



डेडीकेटेड फ्रेट कोरीडोर

**Dedicated Freight Corridor
Corporation of India Limited**



Annual Report
वार्षिक रिपोर्ट
2011-2012



डेडीकेटेड फ्रेट कोरीडोर

DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED
A Govt. of India (Ministry of Railways) Enterprises

Annual Report

2011-2012

Reg. Office : 101 A, Rail Bhawan, Raisina Road, New Delhi 110001
Corporate Office : 5th Floor, Pragati Maidan Metro Station Building Complex, New Delhi 110001

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LIST OF DIRECTORS (As on 26.09.2012)

S. No.	Name of the Director	Designation	Date of Holding office w.e.f.
1.	Sh. Vinay Mittal	Part Time Chairman (Official)	08-07-2011
2.	Sh. R. K. Gupta	Managing Director	10-05-2011
3.	Sh. Bharat Salhotra	Director (Finance)	17-09-2012
4.	Sh. P. N. Shukla	Director (Operation & Business Development)	15-10-2007
5.	Sh. A. K. Dutta	Director (Infra)	01-04-2010
6.	Sh. Anshuman Sharma	Director (Project Planning)	05-04-2011
7.	Sh. Ranjan Jain	Part Time Director (Official)	08-04-2011
8.	Sh. Gajendra Haldea	Part Time Director (Official)	02-05-2008
9.	Sh. D. T. Joseph	Part Time Director (Non official)	14-05-2010
10.	Sh. Bhaskar Gupta	Part Time Director (Non official)	23-11-2010
11.	Sh. R. S. Sharma	Part Time Director (Non official)	25-04-2012

GENERAL INFORMATION

REGISTERED OFFICE/ CORPORATE OFFICE

Registered Office:

Room No 101-A, Rail Bhawan,
Raisina Road, New Delhi -110001

Corporate Office:

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

STATUTORY AUDITOR

M/s Jain Chopra & Co.
Chartered Accountants
105, Jyoti Bhawan,
Commercial Complex, Mukherjee Nagar
Delhi -110009

INTERNAL AUDITOR

K.M. Agarwal & Co.
Chartered Accountants
36, Netaji Subhash Marg
Darya Ganj,
New Delhi-110002

BANKERS

Union Bank of India
State Bank of India
HDFC Bank
ICICI Bank

CHAIRMAN'S MESSAGE

It gives me immense pleasure to welcome all of you to the Sixth Annual General Meeting of the Company. The report of the Board of Directors and audited Annual Accounts of the Company for the year ended 31st March 2012 together with the Auditor's Report have already been circulated to you, and with your permission, I take them as read.

The importance of the Dedicated Freight Corridor Corporation to the national economy does not need to be over-emphasised. Considering the incremental growth in freight traffic in the last 10 years, which was 470 Million Tonnes as against only 400 Million Tonnes in the 50 years preceding the last decade, the need to decongest the existing passenger routes in view of the sizeable growth in ridership and requirement of infrastructure to deal with heavy haul loads were the guiding factors in the conception of this project alongside the Golden Quadrilaterals and its Diagonals.

The Eastern and Western Corridors have been taken up first, as they serve the core sector of industries and the nodes which are export oriented. With its capacity to cater to the coal requirement of the Powerhouses on the Eastern Corridor and provide double-stack container movement to the hinterland of India from Ports of Western India, this project has the potential of becoming the game changer in the arena of freight transport.

The preliminary activities that go into implementation of such a mammoth project are sizeable and require astute planning, care and alacrity. I am pleased to inform you that land acquisition activity on the DFC Corridors has been taken forward, with remarkable perseverance. The total land required for DFC is 10703 hectares which is spread over 3338 Kms, covering 9 states, 66 districts over 1900 villages and would impact 3 lakh persons. Since land acquisition is a subject matter of the concerned states, this was one of the biggest challenges being faced by the Company. Besides the complicated procedure and numerous clearances involved, almost 100% of land has been acquired in stretches where tenders are in process. In this process, several ticklish issues came up, particularly those relating to alignment of the Corridors that had to be sorted out. Several environmental concerns had to be addressed in view of the alignment passing through National Parks and Sanctuaries. Some social issues also came up which were tackled with a cautious and people friendly approach and after reconciling the sensitive concerns of project affecting persons.

I had informed you in my address last year that the funding arrangements for Phase-I have been tied up. I am very happy to inform you that the contracting work for Phase-I has reached an important milestone and the tendering process for 1000 route Kms. is in advanced stage. While 66 Kms of DFC between Sonnagar-Mughalsarai on the Eastern Corridor is likely to be commissioned by December 2013, the contract for the balance 40 Kms. of changed alignment between Sonnagar-Mughalsarai has also been finalized. An important endeavour under process was to take forward the 535 Kms. long Sonnagar-Dankuni section on Public Private Partnership (PPP) model. It has consequently been decided to take up the project in two stretches, first between Sonnagar-Gomoh and the second between Gomoh-Dankuni. The potential stakeholders have already come around and suggested a model for revenue sharing based on apportioned freight.

The growth of any organization is dependent on its human resources. The critical need for technical and managerial staff was given due attention and I am pleased to inform that the staff strength of DFCCIL, which stood at 142 in March 2011, has now gone up to 279 as on 31.03.2012. I am hopeful that with optimal human resources on hand, the Company would be able to overcome several constraints that were being faced on account of paucity of manpower.

There are various challenges that still remain to be addressed. Development of high capacity heavy-haul wagons is one such challenge as while initiatives for inducting High Horsepower locomotives have made substantial progress, on the wagon front concerted action in association with the Ministry of Railways has to be taken to realise the full potential of the Dedicated Freight Corridors. Development of Multimodal Logistic Parks on the DFCC would be another important area as Multimodal traffic handling capacity on the other allied services would be necessary.

Development of feeder routes to run 25T Axle load and their electrification and upgradation of tracks for double stack container movement would be necessary for seamless operation of traffic from ports to the hinterland and movement of coal from the Mines to the Powerhouses. Ministry of Railways is already seized of this problem and steps to provide enabling infrastructure have been initiated.

Optimal speed of freight trains on the DFC is a pre-requisite for a corridor that is dedicated to freight operations. There are 1056 level crossings on the Eastern and Western Corridors. I am pleased to apprise this august gathering that considering the high level of road traffic, particularly in the areas where the existing rail tracks are parallel to the DFC alignment, a decision has been taken to eliminate level crossings through innovative engineering solutions.

For any project, that too of this magnitude, the canvas of Corporate Social Responsibility is extremely large. At DFCCIL, Corporate Social Responsibility has been accorded a proactive role and several initiatives have been taken to improve the quality of life of the communities and stakeholders on a sustainable basis, particularly in the project areas. DFCCIL has also been extremely sensitive and cautious of environment sensitive issues and has taken initiatives for adoption of green building concept through exploitation of non-conventional energy by leveraging the existing policies of the Government. The construction of this Corridor will in itself be a crucial step in reducing the carbon footprint in the Country.

I would also like to inform that as per the guidelines issued by Department of Public Enterprises on Corporate Governance for Central Public Sector Enterprises in May 2010, "A Report on Corporate Governance" and "Management Discussion and Analysis Report", forms the part of the Annual Report for the year ended 31st March 2012. The Company is committed towards ensuring that business ethics and values are adhered to.

Acknowledgements

I thankfully acknowledge the cooperation and support extended by the Ministry of Railways, Zonal Railways, and other Ministries under the Government of India, the State Governments and its Departments.

Further, I would like to express my sincere thanks to the stakeholders of the Company for their support to the Company. I look forward to their continued support in future. I sincerely express my gratitude to my colleagues on the DFCCIL Board and the Infra Directorate In Railway Board for their valuable advice and their unstinted cooperation.

I must place on record my sincere thanks to our Bankers and Business Associates for their cooperation and support to DFCCIL.

I acknowledge the dedicated, concerted, and sincere efforts put in by all officers and employees of the Company. I am sure that with our dedicated efforts, it would be possible to achieve the mission of the Company by pursuing the Company's motto of "Sincerity, Speed and Success" through a focussed approach.

DATE: 26.09.2012

PLACE: NEW DELHI

Sd/-
VINAY MITTAL
CHAIRMAN

Addendum to notice dated 03.09.2012

NOTICE

NOTICE is hereby given that the 6th Annual General Meeting of the Members of Dedicated Freight Corridor Corporation of India Limited will be held on **Wednesday, 26th day of September 2012 at 14.45 Hrs.** in Committee Room, 2nd Floor, Rail Bhawan, Raisina Road, New Delhi-110001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements, Audited Balance Sheet as at 31st March 2012, Statement of Profit & Loss Account for the year ended 31.03.2012 along with the notes to the Financial Statements together with the Directors' and Auditors' Report and comments of the Comptroller and Auditor General of India thereon.
2. To consider the appointment of the Auditor of the Company by the Comptroller and Auditor General of India.
3. Any other item with permission of the Chair.

Place: New Delhi

Date: 25th September, 2012

By Order of the Board

Sd/-

Meenu Kapoor

Company Secretary

Note:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote on a poll instead of himself and the Proxy need not be the member of the Company. The instrument appointing the Proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. The Proxy Form is attached herewith.

NOTICE

NOTICE is hereby given that the 6th Annual General Meeting of the Members of Dedicated Freight Corridor Corporation of India Limited will be held on **Wednesday, 26th day of September 2012 at 15.30 Hrs.** In Board Room, 5h Floor, Pragati Maidan Metro Station Building Complex, New Delhi-110001 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements, Audited Balance Sheet as at 31st March 2012, Statement of Profit & Loss Account for the year ended 31.03.2012 along with the notes to the Financial Statements together with the Directors' and Auditors' Report and comments of the Comptroller and Auditor General of India thereon.
2. To consider the appointment of the Auditor of the Company by the Comptroller and Auditor General of India.
3. Any other item with permission of the Chair.

Place: New Delhi

Date: 3rd September, 2012

By Order of the Board

Sd/-
Meenu Kapoor
Company Secretary

Note:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote on a poll instead of himself and the Proxy need not be the member of the Company. The instrument appointing the Proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the Meeting.
2. The Proxy Form is attached herewith.

PROXY FORM

I.....of.....
resident/s of.....being the
member of Dedicated Freight Corridor Corporation of India Limited, hereby appoint
Mr/Ms.....of.....or failing
him/her.....of.....as my/our proxy to attend
and vote for me on my behalf at 6th Annual General Meeting of the Company to be held on **Wednesday,
26th day of September 2012 at 14.45 Hrs.** In Committee Room, 2nd Floor, Rail Bhawan, Raisina Road, New
Delhi-110001 and/or at any adjournment there of.

Signed this.....day of2012,

Signature.....

Ledger Folio.....

No of Shares held.....

Name :

Address :

Re. 1/-
Revenue
Stamp

NOTE:

The Proxy in order to be effective must be received by the Company at the registered office, not less than 48 hours before the time of the meeting. The proxy need not be a member of the Company.

DIRECTORS' REPORT

Ladies /Gentlemen,

Your Directors have pleasure in presenting the Sixth Annual Report of the Company along with the Annual Accounts for the year ended 31st March 2012.

1) SUMMARY OF ANNUAL ACCOUNTS 2011-12.

Financial Statements for Financial Year 2011-12 are prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (Accounting Standards Rules) and Schedule VI to the Companies Act, 1956. The Government of India vide Notification No. SO447 (E), dated: 28.02.2011 [as amended by Notification No. SO653 (E), dated: 30.03.2011] ("The Notification") replaced existing Schedule VI to the Companies Act, 1956 ("Old Schedule VI") with New Schedule VI in respect of Balance Sheet & Profit and Loss Account.

The Corporation has incurred the following expenditure during the year.

A) Expenditure on Project Execution

The cumulative expenditure on Project Execution is ₹ 657.12 Crores as on 31st March, 2012. The gross expenditure during the year 2011-12 on Project Execution is ₹ 332.59 Crores, which includes direct expenditure of ₹ 254.44 Crores, Overheads of ₹ 75.03 Crores; taxes on Interest Income and on Facility Management & Rent charges Income of ₹ 3.11 Crores.

The Corporation has Gross Receipts of ₹ 43.83 Crores during the year, which includes Interest Income of ₹ 23.56 Crores (Including Interest on Mobilization Advance of ₹ 15.21 Crores), Facility Management charges & Rent Recovered on sub-lease ₹ 8.88 Crores and other Receipts ₹ 11.39 Crores.

Thus, the net expenditure during the year 2011-12 is ₹ 296.27 Crores.

B) Investment in Fixed Assets

The Investment in Fixed Assets is ₹ 21.65 Crores as on 31st March, 2012, which includes EDP Assets amounting to ₹ 3.31 Crores, Computer Software of ₹ 0.98 Crores, Computer Software under development of ₹ 0.48 Crore Furniture & Fixture of ₹ 2.26 Crores, Office Equipment of ₹ 4.60 Crores and lease hold premises improvement of ₹ 10.03 Crores.

2) SOURCES OF FUNDS

A. Capital Structure

As on 31st March 2012, the Authorized Share Capital of Company stands at ₹ 4000,00,00,000 (Rupees Four Thousand Crores) divided into 4,00,00,000 (Four Crores) Equity shares of ₹ 1,000/- each.

As on 31.03.2012, the Company's paid up Share Capital was ₹ 774,29,00,000/- (Rupees Seven Hundred Seventy Four Crores Twenty Nine Lacs) divided into 77,42,900 (Seventy Seven Lac Forty Two Thousand Nine hundred only) Equity Shares of ₹ 1000/- each and Share Application Money was ₹ 390.76 Crores. The Paid up Capital of the Company has been enhanced on account of equity contribution from Ministry of Railways.

B. Funding

(i) Phase I (Vadodara – Rewari) 920 km (JICA) - Consultancy

Loan Agreement ID-P205 for Engineering Services Consultancy (Phase I) for Two Billion Six hundred six million Japanese Yen. We have utilized funds of ₹ 107,08,01,894 upto 31.03.2012 against this loan.

(ii) Phase I (Vadodara – Rewari) 920 km (JICA)-Construction

Loan Agreement ID-P209 for construction in the Phase I for Ninety Billion two hundred sixty two million Japanese Yen signed with JICA. The expenditure against this loan is yet to be incurred.

