
| | **31 March 2017** | **31 March 2016** | **1 April 2015** |
| **Fixed-rate instruments** | | | |
| Financial liabilities | 4,58,510.87 | 1,86,957.43 | 91,286.36 |
| | 4,58,510.87 | 1,86,957.43 | 91,286.36 |
| **Variable-rate instruments** | | | |
| Financial liabilities | 2,36,609.81 | 1,40,260.40 | 52,822.13 |
| | 2,36,609.81 | 1,40,260.40 | 52,822.13 |

**Fair value sensitivity analysis for fixed-rate instruments**

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

A change of 100 basis points in interest rates would have increased or decreased equity by following. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

| | Equity, net of tax | |
|---|---|---|
| | **100 bp increase** | **100 bp decrease** |
| **31 March 2017** | | |
| Fixed-rate instruments | (8,556.07) | 11,802.04 |
| **Fair flow sensitivity (net)** | **(8,556.07)** | **11,802.04** |
| | | |
| **31 March 2016** | | |
| Fixed-rate instruments | (3,629.04) | 5,034.85 |
| **Fair flow sensitivity (net)** | **(3,629.04)** | **5,034.85** |

***Cash flow sensitivity analysis for variable-rate instruments***

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

| | Profit or loss | | Equity, net of tax | |
|---|---|---|---|---|
| | **100 bp increase** | **100 bp decrease** | **100 bp increase** | **100 bp decrease** |
| **31 March 2017** | | | | |
| Variable-rate instruments | (3,171.84) | 3,171.84 | (3,171.84) | 3,171.84 |
| **Cash flow sensitivity (net)** | **(3,171.84)** | **3,171.84** | **(3,171.84)** | **3,171.84** |
| | | | | |
| **31 March 2016** | | | | |
| Variable-rate instruments | (1,880.24) | 1,880.24 | (1,880.24) | 1,880.24 |
| **Cash flow sensitivity (net)** | **(1,880.24)** | **1,880.24** | **(1,880.24)** | **1,880.24** |

**40. Capital management**

Company is in construction phase for construction of railways track for freight with equity funding from MOR and debt funding from World Bank and JICA. Considering the estimated cost, which has been approved by Cabinet Committee on Economic Affairs, Government of India,. Company has definitive source of capital. Company expect to maintain adequate Capital in the Operation phase, since as per the Concession Agreement with MOR, Track Access Charges, which will be the tariff for use of tracks by authorised rail user, inter-alia includes return on equity for sustainable development of the Company.

**41.** Balances shown under Material issued to Contractors, Claims Recoverable, Advance for Capital Expenditure, Advances to Contractors, Recoverable/Payable from/to MOR, Sundry Creditors and Deposits/Earnest money from contractors are subject to Reconciliation/ Confirmation and respective consequential adjustments.

**42. First Time Adoption of Ind AS**

As stated in note 1 significant accounting policies, these are the Company's first financial statements prepared in accordance with Ind AS

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS statement of financial position at 1 April 2015 (the Company's date of transition). In preparing its opening Ind AS statement of financial position, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Indian GAAP (previous GAAP). An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

**Exemptions and exceptions availed**

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**A. Ind AS optional exemptions**

**(i) Deemed cost**

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets covered by Ind AS 38 Intangible Assets.

Accordingly, the Company has elected to measure all of its property, plant and equipment and intangible assets at their previous GAAP carrying value.

**(ii) Leases**

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material. The Company has elected to apply this exemption for such contracts/arrangements.

**iii) Long Term Foreign Currency Monetary Items**

Ind AS 101 permits a first-time adopter to continue the policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