(iii) Phase II (Vadodara – INPT and Rewari - Dadri) 564 km (JICA) - Consultancy

Loan Agreement ID-P212 for Engineering Services Consultancy (Phase II) for One billion six hundred sixteen million Japanese Yen signed with JICA. We have utilized funds of ₹ 11,10,34,957 upto 31.03.2012 against this loan.

(iv) Loan Agreement for construction of Phase-II is expected to be signed in March, 2013.

(v) Funding for Mughalsarai-Kanpur-Khurja-Ludhiana section (1131 Kms) of Eastern Dedicated Freight Corridor

World Bank "in principle" agreed to finance Eastern Dedicated Freight Corridor from Mughalsarai-Ludhiana. World Bank has approved US\$ 975 million loan for Phase I Project of Eastern DFC from Khurja-Bhaupur (343km) vide Loan No. 8066 IN. Upfront fee of ₹ 1246,93,969 has been charged and booked in Financial year 2011-12.

3) PROGRESS OF THE PROJECT

A. Land Acquisition and Social Safeguards Measures

During the year under review, 3480 Hectare land was acquired resulting in cumulative 74% acquisition of land for the project (excluding Sonanagar-Dankuni). It is expected that by Dec 2012, most of the DFC land Acquisition is likely to be completed which will be a big achievement for successful Implementation of the project. DFC requires 10703 hectares of land spread over 3338 Kms for both corridors. On the Eastern DFC, It is spread over a length 1301 Kms spread over an area of about 3841 hectares (excluding Sonanagar-Dankuni which is spread in a route of 538 Kms covering an area of 1002 Hectares) and on Western DFC, It is spread over a length of 1499 Kms. and an area of about 5860 hectares.

DFC alignment is passing through 9 states In the Country. On Eastern Corridor, DFC alignment passes through the states of West Bengal, Bihar, Jharkhand, Uttar Pradesh, Haryana and Punjab. The Western Corridor will traverse the distance from Dadri in Uttar Pradesh to Mumbai – Jawaharlal Nehru Port (JNPT), passing through the states of Uttar Pradesh, Haryana, Rajasthan, Gujarat and Maharashtra. For DFC, linear pattern of land acquisition will be required for project design. The alignment has been designed to avoid or minimize the demolition of permanent structures, local communities, city planning areas, residential areas, swampy areas, and quarry sites. The alignment runs parallel to the existing railway line by utilizing the existing railway land as much as possible to minimize land acquisition, while it takes detour to the existing railway line to avoid densely populated areas.

The Land acquisition of this project is governed by the Railway Amendment Act-2008. As per section 20-O of this Act, the National Rehabilitation and Resettlement Policy-2007 is to be adopted. The Ministry of Railways has issued Entitlement Matrix which covers category wise various Entitlements available to Project Affected Persons based on the relevant Para's of NRRP-2007. The compensation package offered by DFCCIL is one of the best in the country includes e.g. additional assistance to take special care for weaker sections like SC/ST/Vulnerable groups.

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 with the active participation of affected families. DFC has formulated Resettlement Policy Framework (RPF) to take appropriate resettlement and rehabilitation measures for persons / households adversely affected due to implementation of DFC project. Social Impact Assessment studies have been conducted for EDFC & WDFC to meet the World Bank & JICA safeguard policy. Resettlement Action Plan (RAP)

and Social Impact Assessment (SIA) study was carried out in Bhaupur-Khurja section (APL-1) of EDFC and report was finalized in consultation with the World Bank. SIA was conducted for 8 ROBs (APL-1), Mughalsarai-Bhaupur (APL-2), Khurja-Ludhiana (APL-3) in EDFC and Dadri-Khurja section. Similarly in WDFC, Environment Social Impact Assessment (ESIA) has been carried out for phase-2 (Vadodara-Mumbai, Dadri-Rewari sections), 140 km Kalol-Iqbalgarh (Phase-3) as well as IEE for Hisar line & Rewari ELMD.

DFC addresses needs and concerns of the Project Affected Persons (PAPs) by emphasizing their participation and by extending necessary support to them in the R&R process. As an additional safeguard measure, the Grievance Redress Mechanism provides for addressing legitimate concerns/problems of affected individuals and groups who may consider themselves deprived of appropriate compensation, resettlement or rehabilitation benefits as available under the Resettlement Policy Framework designed for the implementation of DFC Project. Grievance Redressal Committee (GRC) has been constituted for Khurja – Bhaupur section at Project level and district level. The committee constituted at project level is posted at DFCCIL website. GRC at field level (district level) for Khurja – Bhaupur section) has also been formed. This will be followed in other section also.

The Social and Environment Management Unit (SEMU) headed by General Manager/LA&SEM/EC is responsible for monitoring the performance at the project level and the CPM offices are responsible for monitoring the performance at the field level. Performance Monitoring involves periodic field visits by SEMU and continuous implementation monitoring by the CPM and his staff including the Deputy CPM, APM-Social and the facilitating NGOs. This process of performance monitoring will be supported by the Social and Environment Safeguard Monitoring and Review Consultant (SESMRC) appointed by DFCCIL, who will prepare monitoring reports and suggest operational remedies in the Land Acquisition & Rehabilitation Resettlement Implementation process if required. Due to increased activities and for focus attention, the corridor wise bifurcation of Social and Environment Management Unit has been done in the last quarter by nominating GM/SEMU for Western Corridor.

Opening of 66 Kms. of Dedicated Freight Corridor between Sonnagar-Mughalsarai - An important decision was taken to commission 66 Kms of DFC between Sonnagar-Mughalsarai sections by December, 2013 and also expedite construction of balance 40 Kms between Durgawati to Mughalsarai by July, 2015. Steps have been taken to finalize all works relating to equity funded part of DFC ahead of main target of March, 2017.

B. Major Contracts

During the period under review, the company has the following major contracts under progress:

WESTERN CORRIDOR

(A) Works Contracts: IR Funded

Design and Construction of Important and Major Bridges (54) of Western Freight Corridor between Vaitarna and Uttran (approx.200Kms) on Vasai-Baruch section in the states of Maharashtra and Gujarat, India on lump sum contract basis. (Contract Agreement no.HQ/EN/WC/Bridges/D&B/1/Soma dated 17-03-2009). The Physical as on 31-03-2012 is 37%.

(B) Consultancy Contracts: IR Funded

The contract Agreement (Contract Agreement No. HQ/EN/WC/Bridges/PMC/1/Span Dated 12-06-2009) for Project Management Consultancy for Design and Construction of Important and Major Bridges(54) of Western Freight Corridor between Vaitarna and Uttran (approx.200Kms.) on Vasai-Baruch section in the states of Maharashtra and Gujarat has been executed on 12-06-2009.The work is in continuation. The Currency of the Contract is 42 months which would lapse during Sept-2012

(C) Consultancy Contracts: JICA Funded

Engineering Consultancy Services Contract for the work of construction of WDFC from Rewari to Vadodara (Phase-1 of the project) has commenced on 13-06-2010.

- Bid document for Combined Civil, Building and track package-1&2 were submitted.
- Pre-qualification documents for EMP-4 & STP-5 were submitted by the Consultants.
- Most of field Activities for the 140 Km realignment for the ESIA and RRP were completed barring the ones due to public resentment.

Engineering Consultancy Services Contract for the work of construction of WDFC from JNPT to Vadodara and Rewari to Dadri (Phase-2 of the project) has commenced on 05-12-2011.

- Inception report was submitted

(D) Work Tenders: JICA Funded

1. Consequent upon JICA 'NOC' Issue of Information For Proposal (IFP) for Pre-Qualification Pkg.CTP1&CTP 2 (Rewari-Iqbalgarh Section of Western Dedicated Freight Corridor-Civil,

Building & Track Works) was issued on 18th November, 2011. Two applicants were declared Prequalified. Accordingly Bid Documents were issued to bidders for submission of Bids on 30.06.2012. In view of restricted competition, the Package CTP -1 & CTP-2 was combined as one Package after getting concurrence of JICA. The date of submission of Bids is 30-10-2012. The Contract for the combined Package CTP-1&2 is likely to be awarded during January, 2013.

2. Pre-Qualification Applications for the Design and Construction of Special Steel Bridges across Mahi and Sabarnati rivers Package-3A, were invited 30-12-2011. The PQ Applications were submitted on 19-03-2012.
 - The Evaluation Report of PQ has been sent to JICA on 16-08-2012 for NOC. The Bid Document for Package-3A has been sent to JICA for NOC on 12-07-2012 and pursuant to JICA's NOC, would be issued to Pre-qualified Applicants.

EASTERN CORRIDOR

(A) Works Contracts: IR Funded

1. Design and Construction of formation including Blanketing, Major Bridges, Minor Bridges, RUBs, ROBs, supply and spreading of Ballast and other related Infrastructural works for Dedicated Freight Corridor from chainage 14.108 Km (near New Karwandliya) to chainage 119.437 Km. (Near New Ganj Khwaja) (Approximate 105 Kms) on Mughalsarai-Sonnagar section of Eastern Corridor in the states of Bihar and Uttar Pradesh.
 - Physical work between New Karwandliya to Durgawati stations is in full swing. Earth work completed up to the end of financial year was 22.4 Lakh cum i.e. 86% of scope. Out of 125 Minor Bridges, casting of foundation for 104 Bridges was completed. Casting of Precast Boxes for all bridges was completed. Out of two Major Bridges (Br. No.611 & 615A), Pile work was completed for both the bridges and Pile caps for Br.No.611 was also completed.

Some photographs highlighting the progress of the work are as under :



(B) Consultancy Contracts:

1. **Project Management Consultancy Services to facilitate Construction of formation Including blanketing, Major Bridges, Minor Bridges, RUBs, ROBs, Supply and Spreading of Ballast and other related Infrastructural works for Dedicated Freight Corridor from Chainage 14.108 Km (Near New Karwandiya) to Chainage 119.437 Km (Near New Ganj Khawaja) (Approx.105 Kms.) on Mughalsaral-Sonnagar Section of Eastern Corridor In the states of Bihar and Uttar Pradesh In India.**
 - **PMC work is in progress for execution of the civil work.**

2. **Detailed Environment Impact Assessment of Mughalsaral-Khurja Section (about 726 km) on Eastern Dedicated Freight Corridor.**
 - **Environmental Impact Assessment for Phase-I Bhaupur - Khurja section has been completed.**
 - **Environmental Impact Assessment for Phase-II Mughalsaral - Bhaupur section has also been completed.**

3. **Detailed Social Impact Assessment of Mughalsaral-Khurja Section (about 726 km) on Eastern Dedicated Freight Corridor.**
 - **Social Impact Assessment for Phase-I Bhaupur-Khurja section has been completed.**

4. **Consulting Services for Civil Engineering Proof Consultancy for Khurja-Bhaupur section of Eastern Freight Corridor.**
 - **Work completed.**

5. **General Consultancy Services for the Work of Double Line Electrified Railway track along with Signaling and Telecommunication system and related Infrastructure for Bhaupur-Khurja section of Eastern DFC.**
 - **Bid Document for CST contract finalized. Pre-Qualification process for CST contract completed. First stage technical proposal received & evaluation is in progress. Pre-Qualification document & System Bid document under finalization In consultation with World Bank.**
 - **Pre qualification document for Signaling, Telecommunication and Electrical Works for Khurja-Bhaupur section is under finalization In consultation with World Bank. Bid document for Signaling, Telecommunication and Electrical Works is under preparation.**

6. **Design Review Consultancy Services for Khurja-Bhaupur section of Eastern Dedicated Freight Corridor.**

- Review of Design Specifications and performance specification for first design-build lump sum contract of Khurja–Bhaupur section has been completed.
7. Detailed Engineering Construction Survey of the proposed alignment of the section, preparation of land Plan and Land Acquisition Proposal as per Railway (Amendment) Act, 2008, Identification of utilities & preparation of schedule of quantities for construction of Dedicated Freight Corridor from Dankuni at Km 14.81 to Dhanbad at Km 270.88 (Approx. route length of 256 Kms) on Eastern Dedicated Freight Corridor.
 - Survey work has been completed. Land acquisition process has also started.
 8. Detail Engineering Construction Survey of the proposed alignment of the section, preparation of land Plan and Land Acquisition Proposal as per Railway (Amendment) Act, 2008, Identification of utilities & preparation of schedule of quantities for construction of Dedicated Freight Corridor from Dhanbad at Km 270.88 to Sonnagar at Km 549.04 (Approx. route length of 278 Kms.) on Eastern Dedicated Freight Corridor
 - Survey work of parallel portion along with Gaya Detour has been completed. Survey work in Kodarma Detour and land related activities are In progress.

(C) Works Tenders:

Civil, Structure and Track Works - Phase I of Eastern Corridor (Bhaupur to Khurja 343 Kms.) World Bank Funded

1. Design and Construction of Civil, Structures and Track Works for Double Line Railway Involving formation in Embankments/Cuttings, Ballast on Formation, Track works, Bridges, Structures, Buildings including Testing and commissioning on Design-Build lump sum basis for Bhaupur-Khurja section of Eastern Dedicated Freight Corridor.
 - Pre-Qualification process was completed during the year. Out of 27 applicants who have submitted applications, 14 were declared eligible and qualified. Bid document launched on 24.12.2011 and issued to all pre qualified bidders. 13 bidders submitted their first stage technical proposal on 30.03.2012.
 - First stage technical evaluation is in advance stage and work is expected to be awarded during the financial year 2012-13.
2. Design, procurement, Construction of Track and track related works and its testing & commissioning for double track electrified railway line on a Design Build Lump Sum Basis from New Karwandiya (Rly. Km. 564) to Durgawati (Rly. Km. 630) approx. 66 KMs on Mughalsara-Sonnagar Section of Eastern Dedicated Freight Corridor.

- Pre-qualification process for above tracks works was completed. Bid document for track works was prepared in house and bids invited.
- Bids received on 30.05.2012 and tender awarded in the month of July-2012 after the closure of financial year under review.