**B. Ind AS mandatory exceptions**

**(i) Estimates**

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

**(ii) Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

**C. Reconciliations between previous GAAP and Ind AS**

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

**Reconciliation of equity**

| Particulars | Notes to first-time adoption | As at 1 April 2015 | | | As at 31 March 2016 | | |
|---|---|---|---|---|---|---|---|
| | | Previous GAAP* | Adjustments | Ind AS | Previous GAAP* | Adjustments | Ind AS |
| **ASSETS** | | | | | | | |
| **Non-current assets** | | | | | | | |
| Property, plant and equipment | | 1,182.58 | - | 1,182.58 | 1,496.17 | - | 1,496.17 |
| Capital work-in-progress | a,b,c,e,g | 3,27,228.88 | (5,575.85) | 3,21,653.03 | 5,77,715.86 | (9,520.95) | 5,68,194.91 |
| Other intangible assets | | 41.37 | - | 41.37 | 139.86 | - | 139.86 |
| Intangible assets under development | | 911.88 | - | 911.88 | 989.54 | - | 989.54 |
| Financial assets | | | | | | | |
| (i) Other non-current financial assets | e | 145.62 | 416.34 | 561.96 | 194.27 | 416.34 | 610.61 |
| Deferred tax assets (net) | | | | | | 776.62 | 776.62 |
| Other non-current assets | | 2,84,557.09 | 2,364.04 | 2,86,921.13 | 4,50,823.36 | 2,543.84 | 4,53,367.20 |
| **Current assets** | | | | | | | |
| Financial assets | | | | | | | |
| (i) Cash and cash equivalents | | 79,685.71 | - | 79,685.71 | 1,57,507.81 | - | 1,57,507.81 |
| (ii) Bank balances other than (i) above | e | 3,799.04 | (416.34) | 3,382.70 | 3,099.46 | (416.34) | 2,683.12 |
| (iii) Other current financial assets | | 1,977.84 | - | 1,977.84 | 5,860.27 | - | 5,860.27 |
| Current tax assets (net) | | 440.50 | - | 440.50 | 305.08 | - | 305.08 |
| Other current assets | a | 157.06 | 153.44 | 310.50 | 169.84 | 174.10 | 343.94 |
| **TOTAL ASSETS** | | **7,00,127.57** | **(3,058.37)** | **6,97,069.20** | **11,98,301.52** | **(6,026.39)** | **11,92,275.13** |
| **EQUITY AND LIABILITIES** | | | | | | | |
| **Equity** | | | | | | | |
| Equity share capital | | 3,71,566.88 | - | 3,71,566.88 | 4,80,266.88 | - | 4,80,266.88 |
| Other equity | | 1,19,710.62 | - | 1,19,710.62 | 3,02,890.86 | (1,474.78) | 3,01,416.08 |
| **LIABILITIES** | | | | | | | |
| **Non-current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Borrowings | a | 1,44,108.49 | (120.05) | 1,43,988.44 | 3,27,217.83 | (318.49) | 3,26,899.34 |
| (ii) Other non-current financial liabilities | b | 17,137.38 | (2,938.32) | 14,199.06 | 32,367.08 | (4,233.12) | 28,133.96 |
| Long-term provisions | | 557.60 | - | 557.60 | 1,031.88 | - | 1,031.88 |
| Deferred tax liabilities (net) | | - | - | - | - | - | - |
| Other non-current liabilities | | 5,751.42 | - | 5,751.42 | 5,932.86 | - | 5,932.86 |
| **Current liabilities** | | | | | | | |
| Financial liabilities | | | | | | | |
| (i) Other financial liabilities | g | 35,809.58 | - | 35,809.58 | 41,123.84 | - | 41,123.84 |
| Other current liabilities | | 5,448.91 | - | 5,448.91 | 7,273.63 | - | 7,273.63 |
| Short-term provisions | | 34.85 | - | 34.85 | 82.59 | - | 82.59 |
| Current tax liabilities (net) | | 1.84 | - | 1.84 | 114.07 | - | 114.07 |
| **TOTAL EQUITY AND LIABILITIES** | | **7,00,127.57** | **(3,058.37)** | **6,97,069.20** | **11,98,301.52** | **(6,026.39)** | **11,92,275.13** |