System Works Tender (Son Nagar-Mughalsarai): IR Funded

1. Design, Construction, Supply, Installation, Testing and Commission of 2x25 KV Electrification, Signalling & Telecommunication and associated works for double track electrified Railway line on a Design Build Lump Sum Basis from New Karwandiya (Rly. Km. 564) to Durgawati (Rly. Km. 630) approx. 66 KMs on Mughalsarai-Son Nagar Section of Eastern Dedicated Freight Corridor.
 - Pre-qualification of bidders was invited upto March 2012.
 - PQ finalised in June-2012. Bid to be invited shortly.

D. Future Corridors:

Railway Board has directed DFCC to get PETS for the following future Dedicated Freight Corridors:

- (i) East-West Corridor (Kolkata – Mumbai)
- (ii) North-South Corridor (Delhi – Chennai)
- (iii) East Coast Corridor (Kharagpur – Vijayawada)
- (iv) Southern Corridor (Chennai – Goa)

Work of Preliminary Engineering-cum-Traffic Survey (PETS) for above future Corridors was awarded to M/s RITES Ltd., Gurgaon. Interim Report for all the four corridors was received. The work of detailed survey is in progress.

- E. **Elimination of Level crossings on Dedicated Freight Corridor** – There are 1156 level crossings on Eastern and Western Corridors and these are of major irritant in train operation and safety. A very important decision was taken by Ministry of Railways to replace all level crossings where DFC and Zonal Railways are parallel and DFC has made estimated provision of RUBs and ROBs.

4. COMPLIANCES

A. Rajbhasa (Official Language)

In DFCCIL, special emphasis is being given to ensure maximum use of Hindi in official dealings i.e. in office notings and communication with other constituents. During the period from 01.04.2011 to 31.03.2012, lot of activities to promote use of Hindi were initiated.

Official Language Implementation Committee meets every quarter. In DFCCIL, these meetings were held regularly in Corporate Office. Members of the Railway Hindi Salahkar Samiti were quite satisfied with the progress and initiatives taken in DFCCIL to promote the use of Hindi in office notings, dictation and routine work. A quarterly progress report regarding use of Hindi was submitted to Railway Board for onward submission to Ministry of Home Affairs.

Rajbhasha Pakhwada was organized in DFCCIL from 14.09.2011 to 28.09.2011. During the Pakhwada, different competitions were arranged and the prizes were distributed to the winners. To keep the tempo, the awards were distributed at the hands of Member of Railway Hindi Salahkar Samiti and Managing Director. Hindi workshops were organized regularly in an effort to inculcate the habit of doing more and more work in Hindi, and to remove any doubts/elucidation. Employees were made aware of the various incentives for qualifying certain exams in Hindi and for other Hindi promotional schemes. The website of DFCCIL is updated from time to time in Hindi. To ensure the compliance of Section 3(3) of Official Languages Act, all the office orders, land acquisition and gazette notifications are issued bilingually.

Recently a new Hindi Library established in DFCCIL Corporate Office. All the officers and employees are taking full advantage of this newly established Hindi Library.

B. Right to Information Act, 2005.

The Right to Information Act seeks to provide for setting out the practical regime of right to information for citizens 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.

The Company has appointed Central Public Information Officer, whose names are posted on the website of the Company. During the year under review company received approx. 126 RTI applications and all cases were disposed off within the stipulated time.

C. MCA 21 E-filing

In terms of Companies (Electronic Filing and Authentication of Documents) Rules, 2006, the Company has filed all the statutory forms and returns electronically during the year under review.

D. Memorandum of Understanding

During the period under review, in terms of the MoU Guidelines issued by Department of Public Enterprises, a Memorandum of Understanding (2012-13) was signed on 15.03.2012 with Ministry of Railways after discussion with the Task Force of Transport & Tourism Syndicate.

In terms of the MoU (2012-13) between Ministry of Railways and DFCCIL, Company is to achieve Project related Parameters, Dynamic parameters, Corporate Social Responsibility Parameters, Human Resource Management, Sustainable Development, Sector Specific and Enterprise Specific Variables.

The Company has been ranked under the "Good" grading of MoU for the year 2010-2011 by the Department of Public Enterprises.

E. Vigilance

Vigilance is an integral part of Management and plays a vital role in Integrity Management in any Organization. It can help in enhancing Image of an Organization by enhancing transparency, curbing scope of corrupt practices and strengthening and streamlining of systems and processes. The year 2011-12 was a significant year from the point of view of vigilance activities in the organization as a full time dedicated vigilance unit was set up in the Company, beginning with posting a full time Chief Vigilance Officer (C.V.O.) in April 2011. At present, the C.V.O. is supported by a Deputy General Manager (DGM), two full time Managers, and two other part-time Officers at Manager/Assistant Manager level.

The brief highlights of the work done during 2011-2012 by the vigilance are:

- (a) **Complaints:** A total of 12 complaints were received through CVC/Railway Board/ Individuals. All the complaints received through CVC/Railway Board were finalized and no complaint was pending at the end of the year. Only one complaint regarding alignment in Mumbai unit received directly by the vigilance unit was pending for over a month.
- (b) **Preventive Checks:** A total of 15 preventive checks were carried out during the year, out of which 09 cases were finalized by the end of the year.
- (c) **Results:** As a result of investigation of various complaints as well as preventive checks, Irregularities were detected and 06 major penalties, 06 minor penalties and 02 recorded warning were recommended against senior officers during the year.
- (d) **Enhancing efficiencies in the organization through Predictive, and Preventive Vigilance:**
Considerable attention was provided to strengthening of predictive and preventive vigilance and in one case of Bhabhua R.O.B., a saving of ₹ 50 Crores was achieved as a result of such activities through improved alignment that significantly reduced need for land acquisition, which were projected at unusually high rates of ₹ 7.56 Crores per hectare awarded in the Bareilly Village of Kaimur district by the Bihar as against ₹ 20-25 Lacs per hectare in the adjoining areas of U.P.

As a result of activities relating to preventive vigilance, a number of recommendations for systems improvement were made to the management which have led to adoption of:

- I. Complaint handling policy
- II. Manual of Office Procedure
- III. HR Policies
- IV. Duty Lists of most officers to ensure accountability
- V. Land Acquisition guidelines
- VI. Electronic File Tracking System

The year also saw implementation of a number of key recommendations for systems improvement, including:

- I. Whistle blower policy
- II. Linking of vigilance clearances to submission of Annual Property Returns
- III. Uploading of all tenders on website to ensure transparency in procurements
- IV. Preparation of Finance Manuals
- V. Preparation of Works Manual

(e) Awareness Building and Participative Vigilance:

An interactive conference on 'Participative Vigilance' was organized in DFCCIL on 31.10.2011. The conference was chaired by Shri R.K. Gupta, Managing Director/DFCCIL and was attended by all the senior officers of the corporation as well as Executive Director/Vigilance/Engineering Railway Board.

The participants were encouraged to express their views regarding strengthening of vigilance as a shared concern and achieving the goal of building an organization committed to highest standards of ethics, professionalism, and integrity.

The issues of integrity were also addressed in various other sessions organized for senior officers to create greater awareness apart from circulation of CVC Guidelines and CTE Guidelines from time to time.

(f) Key activities planned for 2012-2013:

- I) A Draft Vigilance Manual for DFCCIL was prepared during 2011-12 and suggestions sought from the officers. The manual shall be finalized during 2012-13. The Vigilance Manual is an effort to compile various circulars issued by Government of India, Central Vigilance Commission, Railway Board Vigilance, guidelines on design and build contracts and various case studies which are of immediate relevance to officers working in the organization.

- ii) Implementation of ERP in order to leverage technology in vigilance management.
- iii) Implementation of on-line vigilance clearance system.

5. INFORMATION TECHNOLOGY AND DEVELOPMENT

Year 2011-12 has been historic in DFCCIL's journey for creating an organization which is integrated and geared for effective decision making through near real time access to information. DFCCIL has embarked on a project to create and deploy a world class enterprise-wide integrated IT system to automate its core organizational business functions and provide each employee with an environment to conduct its regular office activities more efficiently and effectively.

Under funding from World Bank, DFCCIL in the month of July 2011 released an International Competitive Bidding (ICB) document for selection of System Integrator (SI). Bids were scrutinized and through a rigorous QCBS (Quality cum Cost Based Selection) process, an SI was finalized. Contract for integrated IT system was awarded in March 2012.

In many ways, the enterprise wide IT plan, currently under implementation is a pioneering initiative. Using a centralized SAP ERP (Enterprise Resource Planning) software platform combined with Oracle Database for Geographical Information System, the IT solution aims at preparing DFCCIL not just for the construction phase but also the operation and maintenance phase. Modules include Financial Management, Human Resource Management, Project Management and Enterprise Asset Management. The solution would provide dashboard and GIS based reporting, enabling effective decision making by senior management. The project would also link CPM offices to HQ over a MPLS (Multi Protocol Label Switching) based WAN (Wide Area Network). The project is planned for completion within year and half.

6. INDUSTRIAL RELATIONS

During the year under review, the industrial relations remained peaceful and harmonious. The 5th foundation day of DFCCIL was celebrated on 30th October, 2011 with great zeal and enthusiasm at National Rail Museum, Chankyapuri, New Delhi. The ceremony was inaugurated by Shri Vinay Mittal, Chairman DFCCIL & Railway Board by lighting lamp and addressed the august gathering. He emphasized on the urgency to accelerate the progress of all the relevant activities of the project. Shri R.K. Gupta, Managing Director, reinforced the organization's resolve to galvanize efforts to push for rapid momentum in attaining desired progress.

7. BOARD OF DIRECTORS

During the year under review, there was change in the composition of the Board of Directors of the Company on account of appointments and cessation, which is as follows:

- a. Shri Anshuman Sharma, Ex-IRSE, GM, IRCON has joined on 05.04.2011(FN) as Director (Project Planning) DFCCIL for a period of five years with effect from the date of assumption of charge of the post or till the date of his superannuation or until further orders, whichever is earlier, subject to the outcome of WP(C) 6080/2010 In Delhi High Court In the matter of Sh. B.B. Saran.
- b. Vide Railway Board Letter No. 2007/Infra/6/4/Pt.I dated 08.04.2011, the President of India nominated Sh. Ranjan Kumar Jain, Advisor (Infra)/ Railway Board as a part time Director on the Board of DFCCIL In place of Sh. R. N. Bartarya, Ex-Advisor (Infra), who has since transferred.
- c. Vide Railway Board's Letter No 2010/ E(O)II/40/25 dated 09.05.2011, President of India approved the appointment of Shri. R.K. Gupta, CAO(Con) Northern Railway as Managing Director /DFCCIL on deputation basis , with exemption of the post from the rule of immediate absorption, initially for a period of two years, which could be extended for a total tenure of five years, on year to year basis, after annual review of performance . He assumed the charge of Managing Director on 10.05.2011 (FN).
- d. Vide Railway Board's letter no. 2009/Infra/6/2 dated: 08.07.2011, the President of India appointed Sh. Vinay Mittal, Chairman Railway Board as a part time Chairman on the Board of DFCCIL with immediate effect till he holds the post of Chairman/Railway Board or further orders, whichever is earlier.

The following Directors cease to be hold office during the financial year 2011-2012

- a. Sh. R.N. Bartarya, Ex-Advisor (Infra) ceased to hold the office of part time official Director w.e.f. 08.04.2011 vide Railway Board's letter No.2007/Infra/6/4/Pt.I dated: 08.04.2011.
- b. The President of India accepted the resignation of Sh. M. Damodaran from the position of part time official Directors on the Board of DFCCIL vide Railway Board's letter No. 2008/Infra/6/1/Pt.II dated: 08.04.2011.
- c. Sh. Vivek Sahal, Ex. Chairman Railway Board ceased to hold the office of part time Chairman w.e.f. 08.07.2011 vide Railway Board's letter No.2007/Infra/6/4/Pt.I dated: 08.07.2011.

The following Director holds office after the closure of the financial year 2011-2012

- a. Sh. R.S. Sharma, Ex-CMD, ONGC joined as part time non official Director on the Board of DFCCIL w.e.f. 25.04.2012.

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.	Sh. Vinay Mittal	Part Time Chairman (Official)	08-07-2011
2.	Sh. R. K. Gupta	Managing Director	10-08-2011
3.	Sh. R. K. Sinha	Director (Finance)	17-09-2007
4.	Sh. P. N. Shukla	Director (Operation & Business Development)	15-10-2007
5.	Sh. A. K. Dutta	Director (Infra)	01-04-2010
6.	Sh. Anahuman Sharma	Director (Project Planning)	05-04-2011
7.	Sh. Ranjan Jain	Part Time Director (Official)	08-04-2011
8.	Sh. Gejendra Haldea	Part Time Director (Official)	02-05-2008
9.	Sh. D. T. Joseph	Part Time Director (Non official)	14-05-2010
10.	Sh. Bhaskar Gupta	Part Time Director (Non official)	23-11-2010
11.	Sh. R. S. Sharma	Part Time Director (Non official)	25-04-2012

8. AUDITORS

M/s. Jain Chopra & Co. Chartered Accountants, New Delhi, were re-appointed as Statutory Auditor of the Company by the Comptroller and Auditor General (C&AG) of India for the financial year 2011-2012.

9. AUDITORS' REPORT

The Auditors' Report submitted by M/s Jain Chopra & Co. Chartered Accountants, along with Notes to the Financial Statements is self-explanatory.

10. COMMENTS OF THE COMPTROLLER & AUDITOR GENERAL OF INDIA

The comments of the Comptroller & Auditor General of India on the accounts of the Company for the year ended 31st March, 2012 forms an integral part of Annual Report 2011-2012.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The particulars is required to be disclosed pursuant to section 217 (1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 in respect of the Conservation of Energy and Technology Absorption shall be treated as Nil.

However, the Foreign Exchange Earnings and Outgo during the period under review are:

Foreign Exchange Earnings	– NIL
Foreign Exchange Outgo	– ₹ 93,56,684/- out of which
Subscription fees for IT	– ₹ 18,12,237/-
Tour & Travel Expenses	– ₹ 4,72,678/-
Seminar Training Fee	– ₹ 5,91,702/-
Project Consultancy Services	– ₹ 43,93,281/-
L.C. Opening Charges	– ₹ 17,78,482/-
Bank Charges JICA Loan	– ₹ 3,08,304/-

12. PARTICULARS OF EMPLOYEES/DIRECTORS' REMUNERATION.

Information as per section 217 (2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time is not required to be disclosed as none of the employees and Directors was in receipt of remuneration in excess of the limits prescribed therein.

The total cost of managerial remuneration during the financial year 2011-12 is ₹ 1,40,05,502/- out of which total remuneration value is ₹ 1,13,01,889/- and the value of perquisites is ₹ 27,03,613/-.

13. DIRECTORS' RESPONSIBILITY STATEMENT UNDER SECTION 217 (2AA) OF THE COMPANIES ACT, 1956.

As required in terms of section 217 (2AA) of the Companies Act, 1956, the Directors confirm that:

- In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- The Directors have selected such accounting policies, applied them consistently, and made judgment and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company for that period.
- The Directors had taken proper and sufficient care for the 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 fraud and other irregularities.
- The Directors had prepared the annual accounts on a going concern basis.

14. CORPORATE GOVERNANCE

As per the Guidelines on Corporate Governance Issued by Department of Public Enterprises, following forms an integral part of this Directors' Report.

A "Corporate Governance Report placed at Annexure "A" highlighting 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.

Certificate of compliance of Corporate Governance obtained from practicing Company Secretary placed at Annexure "B."

A "Management Discussion and Analysis Report" placed at Annexure "C."

15. 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

Place: New Delhi

Dated: 03rd September, 2012

Sd/-
(Vinay Mittal)
Chairman

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 in writing 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

On the date of the report, the total strength of the Board of Directors of the Company is eleven comprising of five whole-time Directors, one part time Chairman, two part-time official Directors (nominee) from Ministry of Railways and Planning Commission respectively and three part time non-official Directors (Independent). 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.

Following directors have joined the Board during the financial year 2011-12.

- a. Vide DFCCIL office order no. HQ/HR/P.File/293 dated 05.04.2011, Sh. Anshuman Sharma ex-IRSE, GM/IRCON has joined on 05.04.2011(FN) as Director (Project Planning) DFCCIL for a period of five years with effect from the date of assumption of

- charge of the post or till the date of his superannuation or until further orders, whichever is earlier, subject to the outcome of WP(C) 6080/2010 in Delhi High Court in the matter of Sh. B.B. Saran.
- b. Vide Railway Board Letter No.2007/Infra/6/4/Pt.I dated 08.04.2011, the President of India nominated Sh. Ranjan Kumar Jain, Advisor (Infra)/ Railway Board as a part time Director on the Board of DFCCIL In place of Sh. R. N. Bartarya, Ex-Advisor (Infra), who has since transferred.
 - c. Vide Railway Board's Letter No 2010/ E(O)II/40/25 dated 09.05.2011, the President of India approved the appointment of Sh. R.K. Gupta, CAO(Con) Northern Railway as Managing Director/DFCCIL on deputation basis, with exemption of the post from the rule of immediate absorption, initially for a period of two years, which could be extended for a total tenure of five years, on year to year basis, after annual review of performance. He assumed the charge of Managing Director on 10.05.2011 (FN).
 - d. Vide Railway Board's letter no. 2009/Infra/6/2 dated: 08.07.2011, the President of India appointed Sh. Vinay Mittal, Chairman Railway Board as a part time Chairman on the Board of DFCCIL with immediate effect till he holds the post of Chairman/Railway Board or further orders, whichever is earlier.
 - e. During the absence of Sh. R.K. Sinha, Director/Finance, w.e.f. 17.10.2011, the Administrative work was looked up by Director (OP&BD) as per the standing arrangements and for finance matters, the duties were looked up by Sh. C.M. Jindal, GGM/Finance. In terms of Office order no. HQ/HR/P.File/102, dated: 15.12.2011 any financial matter requiring approval of Director/Finance as also all the matters of statutory nature were looked after by the Managing Director. However, the Administrative work of the post of Director/Finance was looked after by Director (OP&BD) as per the standing arrangement.

Following directors have joined the Board after the closure of the financial year 2011-12.

- a. Vide Railway Board's letter no. 2008/Infra/6/1 dated: 25.04.2012, the President of India has appointed Sh. R.S. Sharma, ex-CMD, ONGC as non-official part time Director on the Board of the Company with effect from 25.04.2012 for a period of three years or until further orders, whichever is earlier.

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 2011-2012 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 2011- 2012(during their respective tenures)	No. of Board meetings attended (during their respective tenures)	Last AGM attended
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(I) Chairman (Part-time official)

1.	Chairman/ Railway Board	Sh. Vinay Mittal (held office from 08.07.2011)	As Chairman-1 As Member-3	Nil	5	5	Yes
2.	Chairman/ Railway Board (held office upto 30.06.2011)	Sh. Vivek Sahal (held office from 02.06.2010)	As Chairman-1 As Member-2	NA	3	3	NA

(II) Whole-time Director

1.	Looking after Managing Director (held office upto 10.05.2011)	Sh. A.K. Dutta (Held office from 22.03.2011)	1	Nil	1	1	NA
1(a)	Managing Director	Sh. R.K. Gupta (Held office from 10.05.2011)	1	Nil	7	7	Yes

2	Director (Finance)	Sh. R.K. Sinha (Held office from 17.09.2007)	1	Nil	5	4*	Yes
3	Director (Operations & Business Development)	Sh. P.N. Shukla (Held office from 15.10.2009)	1	Nil	8	8	Yes
4	Director (Project Planning)	Sh. Anshuman Sharma (Held office from 05.04.2011)	1	Nil	8	8	Yes
5	Director (Infrastructure)	Sh. A.K. Dutta (held office from 01.04.2011)	1	Nil	8	7	Yes

(III) Director (Part-time official)

1	Advisor (Infra) /Railway Board (held office up to 08.04.2011)	Sh. R.N. Bartarya (held office from 12.07.2010)	1	Nil	Nil	Nil	NA
2	Advisor (Infrastructure) /Railway Board	Sh. Ranjan Kumar Jain (held office from 08.04.2011)	1	Audit Committee (Member)	8	8	Yes
3	Advisor of Deputy Chairman, Planning Commission	Sh. Gajendra Haidee (held office from 02.05.2008)	1	Nil	8	8	NO

(IV) Independent Directors (Part Time non official)

1.	Part Time non-official	Sh. D.T. Joseph (held office from 14.05.2010)	7	Audit Committee (Member) -4 Audit Committee (Chairman)-1 Shareholders Grievance (Member)-1	8	8	Yes
2.	Part Time non-official	Sh.M. Damodaran (held office from 14.05.2010 to 08.04.2011)	NA	NA	Nil	Nil	NA
3.	Part Time non-official	Prof. Sh. Bhaslar Gupta (held office from 23.11.2010)	1	Audit Committee (Member) -1	8	8	No
4.	Part Time non-official	Sh. R.S. Sharma (held office from 25.04.2012)	NA	NA	NA	NA	NA

NOTES:

1. The Directorships and memberships in the Committees being held by the Directors are within the limits laid down under Companies Act, 1956. For the purpose of Section-275 of Companies Act 1956, the Directorship in a private company which is neither a subsidiary nor a holding company of a public company is excluded.
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 Planning Commission.
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 and the Shareholders' Grievance committee alone is taken.
6. The word "NA" denotes "Not Applicable" as either the concerned Directors have joined the Board
after the financial year 2011-12 or the relevant parameter has not fallen due during their tenure.
7. The * in column-II (2) above indicates the number of meetings attended upto October, 2011.

During the financial year 2011-2012, the Board of Directors met eight times to transact the business and have complied with the provisions of Companies Act, 1956 read with the DPE guidelines relating to Board Meetings. In all cases of absence of Director, Leave of Absence was granted under clause (g) of sub section (1) of section 283 of the Companies Act, 1956.

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 2011	27.04.2011, 17.06.2011, 28.06.2011
2.	For the quarter ended September 2011	29.08.2011
3.	For the quarter ended December 2011	15.10.2011, 01.12.2011
4.	For the quarter ended March 2012	10.02.2012, 16.03.2012

Brief Resume of Directors appointed after the financial year 2011-2012.

I Sh. Radhey Shyam Sharma, Part-time non-official Director, DFCCIL, w.e.f. 25.04.2012

Sh. R. S. Sharma is the former Chairman and Managing Director of India's premier national oil company- Oil and Natural Gas Corporation Ltd (ONGC). He was also concurrently the Chairman of ONGC Videsh Ltd (OVL), Mangalore Refinery & Petrochemicals Ltd (MRPL) and five other ONGC Group companies during 56 month period May-06 to Jan-11.

He joined the ONGC Board as Director (Finance) in March, 2002. Before joining ONGC Board, he was appointed as Director (Finance) of ONGC Videsh Limited – a wholly owned subsidiary of ONGC in January, 2002; the position he concurrently held till November, 2002. He became the Chairman and Managing Director of ONGC in May, 2006.

Sh. R. S. Sharma, a Fellow Member of the Institute of Cost & Works Accountants of India and an Associate Member of the Indian Institute of Bankers, has participated in various management programmes in India and overseas. Prior joining ONGC in the middle management level, he has functioned as Regional Head of Finance for overseas operation of another PSU. He had over 10 years banking experience with specialized experience in Credit Appraisal.

He was intensely associated with various industry associations and federations in highly responsible capacities. He continues to hold the position of Chairman-FICCI Hydrocarbon Committee.

An honorary fellow of Institute of Directors (IOD), All India Management Association (AIMA) and Project Management Association of India (PMA), he had led ONGC and Group companies to a commendable height of corporate excellence. It is not only that he was instrumental for ONGC getting numerous awards and accolades for its various activities; he himself was also conferred with several prestigious awards and accolades.

Out of his personal accolades few are worth mentioning, like CNBC TV18 CFO Award in 2005, 2006 and 2007; Amity Corporate Leadership Award in 2009; CII Outstanding performance Award in 2010; ICONOCLAST CEO Award in 2010 and Star Lifetime Achievement Award for HR Leadership in February, 2011.

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. During the year under review, the Audit Committee was re-constituted as under in line with section 292A of the Companies Act, 1956 read with the DPE guidelines.

In view of Railway Board's letter No. 2007/Infra/6/4/Pt.I dated 08.04.2011, nominating Sh. Ranjan Kumar Jain, Advisor (Infra)/ Railway Board as a part time official Director on the Board of DFCCIL in place of Sh. R. N. Bartarya, Ex-Advisor (Infra), who has since transferred and Railway Board's letter No. 2008/Infra/6/1/Pt. II dated 08.04.2011, accepting the resignation of Sh. M. Damodaran from the position of part-time non official Directors/DFCCIL, the Audit Committee of the Board was reconstituted by way of resolution passed by circulation on 23.04.2011 and was confirmed at the Board meeting held on 27.04.2011.

The composition and the Terms of Reference (ToR) of the Audit Committee were reviewed at the 34th Board meeting held on 07.08.2012 and Sh. R.S. Sharma was introduced as a Member of the Audit Committee.

The composition of the Audit Committee as on date is as follows.

S.No.	Member	Position	Date of holding the membership of the Committee
1	Sh. D.T. Joseph	Chairman	25.06.2010
2	Sh. Ranjan Kumar Jain	Member	23.04.2011
3	Sh. Bhaskar Gupta	Member	23.04.2011
4	Sh. R. S. Sharma	Member	07.08.2012

The Committee acts in accordance with the terms of reference of the Board (14.03.2008) which is:

- 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.
- To appoint an internal Auditor and to set the terms and conditions of appointment, including the remuneration payable and
- Any other matter brought to the notice of the Audit Committee by Board of Directors.

Additional Terms of Reference for the Audit Committee re-constituted on 25.06.2010

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.

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.

During the year under review, the Committee met 4 times on the following dates 27.04.2011, 27.06.2011, 24.08.2011, 22.12.2011.

Member	Position	Meetings held**	Meetings attended ***
Sh.D. T. Joseph	Chairman	4	4
Sh. Ranjan Jain	Member	4	3
Sh. Bhaskar Gupta	Member	4	4
Sh. R.S. Sharma	Member	NA	NA

** "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 his tenure.

4. REMUNERATION COMMITTEE

- I) In terms of Chapter 5 of the DPE guidelines on Corporate Governance, the Remuneration Committee of the Board was reconstituted in line with the DPE guidelines by way of resolution passed by circulation on 23.04.2011 and confirmed at the Board meeting held on 27.04.2011.

As on date of the report, the Remuneration Committee of the Board comprises of Sh. D.T. Joseph, Sh. Bhaskar Gupta and Sh. Gajendra Haldea, Part Time Directors of the Company as its members. Remuneration Committee will decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors, within the prescribed limits. The Committee will be headed by an Independent Director."

ii) Remuneration of Directors

DFCCIL, being a wholly owned Government Company under Companies Act, 1956, 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 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 sitting fee paid to the Part-time non official Directors for the financial year 2011-12 is detailed below:

S.No.	Name of the Director	No. of Board/Sub-Committee Meetings attended*	Sitting Fee (in ₹)
1	Shri D.T. Joseph	11	2,20,000
2	Shri Bhaskar Gupta	15	3,00,000
3	Shri R.S. Sharma	NA	NA

*This includes No. of Board meetings/Sub-Committee meeting (Audit Committee Meetings and HR Committee Meetings) attended by the Part time official Directors.

Disclosure on Remuneration package of whole time Directors for the year 2011-12:

S.No.	Name of the Director	Salary & Allowances (in ₹)	Other Benefits & Perks (in ₹)	Performance Linked Incentives (in ₹)	Retirement Benefits (in ₹)	Bonus/ Commission /Ex-gratia (in ₹)	Total (in ₹)
1.	Sh. R.K. Gupta Managing Director	20,71,803	6,96,129	0.00	0.00	0.00	27,67,932
2.	Sh. R.K. Sinha Director (Finance)	20,13,262	7,15,484	0.00	0.00	0.00	27,28,746

Disclosure on Remuneration package of whole time Directors for the year 2011-12:

S.No.	Name of the Director	Salary & Allowances (in ₹)	Other Benefits & Perks (in ₹)	Performance Linked Incentives (in ₹)	Retirement Benefits (in ₹)	Bonus/ Commission /Ex-gratia (in ₹)	Total (in ₹)
3.	Sh. P.N. Shukla Director (Opn. & BD)	23,21,822	6,10,000	0.00	0.00	0.00	29,31,822
4.	Sh. A.K. Dutta Director (Infra)	21,51,457	0.00	0.00	0.00	0.00	21,51,457
5.	Sh. Anshuman Sharma Director (PP)	20,47,416	6,82,000	0.00	0.00	0.00	27,29,416

- Note : 1.** Salary and Allowances includes Basic, DA, CTA, Sumptuary, tour allowance, medical allowance, magazine, tadh, electricity, furnishing, personal pay and arrear on salary.
- 2.** Other Benefits and Perquisites include payment for lease accommodation.