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

**Reconciliation of total comprehensive income for the year ended 31 March 2016**

| Particulars | Notes to first-time adoption | Previous GAAP* | Adjustments | Ind AS |
|---|---|---|---|---|
| **Revenue** | | | | |
| Revenue from operations | | | - | - |
| Other income | f | 9,896.13 | 186.29 | 10,082.42 |
| **Total income** | | 9,896.13 | 186.29 | 10,082.42 |
| | | | | |
| **Expenses** | | | | |
| Employee benefits expense | | - | - | - |
| Finance costs | | - | - | - |
| Depreciation and amortisation expense | f | - | 211.10 | 211.10 |
| Other expenses | f | 167.98 | 2,219.23 | 2,387.21 |
| **Total Expenses** | | **167.98** | **2,430.33** | 2,598.31 |
| | | | | |
| **Profit/ (loss) before tax** | | **9,728.15** | **(2,244.04)** | **7,484.11** |
| | | | | |
| **Tax expense:** | | | | |
| Current tax | | 3,408.32 | 0.03 | **3,408.35** |
| Deferred tax | d | - | (774.08) | **(774.08)** |
| **Profit/ (loss) for the period (A)** | | **6,319.83** | **(1,469.99)** | **4,849.84** |
| | | | | |
| **Other comprehensive income** | | | | |
| **Items that will not be reclassified to profit or loss** | | | | |
| Measurement of defined benefit plans | c | - | (7.35) | (7.35) |
| Income tax relating to remeasurement of defined benefit plans | c | - | 2.54 | 2.54 |
| **Total other comprehensive income for the period (B)** | | - | (4.81) | (4.81) |
| **Total comprehensive income for the period (A + B)** | | **6,319.83** | **(1,474.80)** | **4,845.03** |

**Reconciliation of total equity as at 31 March 2016 and 1 April 2015**

| Particulars | Notes to first-time adoption | 31 March 2016 | 1 April 2015 |
|---|---|---|---|
| **Total equity (shareholder's funds) as per previous GAAP** | | **4,97,597.33** | **3,82,577.50** |
| | | | |
| **Reclassification:** | | | |
| Share application money pending allotment | | 2,85,560.41 | 1,08,700.00 |
| Remeasurement of defined benefit plans | c | (4.81) | |
| **Adjusted Total equity (shareholder's funds) as per previous GAAP** | | **7,83,152.93** | **4,91,277.50** |
| | | | |
| **Adjustments:** | | | |
| Borrowings – Amortised cost adjustment | | | |
| Discounting of retention money | | | |
| Prior Period adjustment capitalised in IGAAP in 2016 | | | - |
| General and administration expenses decapitalised net of related income | f | (2,244.05) | - |
| Tax effect of adjustments | d | 774.08 | - |
| **Total adjustments** | | **(1,469.97)** | **-** |
| Net impact brought forward from Opening balance sheet | | - | |
| **Total equity as per Ind AS** | | **7,81,682.95** | **4,91,277.50** |

**Reconciliation of total comprehensive income for the year ended 31 March 2016**

| Particulars | Notes to first-time adoption | Amount |
|---|---|---|
| **Profit after tax under Indian GAAP** | | 6,319.83 |
| **Adjustments** | | |
| General overheads decapitalised and charged off as an expense | f | (2,244.05) |
| Remeasurements of post-employment benefit obligations | c | 7.35 |
| Ind AS adjustments capitalised since Company is in pre-operative stage | | (7.35) |
| Tax effects of adjustments | d | 774.08 |
| **Total adjustments** | | **(1,469.98)** |
| **Profit after tax as per Ind AS** | | 4,849.85 |
| Other Comprehensive Income | c | (4.81) |
| **Total Comprehensive income for the year** | | **4,845.03** |

**Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016**

| Particulars | Previous GAAP* | Adjustments | Ind AS |
|---|---|---|---|
| Net cash flow from operating activities | 18,873.21 | (25,665.90) | (6,792.69) |
| Net cash flow from investing activities | (4,01,551.71) | 24,024.86 | (3,77,526.85) |
| Net cash flow from financing activities | 4,59,801.01 | 2,340.64 | 4,62,141.64 |
| **Net increase/(decrease) in cash and cash equivalents** | **77,122.51** | - | **77,822.11** |
| Cash and cash equivalents as at 1 April 2015 | 83,068.41 | | 79,685.71 |
| **Cash and cash equivalents as at 31 March 2016** | **1,60,190.92** | - | **1,57,507.82** |

**D: Notes to first-time adoption:**

**a. Borrowings**

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at 31 March 2016 have been reduced by Rs. 318.50 (1 April 2015 – Rs. 120.05) with a corresponding adjustment to capital work in progress.

**b. Security deposits/ Retention money**

Under the previous GAAP, interest free security deposits/ retention money (that are refundable in cash on completion of the contract) are recorded at their transaction value. Under Ind AS, all financial liabilities are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as a reduction to the relevant expenditure. The Company then charges interest on the said fair value of the security deposit/ retention money Consequent to this change, the amount of security deposits decreased by Rs. 981.89 as at 31 March 2016 (1 April 2015 – Rs. 1,669.16), the total expense charged to the profit and loss on account of accretion of the liability amounts to Rs. 669.71. The difference between the fair value and the transaction value of the security deposit amounting to Rs.981.89 have been adjusted from the capital work in progress balance.

**c. Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by Rs. 4.81 (net of tax). There is no impact on the total equity as at 31 March 2016.

**d. Deferred Tax**

Deferred tax have been recognised on the adjustments made on transition to Ind AS.

**e. Retained earnings**

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

**f. General and administration overhead charged off as an expense to profit and loss account**

Under previous GAAP, the company was capitalising the general and administration overhead in the capital work in progress. However under Ind AS general and administration overhead should be charged off as on expense to profit and loss account. Accordingly amount charged off has an expense (net of income) for the year ended 31 March 2016 amounting to Rs 2,244.05.

As per our report of even date attached

For Baweja & Kaul
Chartered Accountants
ICAI Firm Regn. No. 05834N

*For and on behalf of* ***Board of Directors DFCCIL***

| | | | |
|---|---|---|---|
| Sd/- | Sd/- | Sd/- | Sd/- |
| CA Samvit K Gurtoo | Adesh Sharma | Naresh Salecha | Meenu Kapoor |
| Partner | Managing Director | Director - Finance | Company Secretary |
| Membership No - 090758 | DIN-7022393 | DIN -0000843812 | ACS-18954 |

Place: New Delhi
Dated: 30/06/2017

*BAWEJA & KAUL*
Chartered Accountants

# INDEPENDENT AUDITOR'S REPORT

**To the Members of**
**Dedicated Freight Corridor Corporation of India Limited**

**Report on the Ind AS financial statements**

We have audited the accompanying Ind AS financial statements of **Dedicated Freight Corridor Corporation of India Limited** ("the Company"), which comprise the Balance Sheet as at 3lst March, 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow and the Statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of Affairs (Financial position), Profit (Financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued there under.

This responsibility also incudes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the Accounting and Auditing Standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (Financial Position) of the Company as at March 31st, 2017, and its Profit (Financial performance including other comprehensive income), and its cash flows and the changes in equity for the year ended on that date.

## Emphasis of Matter

We draw attention to the matter in the Notes to the Ind AS financial statements:

1. Note No 09- Other Non-Current Assets which includes Capital Advances such as Advance for Shifting of Utilities, Advance for ROB/RUB and Advance for Capital Works-Others amounting to Rs. 3408.71 Crores (Railway Rs.1633.11 crores, Non Railways Rs.1775.60 crores). Out of these advances, an amount of Rs.1385.51 crores (Railways Rs.648.25 crores, Non- Railways Rs. 737.26 Crores) is pending for adjustment/utilization for more than three years.

2. Note No. 21 – Other current Financial Liabilities which includes Provisions for Expenses payable, Project expenses payable- SLAO amounting to Rs. 212.89 crore (Included in other payables amounting to Rs. 487.99 Crores). Out of these provisions, an amount of Rs. 0.61 crores remained unadjusted/ unpaid for more than three years.

3. Note No 41 wherein, it has been stated that the Balances shown under Material issued to Contractors, Claims recoverable, Advance for Capital Expenditure, Advances to Contractors, Recoverable/Payable from/to Ministry of Railways, Sundry Creditors and Deposits/Earnest Money from Contractors are subject to Reconciliation/Confirmation and respective consequential adjustments.

Our opinion is not modified in respect of matter stated under Emphasis of Matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.

2. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub section (5) of Section 143 of the Companies Act 2013, the compliance of which is set out in "Annexure B".

3. As required by Section 143 (3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the Balance Sheet, the Statement of Profit and Loss, and the cash flows and the Statement of changes in equity dealt with by this Report are in agreement with the books of account;

   d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rule issued thereunder;

   e) in terms of Notification No. G.S.R. No. 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164(2) of the Act regarding disqualification of directors, are not applicable to the Company;

   f) with respect to the adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C"; and

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, read with Companies (Audit and Auditors) Amendment Rules 2017, in our opinion and to the best of our information and according to the explanations given to us:

      i. The company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer Note No. 32 to Ind AS the financial statements;

      ii. The company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. The provision of transferring the amount to the Investor Education and Protection Fund is not applicable to the company.

iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 in Note No. 10 to the Ind AS financial Statements. Based on our audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company.