5. 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
3 rd	2008-2009	Corporate Office-Board Room, 5 th Floor Pragati Maidan Metro Station Building Complex, New Delhi-110001	15.09.2009	3.30 P.M
4 th	2009-2010	Registered Office-Committee Room, 2 nd Floor, Rail Bhawan, Raisina Road, New Delhi-110001	29.09.2010	5.00 P.M
5 th	2010-2011	Corporate Office-Board Room, 5 th Floor Pragati Maidan Metro Station Building Complex, New Delhi-110001	17.09.2011	12.30 P.M

Detail of special resolutions passed in the previous three AGMs.

AGM	Year	Subject Matter of the Special Resolution	Date	Time
3 rd	2008-2009	Nil	15.09.2009	3.30 P.M
4 th	2009-2010	Pursuant to the provisions of Section 293(1) (d) and other applicable provisions, if any, of the Companies Act 1956, the consent of the Company was accorded to the Board of Directors of the Company to borrow money.	29.09.2010	5.00 P.M
5 th	2010-2011	Nil	17.09.2011	12.30 P.M

6. DISCLOSURES

- A. There has not been a materially significant related party transaction.
- B. The Company has not been Imposed penalty by any statutory authority as a result of non-compliance.
- C. The Company has complied with the guidelines on Corporate Governance Issued by Department of Public Enterprises. In accordance with the guidelines, DFCCIL evolved a Code of Business Conduct and Ethics for its Board Members and Senior Management Personnel and has Included Corporate Governance and Management Discussion and Analysis Report in the Directors Report for the year 2011-2012.
- D. All Items 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.
- E. There are no personal expenses Incurred for the Board of Directors.
- F. The administrative expenses as a percentage of total expenses have Increased from 8.93% in 2010-11 to 13.45% in 2011-12.

7. MEANS OF COMMUNICATION

- 7.1 Annual Results - The audited annual financial results and Annual Report are displayed on DFCCIL website at www.dfccil.org.
- 7.2 Information and latest updates on Tenders/EOTs, details of tenders/contracts awarded, press releases, Mission and objectives of the Company can be accessed at company's website.
- 7.3 The Company publishes its quarterly Newsletter.
- 7.4 Public Information Brochure, February 2012 uploaded on the website of the Company explains main features of Dedicated Freight Corridor (DFC) Project, the policy framework of land acquisition, entitlement matrix, basic compensation policy, Resettlement and Rehabilitation mechanism and grievance redresses mechanism. This brochure is distributed to Public as an information dissemination process under the project by Dedicated Freight Corridor Corporation of India Limited (DFCCIL) as project implementing agency.

8. AUDIT QUALIFICATIONS

The Company has been putting all the efforts towards ensuring that financial statements are prepared in the most transparent manner resulting in unqualified financial statements. There have been no significant qualifications.

9. TRAINING OF BOARD MEMBERS

DFCCIL is concerned to take various training programmes for its officers/ employees. 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 programmes, from time to time.

10. 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. The duly approved Code of Business Conduct and Ethics for Board members and Senior Management came into force w.e.f. 1st day of April 2009. In terms of the 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 Board members and Senior Management Personnel. A declaration signed by the Managing Director affirming the compliance with the Code of Conduct by the Board members and Senior Management Personnel during 2011-2012 is placed at Annexure "D". The Code of Conduct is also posted on the Website of the Company www.dfccil.org

11. 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 – "B"



Ashish Kumar Gupta

Company Secretary

Address: A-16, Jitar Nagar, Parwana Road, Delhi-110051

Phone: 011-22025417, 9312210264

E-mail: guptaashish75@gmail.com

To the Members of
M/s. Dedicated Freight Corridor Corporation of India Limited
Regd Office: Room No 101/A,
Rail Bhawan, Raisina Road,
New Delhi-110001

**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 M/s. Dedicated Freight Corridor Corporation of India Limited. (Hereinafter referred to as "Company") for the Financial year ended on 31st March, 2012 as stipulated in the Guidelines Issued for Central Public Sector Enterprises 2010 effective from May 2010 (Hereinafter referred to as "Guidelines").
2. The Compliance of conditions of Corporate Governance is the responsibility of the Management. My examination is limited to review of procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said guidelines. It is neither an audit and nor an expression of opinion of the financial statement of the Company. My responsibility is to carry out an examination, on the basis of my professional judgment so as to award a reasonable assurance of the correctness and completeness of the records for the purpose of this certificate.
3. I 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 me.
4. I certify that in respect of the aforesaid financial year ended 31st March 2012, the company has complied with various provisions of the Guidelines in its Corporate Governance Report except:
 - a) Clause No. 3.1.4 relating to appointment of Independent Directors – Part Time Non Official
 - b) Clause No. 3.1.3 relating to composition of Board of Directors – Nominee Directors
 - c) Clause No. 3.6 relating to Integration and alignment of Risk Management System.
5. I 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 : Delhi
Date : 03.09.2012

Sd/-
Ashish Kumar Gupta
Company Secretary

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

INDUSTRY STRUCTURE AND DEVELOPMENTS

A country's development is strongly linked to its infrastructure strength and its ability to expand trade, cope with population growth, reduce poverty etc. Infrastructure is an input to production and raises the productivity of other factors. Infrastructure connects goods to the markets, workers to industry, people to services, and the poor in rural areas to urban growth centers. Transport infrastructure facilitates the transportation of people and goods. With strong economic growth over one decade, the rail system has reached super saturation stage. India plans to create over one lakh mega watt every five year plan, steel & cement sector doubling each five year plan, the rail infrastructure has to keep pace. With high economic growth and ever expanding logistics sector Indian Railways took decision to develop line capacity on business lines separately for freight and passenger on golden quadrilateral.

“Dedicated Freight Corridor Corporation of India Limited (DFCCIL)” is a Special Purpose Vehicle created to undertake planning & development, mobilization of financial resources and construction, maintenance and operation of Dedicated Freight lines. The Western DFC from JNPT to Dadri (1483 Kms.) with the superimposition of Delhi Mumbai Industrial Corridor Development Corporation Ltd has evinced keen interest for industrial development. The leveraging of potential of industrial growth and development along the Western DFC has already been entrusted to Delhi Mumbai Industrial Corridor Corporation of India Limited (DMICDC). DFCCIL is required to provide the matching rail transport logistics. Accordingly, 3 Logistic Parks on the section are planned at JNPT, Ahmedabad and Rewari. The Eastern Corridor from Ludhiana to Dankuni (1834 Kms.) is lifeline for power sector and other essential commodities like food grain & fertilizer serving mineral rich states of India.

STRENGTHS

Inadequacy of resources and time consuming processes of induction of trained manpower experienced in Railway construction, coupled with severe scarcity of middle management professionals in the Railways itself, is leading to serious impact on the pace of project implementation. Efforts made by the Corporation to induct fresh professionals from educational institutions by direct recruitment would eventually bear fruits after about 2 years by which time these fresh inductees would acquire basic working knowledge to be able to handle the engineering issues at the field level for project implementation.

The strength of the organization continues to bring encouraging results achieved in the activity of land acquisition on WDFC despite serious limitations encountered due to non-availability of comprehensive legal framework, e.g. framing of rules to deal with State-wise variation of revenue practices while acquiring land under RAA 2008. The problem of land acquisition in densely populated and highly industrialized stretch of Haryana, Gujarat and Maharashtra (Greater Mumbai) has also been tackled with the active support from concerned State Governments and sincere people-friendly approach by DFCCIL officials while acting as facilitators for acquisition of land. This would be evident from the fact that acquisition of 98% of the land in Contract Packages 1 & 2 from Rewari to Iqbalgarh in Haryana and Rajasthan has been completed and remaining 40% of land in Gujarat in Contract Package 3 of WDFC Phase-I (Rewari-Vadodara) is also in advance stages despite change in alignment in 140 kms of the stretch in this portion and re-processing of the entire land acquisition on this stretch of diverted alignment. Situation is similar in Eastern Corridor where 89% land has been acquired in Package 1, 2 & 3 of APL-1. Land acquisition is as per the target and more than 80% land shall be acquired before award of contract i.e. October, 2012.

On the social and environmental front also, there are no major issues and with the clearance of State Board of Wild Life for DFC to pass through Sanjay Gandhi National Park along with earlier clearance of State Board of Wild Life, Gujarat for Balaram Ambaji Wildlife Sanctuary and skirting of Thol Bird Sanctuary clearance already available, major hurdles can be seen to be addressed successfully. With subsequent clearance at National Board of Wild Life and Supreme Court Empowered Committee level, these key environmental issues are expected to be concluded in the current financial year. Serious social issues cropped up in 10 villages in Gandhinagar and 4 villages in Faridabad district have also been tackled with a cautious and people-friendly approach and these are expected to be concluded during the next financial year (2012-13). In EDFC, there is no National Park or Wildlife Sanctuary involved along the DFC alignment. However, one ASI protected through the 'Budhiya ka Tal' is involved in which case DFC alignment is passing through the regulated zone of the monument. DFCCIL's application for NOC is at advance stage of clearance with National Monuments Authority and it is expected to be granted shortly.

Further, in EDFC, EIA and SIA of Mughalsarai-Bhaupur, Dadri-Khurja and Khurja-Ludhiana sections have been completed successfully during the year. In fact, pre-project EIA & SIA activities are ahead of schedule.

During the year under review, number of procedures and policies were evolved. Office Procedure Manual, Financial Accounting Manual & HR Manuals and CSR Policy, Corporate Environment Policy and Corporate Safety, Health and Environment Policy were implemented and are committed to expedite the other manuals i.e. remaining Finance Manual, Vigilance Manual and Works Manual.

WEAKNESS

DFC requires 10703 hectares of Land spread over 3338 Kms for both Corridor. On the Eastern Corridor, DFC alignment passes through the States of West Bengal, Jharkhand, Bihar, U.P., Haryana, and Punjab. The Western Corridor passes through the State of U.P., Haryana, Rajasthan, Gujarat, and Maharashtra. 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. Time bound execution of the project is hindered on account of delays in getting approvals from the concerned authorities. Further, funds are to be provided by bilateral/ multi-lateral agencies in the form of loan and because of various loan covenants which have to be adhered to, there may be additional costs/ delays.

As reflected in previous year's management discussion, clarity, conviction and courage to handle the project of this complexity and magnitude with new technology and complexity ("Never done it before"), the courage and conviction deficit continues. On the aspect of clarity in a new organization like DFCCIL, there has been improvement in clarity as a result of organizational structuring. Grooving in of processes to establish its sturdiness is a time taking activity.

On the front of communication, both internal and external, it would be evident that the recent media projections reflect a proactive approach in external communication leading to image building. The problems of internal communications need further intense inputs to bring it up to the levels for speedy project implementation. Efforts are required to be intensified on all the four 'Cs' of the Corporation, namely – clarity, conviction, courage and communication, which are essential to build the last 'C', i.e. commitment.

OPPORTUNITY

With the keen interest of industry about the implementation of DFC project and its operationalization at the earliest by the people in general and industry specifically the opportunities are immense and accordingly these are being addressed through active involvement of DFCCIL in planning for 3 Multimodal Logistic Parks on WDFC apart from providing liberal connectivity to Indian Railway loading points and major traffic streams from various ports in Western Corridor, e.g. Dahej, Bharuch, Kandla, Gandhidham and Pipavav and various industrial sidings along the Western Corridor. The Eastern Corridor is linked to growth of power sector in India. In next 5 years or so, the coal movement to Northern states will be nearly double and newly created capacity will be fully utilized. One of the key objectives of DFC is to bring down the unit cost of operations which can only be achieved through heavyhaul & longhaul operations.

DFC project will bring about a quantum leap in rail transport capacity, efficient technology, and operational efficiency, contributing to national economy both directly and indirectly. Most important,

DFCCIL has a great opportunity to build world class infrastructure that has the capability of bringing about a paradigm shift in the transportation sector in India.

THREATS

The 'Land Acquisition' being a time consuming activity sometimes hinders the timely execution of national projects like DFC, resulting in cost and time overrun. The Project is funded by way of Loan from multilateral/bilateral lending agencies like World Bank and JICA. In terms of guidelines or Loan stipulations of lending agencies, the prior approval or consent are required for undertaking certain activities of the project, which is time consuming and also one of the serious threats posed by any project-implementing agency. 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, Planning Commission, 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. Further, short tenures in DFCCIL by staff deputed from Railways may pose a challenge of continuity.

STRATEGIES

The DFCCIL is acting as 'facilitator' to Ministry of Railways in the process of Land acquisition. The land acquired under the project will be owned by the Ministry of Railways as its asset. In process of acquisition, Corporation is committed to ensure compliance with National Rehabilitation and Resettlement Policy adopted by the Government of India, applicable regulations and to obtain necessary approvals. For DFC linear pattern of land acquisition will be followed for project design. The alignment has been designed to avoid minimize the demolition of permanent structures. Local communities, city planning areas, residential areas, swampy areas and quarry sites. The alignment runs parallel to the existing railway lines by utilizing the existing Railway land as much as possible to minimize land acquisition, while it takes detour to the existing railway line to avoid densely populated areas. DFC addresses needs and concerns of the Project Affected Persons by emphasizing their participation and by extending necessary support to them in Resettlement and Rehabilitation process.

To intensify on all the four 'Cs' of the Corporation, Company is stepping ahead in streamlining the current system and procedures. As a step ahead towards the good Corporate Governance for carrying out the activities in transparent manner, number of Office manual & procedures have been evolved i.e. HR Manual, Office Procedure Manual, Financial Accounting Manual, etc. and is committed to expedite the other manuals i.e. remaining Finance Manual, Vigilance Manual and Works Manual.