For BAWEJA & KAUL
Chartered Accountants
FRN: 005834N

Sd/-
CA Samvit K Gurtoo
Partner
M.No. 090758

Place: New Delhi
Dated: 30.06.2017

# ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

**The annexure referred to in paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Dedicated Freight Corridor Corporation of India Limited on the Ind As financial statements for the financial year ended on 31st March 2017**

i. a) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

b) The company has a regular program of physical verification of its fixed assets once in three years. In our opinion, this periodicity of physical verification is reasonable having regard to the nature of its assets and the size of the company. During the year the company has conducted Physical Verification of Property, Plant and Equipment for those units for which Physical Verification was to be conducted as per rotation. According to the information and explanations given to us by the management, no material discrepancies as compared to book records were noticed in respect of Property, Plant and Equipment, physically verified during the year.

c) According to the information and explanations given to us by the management and on the basis of our examination of the records of the company, The company does not have any immovable properties in its name except two flats on leasehold basis amounting to Rs 309.34 Lakh (Deemed Cost), as disclosed in the Note no. 3 to the Ind AS financial statements, in respect of which leasehold deed is yet to be executed.

ii. The company has been incorporated for running and maintaining dedicated freight corridor. Since the railway freight corridors are under construction, it does not hold any physical inventories. Therefore, clause 3(ii) of the Order is not applicable.

iii. The Company has not granted any loans, secured or unsecured to the companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. In view of this, sub clauses (a), (b), and (c) of clause 3(iii) of the Order are not applicable.

iv. In our opinion and according to the information and explanation given to us by the management, the Company has not given any loans, investments, guarantees and securities as per section 185 and 186 of the Companies Act, 2013, Accordingly, clause 3(iv) of the Order is not applicable.

v. In our opinion and according to the information and explanation given to us by the management, the Company has not accepted any deposits from the public within the meaning of section 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, consequently the directives issued by the Reserve Bank of India and provisions of the Companies Act, 2013 and rules framed there under are not applicable.

vi. According to the information and explanations given to us by the management, the Central Government has not prescribed for the maintenance of cost records under sub section (1) of section 148 of the Companies Act, 2013 in respect of any of the activities of the company.

vii. a) In our opinion and according to the information and explanation given to us by the management and on the basis of out examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, employee's state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, Value added tax, Cess and any other material statutory dues have generally been regularly deposited during the year by the Company, with the appropriate authorities. We have been informed that Employee's State Insurance Scheme is not applicable to the Company. According to the information and explanation given to us, no undisputed demand payable in respect of aforesaid statutory dues was in arrears as at 31st March 2017 for a period of more than six months from the date they become payable.

b) According to the information and explanation given to us by the management and as per the records of the Company, the following dues of income tax & Sales Tax/VAT have not been deposited on account of dispute.

| **Name of the Statute** | **Nature of Dues** | **Amount (Rs. in Lakhs)** | **Year to Which it pertains** | **Forum at which case is pending** |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 16.67 | 2011-12 | ITAT, New Delhi, |
| Income Tax Act, 1961 | Income Tax | 142.10 | 2013-14 | C1T(Appeals) |
| Income Tax Act, 1961 | Income Tax | 218.20 | 2014-15 | C1T(Appeals) |
| Income Tax Act, 1961 | Income Tax | 118.06 | 2015-16 | C1T(Appeals) |
| Income Tax Act, 1961 | TDS | 4.65 | Upto 31.03.2013 | ACIT-TDS, New Delhi |
| Sales Tax Act | Sales Tax/ VATTDS | 2.97 | 2013-14 | VAT Authority |

viii. Based on our audit procedures and according to the information and explanations given to us by the management, the company has not defaulted in repayment of loans & borrowings to any financial institution, bank, government. According to the information and explanation given by the management debentures in not applicable.

ix. Based on our audit procedures and according to the information and explanations given to us by the management, the company has not raised any funds by way of initial public offer or further public offer (including debt instruments). However, the company has raised the term loans during the financial year ending 31st March, 2017 and the same were applied for the purpose for which those were raised.

x. Based on our audit procedures and according to the information and explanations given to us by the management, no fraud by the company or any fraud on the company, by any person including its officers/employees, has been noticed or reported during the year.