OUTLOOK

The outlook of the Corporation is another area requiring intense inputs as it appears to be building and growing in the direction of developing as a bureaucratic government organization rather than a vibrant commercial enterprise characterized due to various historical factors which have had serious impact on the morale and the work culture in the Corporation. With proactive involvement and guidance from the internal vigilance organization, the adverse impacts have, to a great extent, been mitigated, yet there is a long way to transform DFCCIL into a vibrant commercial enterprise with aggressive approach towards project implementation to operationalize the DFCCIL.

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.

Timelines of the Project: Both the Western and Eastern corridors have been targeted for completion by March 2017 through progressive commissioning and operationalization in phases. Although there have been a number of unforeseen contingencies, e.g. change of alignment at a number of locations for over 500 kms on both the corridors due to social sensitivity of acquisition of agricultural land and the alignments in detour had to be altered to be made parallel to the existing IR alignment. This has of course resulted in substantial savings in quantum and cost of land acquisition, however, additional requirements of environmental clearances and large scale utility shifting in the existing IR installations, coupled with the requirements of R&R and environmental clearances by the lending agencies, added to the requirement of at least 18 months' time for these contingencies to be conclusively addressed. The DFCCIL management has, however, attempted to absorb the additional time required to tackle these unforeseen contingencies by adopting parallel approach to manage individual activities and by modifying the procurement process along with adoption of optimal completion period in the contracts. The project implementation strategy has been re-engineered to absorb the time over run effect of these contingencies on the final targets of March 2017.

PROJECT COST

The project cost for Eastern and Western Corridors have been finalized and submitted in the month of November 2011/ Feb. 2012 to the Ministry of Railways for processing appropriate approvals. The estimate of the project based on functional/system requirements, technical specifications, adoption of identified new technologies and key performance indicators as stipulated from time to time by Ministry of Railways works out to ₹ 47843 crores as the bare cost of the works excluding the cost of land for ₹ 7535 crores (being acquired by DFCCIL on behalf of Ministry of Railways to be leased to DFCCIL subsequently) as against the

initial estimates worked out by RITES in the initial Feasibility Report as ₹ 23791 crores (January 2007) excluding cost of land of ₹ 2980 crores for the system configuration visualized at the stage of initial survey. The approval of the Government of India while approving the project, reflects the above mentioned bare cost. Since the work is being executed by a CPSE, the project costing now reflects the 'completion cost' consisting of bare cost of the project as ₹ 47843 crores and the soft costs of ₹ 24497 crores comprising of price escalation, IDC, Insurance and taxes. Thus, the project completion cost, as submitted to the Government for sanction of project expenditure now, is ₹ 72340 crores excluding cost of land as ₹ 7535 crores and ₹ 6107 crores for grade separation as against the original bare initial cost of the project reflected in the initial approval by the Government to take up the project. The change in the bare cost of the project is primarily on account of a number of changes in system and technical parameters, e.g. movement of double stack container, electrification of Western corridor, operation of long haul trains, etc. to provide best operational & cost efficiency. The finalized cost estimates of the project are under processing for appropriate approvals by Railway Board. Sonnagar-Dankuni portion is identified for execution under PPP mode and the project cost does not reflect any costing incidental to this section.

RISKS AND CONCERNS

There are concerns related to availability of land in time. There are serious difficulties in terms of payment of compensation or other benefits under NRRP (National Rehabilitation and Resettlement Policy). Further the specialized legislation meant for this purpose is yet to be completed as the subordinate legislation i.e. framing of rules under Railway Amendment Act 2008 even after 2 years of enactment, is a serious deficiency. In a linear acquisition covering over 3000 Kms passing through 11 States presents varied problems which cannot be addressed within the limited framework of principles enunciated in the Act. Fast Track mechanisms to consider and determine fair compensation, as also judgment on Public representation, which more often than not is mostly from virtual stakeholders, has made the task of land acquisition very complex and difficult. DFCCIL with its limited role of facilitating agency in land acquisition is severely constrained in terms of empowerment in a situation where the land acquiring authorities may not be willing to undertake the burden of financial decision making for determination of fair compensation. Short tenures in DFCCIL by staff deputed from Railways may pose a challenge of continuity till the Corporation is able to develop its own capacity. As such, constant manpower turnover may seriously affect the progress of various works in DFCCIL.

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. 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.

HUMAN RESOURCE DEVELOPMENT AND INDUSTRIAL RELATIONS

DFCCIL's HR perspectives:

The Business Plan of DFC lays the foundation of organizational structure for both construction and operational phases besides alignment of various HR policies with organizational goals. Human Resource is the building block of any organization. For a world class infrastructure like DFCCIL, The Initial efforts of HR department needs would set various ways and means for attracting & retaining talents, devising various training modules in line with the latest technological changes, offering of an attractive pay package, ensuring smooth career progression, eventually leading to a new world class work culture for achieving organizational goals.

As a matter of strategy, in the initial stages the emphasis was on taking experienced personnel on deputation from Indian Railways. Keeping in view the long term requirements of the organization, direct recruitment from open market have also been initiated. In year 2011-12 three proposals comprising of 230 employees was approved by DFCCIL's Board of Directors. The first lot of direct recruits has already joined DFCCIL on 19.03.2012 and two more lots have been planned for future induction from the open market. Apart from open market recruitment, employees from Indian Railways have been inducted on permanent absorption basis.

In the year 2011-12 the most notable policies of recruitment, absorption, promotion, deputation policies, Discipline & Appeal Rules, etc. were finalized. These policies were also scrutinized by sub group of Directors and finally approved by Board of Directors.

DFCCIL is involved in capacity building within the organization. The existing officer/staff are being provided training on various topics to enhance their skills and knowledge base and to align them with the latest technological development in the relevant field. Various training have been organized in the year under reference, the prominent training conducted being Contract Management, Project success through effective contract and Risk Management, Negotiation skills workshop, FIDIC Conference, Environment Impact Assessment (under JICA), Course on Document Examination, Tracking and navigation, Arbitration trends in engineering contracts, Contract Management and Dispute Resolution, Workshop on RTI (attended by APIO & PIOs etc), Risk Mitigation etc.

The World Bank during their various meetings have appreciated and placed on record the efforts made by HR department towards building up of the organization, formulation & development of various HR policies and organizing training programs. During the year under review, the industrial relations remained harmonious and cordial.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and International norms. Thus the emerging concept of CSR goes beyond charity and requires the company to act beyond its legal obligations and to integrate social, environmental and ethical concerns into the company's business process. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

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 responsible corporate authority mindful of its social responsibilities to all stake holders including shareholder, employees, local community and society at large."

Two key areas have been identified for providing input for development by DFCCIL in the year 2011-2012.

These are:-

- a) Computer Education.
- b) Eco-sanitation – Eco-sanitation is awareness towards maintaining standards in hygiene etc.

Computer education is becoming absolutely vital in today's society due to rapid computerization in various fields. Basic computer skills are needed by everyone in this world which runs on computers. Though computer education is given high importance in schools in urban areas, but schools in villages & small towns still lack the resources to impart hands on experience of computers to students.

For CSR activities in DFCCIL, an amount of ₹ 20 Lacs was spent for CSR activities for the year 2011-12. As a part of DFCCIL's Corporate Social Responsibility, five field units were chosen for providing computer in schools and two field units for Eco-sanitation as follows:-

Computers provided	Eco-sanitation
<ul style="list-style-type: none"> • Jaipur • Ajmer • Mughalsarai • Ahmedabad • Surat 	<ul style="list-style-type: none"> • Surat • Mughalsarai

- 1) **Education**- Installation of the Computers along with the requisites software and equipments i.e. UPS, Printers etc. In 10 different schools so that it is a **Sustainable and Viable Project**.
- 2) **Eco-sanitation** at the two construction sites.

This work was carried in affected areas and was highly appreciated by affected families, school authorities, village heads and local authorities.

The CSR activities carried out by the Organization received an overwhelming response. Not only District Collector & other local authorities personally participated in Inaugurations but also appreciated DFCCIL's efforts.

ENVIRONMENT PROTECTION AND CONSERVATION

DFC alignments have been selected carefully to avoid or minimize damage to the environment by avoiding of sensitive forest land and social impacts. Applications have been submitted for statutory clearance for WDFC passing through Balaram-Ambaji Wildlife Sanctuary, Sanjay Gandhi National Park and EDFC passing through regulated zone of Archeological Survey of India (ASI) monument 'Budhya-ka-Tal'. Applications have also been submitted for other forest land clearance and NOC for tree felling.

EIA studies have revealed negligible impact on the habitat of water bodies, wildlife, flora & fauna, ambient air quality, soil and not significant noise & vibration pollution due to DFC. Suitable mitigation measures and Environment Management Plan have been recommended in the reports. Cutting of trees to clear Right of Way (RoW), compensatory tree plantation and silicosis exposure reduction strategy have been adequately addressed in the EIA reports.

Environmentally proactive approach of DFCCIL is reflected from the initiatives taken in the field of GHG Emission evaluations and the positive impact that DFC will have as a contribution from rail transport sector to the carbon mitigation scenario of the country.

A study was awarded to ERNST & Young to analyze on following aspects:

- o Establishing base line GHG emission pattern for the transport operation on planned DFCCIL corridor over a 30 years project life time.
- o GHG emission potential due to construction and operation of DFCCIL
- o Identify specific interventions required during design, construction and operation of DFCCIL

METHODOLOGY & BASE YEAR:

The analysis is based on the 'Control Approach' suggested by World Business Council for Sustainable Development (WBCSD)'s "Green House Gas Protocol for Corporate Accounting and Reporting Standard". This approach of WBCSD protocol accounts for 100 percent of GHG emissions from operation within the Organization's control. The analysis also relied upon the guidance provided in ISO 14064 and IPCC, 2006.

Base year is an important parameter for meaningful and consistent comparison of GHG emissions over a period of time. While the basic traffic data is based on 2007-08 data, the GHG inventory has been analyzed from the year 2016-17 (expected year of DFC operation) and has been forecasted upto 2041-42.

OUTCOME OF STUDY:

- In 2016-17, in absence of DFC (i.e. 'No-DFC scenario') GHG emissions would have been 8.7 million ton CO₂ while those in case of DFC would be 2.59 million ton CO₂.
- According to the projection, in 2041-42, GHG emissions under 'No-DFC scenario' would have been 33.2 million ton CO₂ while those in case of DFC scenario would be 5.97 million ton CO₂.
- The GHG emissions GAP between 'No-DFC scenario' and DFC scenario increases from 6.11 million ton CO₂ in 2016-17 i.e. almost by 4.5 times.
- Cumulative GHG emissions over the 30 year period in the 'No-DFC scenario' would have been 582 million ton CO₂ while in the DFC scenario it would have been 124.5 million ton CO₂. This demonstrates that in absence of DFC implementation approximately 4.5 times more GHG would be emitted in 30 year period for freight transportation in the Eastern and Western Corridor.

DFCCIL will deploy low carbon technology in operation and construction to mitigate GHG emission.

DFCCIL has taken initiatives by way of adoption of green building by exploitation of non-conventional energy sources and specific focus on solar energy leveraging the existing policies of Central Government, Ministry of Non-Conventional and Renewable Energy Resources would reinforce DFCCIL commitment to environment sensitive approach for infrastructure building.

Annexure – "D"

DECLARATION BY MANAGING DIRECTOR

Declaration by Managing Director regarding compliance with the Code of Business and Ethics Conduct by Board members and Senior Management during financial Year 2011-2012.

I, Ram Kumar Gupta, Managing Director, Dedicated Freight Corridor Corporation of India Limited, do hereby declare that all the members of the Board of Directors and the Senior Management Personnel have affirmed compliance of the Code of Business and Ethics Conduct during 2011-2012.

Place : New Delhi
Date: 30.05.2012

Sd/-
(Ram Kumar Gupta)
Managing Director

BALANCE SHEET AS AT 31ST MARCH, 2012

Particulars	Note No	Amount in (₹)	
		As at March 31, 2012	As at March 31, 2011
L. EQUITY AND LIABILITIES			
(1) Shareholders' Funds			
(a) Share Capital	3	774,29,00,000	559,13,00,000
(b) Reserves and Surplus	4	-	-
(2) Share application money pending allotment	5	390,76,00,000	108,00,00,000
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	6	93,48,93,969	38,00,00,000
(b) Deferred Tax liabilities (Net)		-	-
(c) Other Long Term Liabilities	7	6,66,77,527	1,83,49,189
(d) Long-Term Provisions	8	9,87,253	3,03,321
(4) Current Liabilities			
(a) Other Current Liabilities	9	98,82,95,655	117,33,91,605
(b) Short Term Provision	10	13,446	9,674
TOTAL		13,64,13,67,850	824,33,53,789
II. ASSETS			
(1) Non-Current Assets			
(a) Fixed assets	11		
(i) Tangible assets		7,72,37,967	9,55,12,323
(ii) Intangible assets		33,66,493	32,73,907
(iii) Capital work in progress		657,11,77,564	360,85,10,448
(iv) Intangible assets under development		47,65,914	35,74,436
(b) Deferred Tax Assets (Net)		-	-
(c) Long-term loans and advances	12	231,57,90,302	187,54,35,418
(2) Current Assets			
(a) Cash and Bank Balances	13	415,18,76,141	231,88,83,623
(b) Short-term loans and advances	14	30,12,94,407	22,05,81,433
(c) Other current assets	15	21,58,59,062	11,75,82,201
TOTAL		13,64,13,67,850	824,33,53,789

This is the Balance Sheet referred to in our report of even date

The Notes referred to above form an integral part of the Balance Sheet

For M/s Jain Chopra & Company
Chartered Accountants

Sd/-
CA Rajesh Kumar
Partner

M.No. 501860
Firm Registration No: 002198N

Place : New Delhi
Date: 22.08.2012

Sd/-
(R.K.Gupta)
Managing Director

Sd/-
(R.M.Shukla)
Director/OP & RD

Sd/-
(Manmru Kapoor)
Company Secretary

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31-03-2012

Particulars	Note No	Amount in (₹)	
		For the year ending March 31, 2012	For the year ending March 31, 2011
REVENUE			
I. Revenue from operations		-	-
II. Other Income	16	9,84,56,503	9,91,22,914
III. Total Revenue (I +II)		<u>9,84,56,503</u>	<u>9,91,22,914</u>
EXPENSES			
Employee Benefit expense	18	-	-
Finance cost	18 A	-	-
Depreciation and amortization expense	18 B	-	-
Other expenses	18 C	-	-
IV. Total Expenses		<u>-</u>	<u>-</u>
V. Profit before exceptional and extraordinary items and tax (III-IV)		<u>9,84,56,503</u>	<u>9,91,22,914</u>
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V - VI)		<u>9,84,56,503</u>	<u>9,91,22,914</u>
VIII. Extraordinary Items		-	-
IX. Profit before tax (VII - VIII)		<u>9,84,56,503</u>	<u>9,91,22,914</u>
X. Tax expenses:			
(1) Current tax		3,10,52,592	3,13,26,357
(2) Income Tax (Earlier Year)		90,797	(2,34,518)
(3) Deferred tax		-	-
XI. Profit/(Loss) for the period from continuing operations (IX-X)		<u>6,73,13,114</u>	<u>6,80,81,075</u>
(A) Transferred to Development Account		<u>6,73,13,114</u>	<u>6,80,81,075</u>
XII. Profit/(Loss) from discontinuing operations		-	-
XIII. Tax expense of discontinuing operations		-	-
XIV. Profit/(Loss) from Discontinuing operations (XII - XIII)		-	-
XV. Profit/(Loss) for the period (XI + XIV-(A))		-	-
XVI. Earning per equity share:		-	-

This is the Statement of Profit and Loss referred to in our report of even date

The Notes referred to above form an integral part of the Statement of Profit and Loss.

For and on Behalf of The Board of Directors

For M/s Jain Chopra & Company
Chartered Accountants

Sd/-
CA Rajesh Kumar
Partner

M.No. 501860
Firm Registration No: 002158N

Place : New Delhi
Date: 22.08.2012

Sd/-
(R.K.Gupta)
Managing Director

Sd/-
(R.N.Shukla)
Director/OP & BD

Sd/-
(Manmohan Kapoor)
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012

Particulars	Amount in (₹)			
	2011-12		2010-11	
1 Cash Flow from Operating Activities				
Net profit after tax				
Adjustment for Depreciation				
Adjustment for Tax Expenses				
Adjustments for changes in Working Capital:				
(Increase)/Decrease in other receivables	(61,50,27,675)		(16,28,37,668)	
Increase (Decrease) in current liabilities	(13,60,79,908)		90,90,72,555	
(Decrease) Increase in Provision	-		5,093,948	
Cash Generated from/(used in) Operations		(75,11,07,584)		74,53,28,835
Income Taxes Paid/Received	(3,53,69,636)		(3,40,29,467)	
Net Cash generated from / (used in) Operating Activities (A)	-	(78,64,77,220)	-	71,12,99,368
2 Cash Flow from Investing Activities :-				
Purchase of Fixed assets including Capital work in progress		(291,46,24,231)		(230,18,45,273)
Net Cash generated from / (used in) Investing activities (B)	(291,46,24,231)	(291,46,24,231)	(230,18,45,273)	(230,18,45,273)
3 Cash flow from Financing Activities :-				
Proceeds from Issuance of Share capital		2,151,600,000		201,13,00,000
Proceeds from Share Application Money		2,82,76,00,000		(93,13,00,000)
Proceeds from long-term borrowings		55,48,93,969		38,00,00,000
Net Cash generated from / (used in) Financing activities		553,40,93,969		1,460,00,000
Net increase/(Decrease) in cash & cash equivalent (A+B+C)		183,29,92,518		(13,05,45,905)
Cash & Cash equivalent at the beginning of the year		231,88,83,623		244,94,29,528
Cash & Cash equivalent at the closing of the year		415,18,76,141		231,88,83,623
Cash and Cash equivalents comprise		415,18,76,141		231,88,83,623
Cash and Cheques in Hand		-		-
Balance with Scheduled Banks				
In Current Account		161,63,05,141		7,16,22,684
In term Deposit Account		253,55,71,000		224,72,60,939

Notes:

- The above Cash flow statement has been prepared under the indirect method set out in AS-3 issued by The Institute of Chartered Accountants of India.
- This is the Cash Flow Statement referred to in our report of even date.

For and on Behalf of The Board of Directors

For M/s Jain Chopra & Company
Chartered Accountants

Sd/-
CA Rajesh Kumar
Partner

M.No. 501860
Firm Registration No: 002158N

Place : New Delhi
Date: 22.08.2012

Sd/-
(R.K.Gupta)
Managing Director

Sd/-
(R.N.Shukla)
Director/OP & BD

Sd/-
(Manmohan Kapoor)
Company Secretary

NOTES TO THE FINANCIAL STATEMENT

1 GENERAL INFORMATION

Dedicated Freight Corridor Corporation of India Limited (DFCCIL) is set up under the administrative control of Ministry of Railway for construction, maintenance and operation of the Dedicated Freight Corridors.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation of Financial Statements

These financial statements have been prepared on an accrual basis unless otherwise stated under historical cost convention in accordance with the generally accepted accounting principles generally accepted in India and complying with the mandatory Accounting Standards as applicable under section 211(3C) of the Companies Act, 1956.

2.2 Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenses for the years presented. Actual results could differ from those estimates. Any variation in the estimates and actual are adjusted in current and future accounting periods.

2.3 Cash Flow Statement

The Cash Flow Statement is prepared by the Indirect method set out in Accounting Standard "3" on "Cash Flow Statements" and presents the cash flows from operating, investing and financing activities of the company.

2.4 Prior Period Items

Prior period items which arise in the current period as a result of error or omission in the preparation of prior periods financial statements are separately disclosed in the current financial statements. However differences in actual income/expenditure arising out of over or under estimation in prior period are not treated as prior period income/expenditure.

Income/Expenses up to Rs.50,000/- in each case pertaining to prior years is treated as income/expenses of the current year and only income/expenses beyond Rs 50,000/- in each case pertaining to the prior years is treated as the prior period expenses.

2.5 Revenue Recognition

Revenue is recognized based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

- (i) Interest on Bank Deposits is booked on a time proportion basis.
- (ii) Other items of income are accounted for as and when the right to receive is established.

- (iii) Service charges income is recognized as per the terms of the contracts.
- (iv) Liquidated Damages are recognised at the time of actual recovery.

2.6 Fixed Assets & Depreciation

- a) Fixed assets are stated at historical cost and all directly attributable expenses relating to the acquisition of the assets are capitalized along with respective assets.
- b) All development cost being incurred on construction and acquisition of Assets forming part of the railway Infrastructure will be capitalized by distributing the same over completed Assets.
- c) Depreciation on additions/deletions to Fixed Assets is provided on pro-rata basis from/to the date of addition/deletions.
- d) Depreciation is provided on the written down value method at the rates specified in Schedule XIV to The Companies Act, 1956 except in the following cases where depreciation is provided on pro-rata basis on straight-line method at the following rates considering the estimated useful lives of the assets determined :

Laptop	30.00%
Mobile	90.00%
- e) Intangible Assets and Amortization
 - i) Computer Antivirus Software is amortized over its useful life i.e. one year on pro-rata basis.
 - ii) Other Computer software is amortized over a period of three years on pro-rata basis.
- f) Leasehold Premises Improvement

Leasehold Premises Improvements are amortized over the residual period of lease from the month in which such leasehold improvements are put to use.

2.7 Foreign currency transactions

Transactions in foreign currency are accounted for at the exchange rate prevailing on the date of transactions. All Monetary items outstanding at the end of the year are translated at the rates prevailing at the end of the year.

2.8 Employees' Benefits

a) Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits such as short-term compensated absences, etc. are recognized in the period which the employee renders the related service.

b) Long term employee benefits

- (i) The provision/liabilities towards Gratuity are made on the basis of actuarial valuation at the end of the year and charged to the development Account.

- (ii) Provision/liabilities towards Foreign Service Contribution are made in terms of Government Rules & Regulation for employees on deputation and charged to development Account.

2.9 Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets will be capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which these are incurred.

2.10 Accounting for Lease

The Company's significant leasing arrangements are in respect of operating leases for premises (residential and office). The aggregate lease rentals payable are charged as rent for the year.

2.11 Taxes on Income

Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961, and based on the expected outcome of the assessment/appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws substantially enacted as on the balance sheet date. Deferred tax assets are recognized to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

2.12 Provisions, Contingent Liabilities and Contingent Asset

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

- (a) The Company has a present obligation as a result of a past event.
- (b) A probable outflow of resources is expected to settle the obligation; and
- (c) The amount of the obligation can be reliably estimated.

Contingent liability is disclosed in case of

- (a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- (b) a present obligation arising from past events, when no reliable estimate is possible;
- (c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are not recognized, Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

3 SHARE CAPITAL

Particulars	Amount in (₹)	
	As at March 31, 2012	As at March 31, 2011
Authorized Share Capital 4,00,00,000 (Previous Year 4,00,00,000) Equity Shares of Rs.1000/- each	40,00,00,00,000	40,00,00,00,000
	<u>40,00,00,00,000</u>	<u>40,00,00,00,000</u>
Issued, Subscribed & Paid up Capital 77,42,900 (Previous Year 55,91,300) Equity Shares of Rs.1000/- each	774,29,00,000	559,13,00,000
	<u>774,29,00,000</u>	<u>559,13,00,000</u>

3.1 Reconciliation of the Number of Equity Shares

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of shares	Amount in (₹)	No. of shares	Amount in (₹)
Balance as at the beginning of the year	55,91,300	559,13,00,000	35,80,000	358,00,00,000
Add : Equity Shares issued during the year	21,51,600	215,16,00,000	20,11,300	201,13,00,000
Balance as at the end of the year	<u>77,42,900</u>	<u>774,29,00,000</u>	<u>55,91,300</u>	<u>559,13,00,000</u>

3.2 Details of Shares held by shareholders holding more than 5% of the aggregate shares in the Company

Particulars	As at March 31, 2012		As at March 31, 2011	
	No. of shares	% of Holding	No. of shares	% of Holding
Equity Shares :				
The President of India (Ministry of Railway)	77,42,900	100%	55,91,300	100%

3.3 Rights & Preferences attached to Equity Shares

The Company has only one class of equity shares referred to as equity shares having at par value of Rs. 1000/-. Each holder of one equity share is entitled to one vote per share. In the event of liquidation of the company, the holders of shares shall be entitled to remaining assets of the company, after distribution of all preferential amounts.

4 RESERVE AND SURPLUS

The company being in a construction stage, the Surplus arising out of interest income and facility management charges income is being set off against the Capital Work In Progress (CWIP), hence there is no balance in Reserves & Surplus.

5 SHARE APPLICATION MONEY PENDING ALLOTMENT

- Equity shares are to be issued at par in respect of share application money received amounting of ₹ 390,76,00,000/-. The said share application money was received on 30.03.2012.
- The Company has sufficient Authorized Share Capital to cover the share capital amount on allotment of shares out of such share application money received.

6 LONG TERM BORROWINGS

Particulars	Amount in (₹)	
	As at March 31, 2012	As at March 31, 2011
Term Loans From Other		
Unsecured Loan		
Loan from Ministry of Railways for EAP/ JICA Projects (Loan from Ministry of Railway For External Aided Project.	81,02,00,000	38,00,00,000
Loan from Ministry of Railways for EAP/IBRD Projects	12,46,93,969	-
Total	93,48,93,969	38,00,00,000

6.1 Terms of Repayment (EAP/JICA LOAN)

Loan from JICA is being passed to Ministry of Railways as Externally Aided components of Gross Budgetary Support by Ministry of Finance. This amount will be passed on to DFCCIL as a Loan on the same terms and conditions. Dividend will be paid by Ministry of Railway to the Ministry of Finance @ 7% over the period of the loan. Therefore, DFCCIL has to provide for simple interest @7% on loan amount. This interest will accrue for first ten years (Period of Moratorium) and will be payable to MOR only after the first ten years in ten equal installments along with regular interest of 11th year onward. Accordingly the Company has made a provision of simple interest at the rate of 7% on the loan received from MOR.

6.2 Terms of Repayment (EAP/IBRD LOAN)

The Government of India (GOI) through the Ministry of Finance has entered into a Loan Agreement dated: 27/10/2011 with the International Bank for Reconstruction and Development (IBRD) to avail a loan of USD 975 Million which shall be utilized towards, Institutional Development Activities and design, construction and commissioning of 343 Kms of double track electrified railway on the Khurja-Kanpur section of the Eastern Dedicated Freight Corridor

In terms of the Loan Agreement, DFCCIL has been identified as the Project Implementing Entity. DFCCIL has also entered into a Project Agreement with the Bank, dated 27/10/2011 for implementation of 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 Loan along with interest will be made by DFCCIL to MOR in Rupee equivalent of the USD Loan/interest amount.

A provision has been made for Front -end Fees as provided in the Loan agreement between GOI and IBRD whereas Interest on Loan received is provided as per Subsidiary Loan Agreement between the MOR and DFCCIL. The provision of Front -end Fees and Interest on this Loan has been provided on the basis of a letter of CAAA, Ministry of Finance (DEA) No.AAAD/Debt-Sec/A-5/IBRD/2012-13 dated 19/06/2012 . As per this letter Front -end Fees is \$ 24,37,500 equivalent to INR 12,97,72,500/-and total Interest charged by the World Bank for the period of 30/12/2011 to 15/05/2012 is \$ 9739.83 equivalent to INR 5,22,347/-. Accordingly provision of Front -end Fees and Interest for the period 30/12/2011 to 31/03/2012 has been made at exchange rate prevalent on 31/03/2012.

7 OTHER LONG TERM LIABILITIES*

Particulars	Amount in (₹)	
	As at March 31, 2012	As at March 31, 2011
Trade payables	-	-
Others		
(i) Interest accrued but not due on Loan from MoR on EAP	4,10,36,434	30,60,822
(ii) Misc. Deposits (Security Deposits received from Supplier & Service Providers)	2,56,41,093	1,52,88,367
Total	6,66,77,527	1,83,49,189

* On the basis of Information available there are no dues towards Micro, Small and Medium Enterprises as defined in the "The Micro, Small & Medium Enterprises Development Act 2006" to whom the company owes dues.