xi. In view of the exemption given in terms of Notification No. G.S.R. No. 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 read with schedule V to the Companies Act, 2013 regarding managerial remuneration are not applicable to the company.

xii. According to the information and explanations given to us by the management, the company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the company.

xiii. According to the information and explanations given to us by the management and on the basis of our examination of the records of the Company, transactions with related parties are in compliance with the provisions of section 177 and 188 of the Companies Act, 2013, wherever applicable and the details of such transactions have been disclosed in the notes to the Ind AS financial statements as required by the applicable accounting standards.

xiv. Based on our audit procedures and according to the information and explanations given to us by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the company.

xv. In our opinion and according to the information and explanations given to us by the management, the company has not entered into any non-cash transactions with directors or persons connected with them. Therefore the provisions of clause 3(xv) of the Order are not applicable to the company.

xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore the provisions of clause 3(xvi) of the Order are not applicable to the company.

For BAWEJA & KAUL
Chartered Accountants
FRN: 005834N

Sd/-
CA Samvit K Gurtoo
Partner
M.No. 090758

Place: New Delhi
Dated: 30.06.2017

# ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

**The annexure referred to in paragraph 2 under the heading `Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Dedicated Freight Corridor Corporation of India Limited for the financial year ended on 31st March 2017**

| S. No. | Directions | Our Report |
|---|---|---|
| 1 | Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available. | According to information and explanations given to us by the management, the Company does not own any land either on freehold or leasehold basis. However, the company has leasehold rights of two flats of 199.5 sqm. each, in respect of which leasehold deed is yet to be executed. |
| 2 | Whether there are any cases of waiver/write off of debts/ loans/interest etc., if yes, the reasons therefore and the amount involved. | According to information and explanations given to us, there are no cases of waiver/write off of debts/loans/interest etc. |
| 3 | Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities? | The Company does not maintain any inventories. According to information and explanations given to us, the company has not received any assets as gifts/grant(s) from government or other authorities. |

For BAWEJA & KAUL
Chartered Accountants
FRN: 005834N

Sd/-
CA Samvit K Gurtoo
Partner
M.No. 090758

Place: New Delhi
Dated: 30.06.2017

# ANNEXURE C TO THE INDEPENDENT AUDITOR'S REPORT

**The annexure referred to in paragraph 3(f) under the heading `Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of Dedicated Freight Corridor Corporation of India Limited for the financial year ended on 31st March 2017**

Report on the Internal Financial Control under Clause (i) of Sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Dedicated Freight Corridor Corporation of India Limited ("the Company") as on 31" March 2017 in conjunction with our audit of the Ind AS financial statements of the company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan. and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

## Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the

Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BAWEJA & KAUL
Chartered Accountants
FRN: 005834N

Sd/-
CA Samvit K Gurtoo
Partner
M.No. 090758

Place: New Delhi
Dated: 30.06.2017

सत्यमेव जयते

**CONFIDENTIAL**
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
OFFICE OF THE PRINCIPAL DIRECTORS OF AUDIT, RLY-COMMERCIAL
COFMOW, INDIAN RAILWAYS, TILAK BRIDGE, NEW DELHI-110002

No. PDA/RC/RPSU/32-77/DFCCIL/2017/35 Dt. 31.07.2017

To,

Managing Director
Dedicated Freight Corridor Corporation of India
New Delhi.

Subject:- Comments of Comptroller of Auditor General of India under section 143(6)(B) of the Companies Act, 2013 on the Financial Statements of Dedicated Freight Corridor Corporation Of India Limited for the year ended 31st March 2017.

Sir,

I am forwarding Comments of Comptroller of Auditor General of India under section 143(6)(B) of the Companies Act, 2013 on the Financial Statements of Dedicated Freight Corridor Corporation Of India Limited for the year ended 31st March 2017.

Receipt of the letter may be please acknowledged.

Yours faithfully

Sd/-
(B.R. Mondal)
Principal Director of Audit
(Railway Commercial)

# COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31st MARCH 2017.

The preparation of financial statements of Dedicated Freight Corridor Corporation of India Limited for the year ended 31st March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on Independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 30th June 2017.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Dedicated Freight Corridor Corporation of India Limited for the year ended 31st March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

For and on the behalf of the
Comptroller & Auditor General of India

Place:- New Delhi
Dated : July, 2017

Sd/-
(B.R. Mondal)
Principal Director of Audit
Railway Commercial, New Delhi