8 LONG TERM PROVISIONS

Particulars	Amount in (₹)	
	As at March 31, 2012	As at March 31, 2011
(A) Provision for Employee Benefits		
Provision for Gratuity	9,87,253	3,03,321
(B) Other Provisions	-	-
Total (A)+(B)	9,87,253	3,03,321

B.1 EMPLOYEE BENEFITS.

Provision for gratuity liability for the year has been made as per Actuarial Valuation as on 31-03-2012.

Gratuity Benefit is payable to employees on separation from the corporation. The amount of gratuity payable is based on past service and salary at the time of separation as per Payment of Gratuity act, 1972. There is a vesting period of 5 years on the benefit.

A reconciliation of opening & closing Balances of the present value of the retirement benefit (Gratuity) obligation and the effects during the period attributable to each are the following:

Change in present value of obligation:

Amount in (₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Opening Balance	3,12,995	6,14,535
Interest Cost	26,605	46,090
Current service cost	2,92,762	1,38,177
Benefit paid	—	—
Actuarial (Gain)/ Loss on obligation	3,68,337	(4,85,807)
Closing Balance	10,00,699	3,12,995

Expenses recognized:

Amount in (₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Interest Cost	26,605	46,090
Current service cost	2,92,762	1,38,177
Actuarial (Gain)/ Loss on obligation	3,68,337	(4,85,807)
Net Gain/ (Loss) (transferred to Development Account	6,87,704	(3,01,540)

Movement in the liability recognized in the Balance sheet:

Amount in (₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Opening net liability	3,12,995	6,14,535
Expenses as above	6,87,704	(3,01,540)
Benefit Paid	-	-
Actual return on plan assets	-	-
Acquisition adjustment	-	-
Closing net liability	10,00,699	3,12,995
Recognized as under:		
Long Term Provision	9,87,253	3,03,321
Short Term Provision	13,446	9,674
Total	10,00,699	3,12,995

Actuarial Assumptions:

Method Of Valuation :	Project Unit Credit Method
Discount Rate :	8.50%
Salary Escalation Rate:	3%
Mortality rate	LIC (1994-96) published table of Mortality rates

9 OTHER CURRENT LIABILITIES

Particulars	Amount in (₹)	
	As at March 31, 2012	As at March 31, 2011
(i) Earnest Money & Performance Security Deposit	46,58,175	86,50,989
(ii) Advance for Land (pending for transfer to SLAO A/c)	1,14,38,791	67,36,50,157
(iii) Advance received from customers against Deposit Work	647,769	647,769
(iv) Payable to MoR (For interest and TDS on SLAO Bank A/C)	4,81,09,769	2,29,56,613
(v) Others Payables*	87,45,83,422	42,14,89,436
(vi) Misc. Deposits (Security Deposits received from Supplier & Service Providers)	4,85,19,497	4,59,96,641
(vii) Interest accrued on Loan from MoR on IBRD	3,38,232	-
Total	98,82,95,655	1,17,33,91,605

* On the basis of information available there are no dues towards Micro, Small and Medium Enterprises as defined in the "The Micro, Small & Medium Enterprises Development Act 2006" to whom the company owes dues.

10 SHORT TERM PROVISIONS

Particulars	Amount in (₹)	
	As at March 31, 2012	As at March 31, 2011
(A) Provision for Employee Benefits Provision for Gratuity	13,446	9,674
(B) Other Provisions	-	-
Total (A)+(B)	13,446	9,674

Notes to the Financial Statements

11. Fixed Assets

Particulars	Amount in (₹)							
	Cost as at 31st March 2011	Additions during the year	Deletions/adjustments during the year	Cost as at 31st March 2012	Charge for the year	Deletions during the year	As at 31st March 2012	As at 31st March 2011
TANGIBLE ASSETS								
(i) Leasehold Premises Improvement	9,55,40,613	4,976,529	195,397	10,08,21,745	33,244,111	-	22,046,581	50,509,560
(ii) FOP Assets	2,15,98,387	12,786,576	1,307,533	3,30,78,030	5,309,792	840,216	14,125,248	7,200,180
(iii) Office equipment	4,14,75,398	5,053,568	1,149,340	4,59,79,628	5,604,419	413,732	26,660,463	27,946,919
(iv) Furniture and fixtures	1,59,36,626	6,610,338	-	2,25,96,964	2,660,327	-	14,405,675	10,455,664
Total (A)	17,46,00,029	18,027,811	2,652,070	20,89,76,968	46,902,649	1,259,948	772,87,967	93,11,329
INTANGIBLE ASSETS								
(i) Computer software	82,45,182	1,506,717	-	97,51,899	1,414,130	-	33,66,493	3,272,917
Total (B)	8,245,182	1,506,717	-	9,751,899	1,414,130	-	33,66,493	3,272,917
Total (A + B)	18,28,47,205	3,114,328	2,652,070	21,17,28,285	4,854,779	12,53,948	8,08,04,460	9,69,86,229
Previous Year	16,99,71,901	1,43,98,198	1,462,367	18,28,47,205	3,69,59,696	5,72,883	88,286,229	88,286,229

(III) Capital Work in Progress

Amount in (₹)

Particulars	As at March 31, 2011	Additions during the year	Deletions / adjustments during the year	As at March 31, 2012
(i) Earthwork	61,97,92,235	74,08,57,654	-	136,06,49,889
(ii) Bridges under progress	67,44,08,853	108,26,31,927	1,08,07,152	174,62,33,628
(iii) Other Project Expenditure	138,57,47,014	73,09,02,727	-	211,66,49,741
(iv) Formation	41,29,241	200	-	41,29,441
(v) Overhead Electric Equipment	-	8,22,237	-	8,22,237
(vi) Incidental expenditure During construction period (Development A/c Pending Capitalisation) Note 17	92,44,33,105	41,82,59,522	-	134,26,92,628
Total	360,85,10,448	297,34,74,267	1,08,07,152	657,11,77,564

(iv) Intangible Assets Under Development

Amount in (₹)

Particulars	As at March 31, 2011	Additions during the year	Deletions / adjustments during the year	As at March 31, 2012
(i) Software Under Progress IT	35,74,436	11,91,478	-	47,65,914
Total	3,574,436	11,91,478	-	47,65,914

Notes to the Financial Statements

12 LONG TERM LOANS & ADVANCES *

Particulars	Amount in (₹)	
	As at March 31, 2012	As at March 31, 2011
(a) Capital Advance		
Secured Considered Good		
Mobilisation Advance (Secured against hypothecation of Plant & Machinery in favour of DFCCIL)	48,30,81,060	38,26,55,849
Unsecured Considered Good		
Advance to Railway	16,92,52,186	3,72,50,520
Advance for Shifting of Utilities	248,401,348	-
Advance For Construction of Officer's Flat	8,99,00,000	4,56,00,000
Mobilisation Advance	128,37,11,780	137,46,53,698
Total (a)	227,43,46,374	184,01,60,067
(b) Security Deposit		
Security Deposit - Electricity	18,25,380	18,12,000
Security Deposit - Lease Rent	3,95,87,948	34,52,201
Security Deposit Against-Telephone & Others	30,600	11,150
Total (b)	4,14,43,928	3,52,75,351
Total (a+b)	231,57,90,302	187,54,35,418

* In the opinion of the Board, value of loans & advances if realized in the normal course of the business, shall not be less than the value stated in the accounts.

12.1 Security Deposit:

The Company has obtained security deposits amounting to ₹ 1,78,29,067 (Previous Year ₹1,99,79,779) from Contractors and Sub Tenants in the shape of Fixed Deposit Receipts. Accordingly the same has not been shown as part of assets or liabilities.

Security Deposits shown under Long Term Loans & Advances include ₹ 3,29,40,921 (Previous Year ₹ 2,67,49,800) given to DMRC & ₹ 50,31,027 (Previous Year ₹ 50,31,027) given to Central Railway Mumbai by way of Fixed Deposit under their lien. Interest Accrued thereon amounting to ₹ 34,51,768 (Previous Year ₹ 26,89,782) is included in Interest on Fixed Deposits in Development Account.

13 CASH & BANK BALANCE

Particulars	Amount in (₹)	
	As at March 31, 2012	As at March 31, 2011
(a) Cash and Cash Equivalents		
Bank Balances		
--Current Accounts	161,63,05,141	7,16,22,684
--Flexi & Fixed Deposit Accounts	253,55,71,000	224,72,60,939
(b) Other Bank Balances	-	-
Total (a) + (b)	415,18,76,141	231,88,83,623

14 SHORT TERM LOAN & ADVANCES *

Amount in ₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
(a) Loan and advances to related parties		
(i) Advance to Director for Expenses	-	30,000
(b) Other Loans & Advances		
(i) Expenditure on Land Acquisition - Recoverable from MOR	28,47,51,101	20,00,90,728
(ii) Advance Income tax (Net of Provision of ₹ 3,10,52,592 (Previous Year ₹ 3,13,26,357)	43,17,044	27,03,110
(iii) Employee advances:	57,656	1,72,829
(iv) Prepaid Expense	19,37,192	14,44,829
(v) Income Tax Refund	37,34,312	33,83,933
(vi) Service Tax Input Credit	8,178	95,86,040
(vii) Security Deposit	9,97,637	9,97,637
(viii) Security Deposit - Lease Rent	18,11,480	12,40,369
(ix) Others	36,79,807	9,31,958
Total	30,12,94,407	22,05,81,435

* In the opinion of the Board, value of loans & advances if realized in the normal course of the business, shall not be less than the value stated in the accounts.

14.1 Expenditure on Land Acquisition :

- (a) (i) As per Directions of Ministry of Railways (MOR), the Company is acquiring Land on behalf of MOR in association with Competent Authority nominated by MOR. The Company has incurred expenses amounting ₹28.48 crore (Previous Year ₹20.00 crores) in connection with acquisition of Land up to 31.03.2012. The same has been shown as recoverable from MOR subject to their confirmation.
- (ii) A cap of 0.5% of compensation payment has to be observed for the expenditure on land acquisition. The expenditure on land facilitation up to financial year 2011-12 is ₹ 28.48 crores against the amount of ₹ 2999 crore (approximately) transferred for land compensation disbursement up to 31/03/2012. This comes to 0.95%, which is more than the cap defined by the MoR for expenses on land acquisition vide their letter dated 26-07-2010. The same is subject to the confirmation by MoR. The company has made a request to the Ministry of Railways to raise the said limit to 1.50%. Pending confirmation of the balance and raising of the limit on expenditure, the said sum has been shown as recoverable from MoR.
- (b) (i) Further, Bank accounts have been opened and operated jointly by the Competent Authority & a nominee of the Company. Such Bank Accounts do not form part of the Company's accounts.
- (ii) Bank balances include flexi fixed deposit with banks amounting to ₹ 4.76 crores (Previous Year ₹ 68.69) crores held on behalf of State Land Acquisition Officer (SLAO) and ₹ 0.06 crores (Previous year ₹ 0.11) crores in current account in SLAO Bank accounts.

14.2 Advance Tax & Provision For Income Tax :

(a) As per paragraph 27 of AS 22 "Accounting for Taxes on Income " Issued by The Institute of Chartered Accountants of India, The Advance Tax has been disclose Net of Provision.

Provision for Income tax has been made in respect of Income from Interest on Fixed Deposits and Service Charges recovered. However no provision has been made on Interest on Mobilization Advance given to Contractor and on the Liquidated damage (LDA) recovered as the same has been considered as Capital Receipt based on opinion obtained from Consultants. No adjustment has been made for taxes on income as per AS 22, as the Company is in construction stage.

15 OTHER CURRENT ASSETS *

Amount in (₹)

Particulars	As at March 31, 2012	As at March 31, 2011
Unsecured, considered good		
(a) Interest accrued on Fixed Deposit and Mobilization advance		
On Fixed Deposit	31,70,794	1,77,81,051
On Mobilisation Advance	15,30,11,383	5,16,16,315
(b) Other Recoverable	5,96,76,885	4,81,84,835
(Represents Rent & Facility Management charges etc. receivable on account of sub-lease)		
	21,58,59,062	11,75,82,201

* In the opinion of the Board, value of Other Current Assets, loans & advances if realized in the normal course of the business, shall not be less than the value stated in the accounts.

16 OTHER INCOME (SEE ALSO NOTE NO 22)

Amount in (₹)

Particulars	For the Year ended March 31, 2012	For the Year ended March 31, 2011
(A) Interest Income		
Interest on FDR	8,34,77,591	8,57,57,315
Total (A)	8,34,77,591	8,57,57,315
(B) Other Non Operating Income		
Misc. Income	94,967	4,627
Security Deposit & Earnest Money Deposit Forfeiture	8,88,163	-
Bank Guarantee encashed	3,41,280	-
Rent Recovery on Sub Lease (See below note No. 16.1)	4,81,32,009	9,95,29,116
Placement consultancy services	-	9,09,751
Housekeeping	22,28,110	15,01,608
Office Security Exp.	43,87,309	35,08,402
Electricity Exp. Office	38,68,700	43,86,612
Office Repair & Maintenance	746	2,46,741
Repair & Maintenance - A.C.	12,70,241	11,10,575
Pantry	53,849	72,059
Annual Maintenance Charges	4,37,120	2,78,781
Repair & Maintenance	57,807	379,966
Deposit Work Receipt	-	12,09,664
Composite Rent & Facility Management Charges Received	2,83,50,363	2,25,22,500
Total (B)	9,01,80,664	7,56,60,402

(C) Less : Direct expenses

Particulars	Amount in (₹)	
	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Housekeeping Expenses	23,78,976	16,52,723
Rent	4,81,32,009	4,88,14,066
Placement consultancy services	-	816,473
Composite Rent & Facility Management Exp	1,43,37,930	-
Office Security Expenses	45,71,990	36,56,030
Electricity Exp. Office	39,97,032	43,29,859
Office Repair & Maintenance	664	2,19,325
Repair & Maintenance - A.C.	11,30,510	9,87,712
Pantry	47,925	64,052
Annual Maintenance Charges	3,89,035	2,47,806
Repair & Maintenance	51,449	3,37,916
Deposit Work	-	10,77,205
Internet Expenses	1,14,233	91,636
Total (C)	7,51,51,753	6,22,94,803
(D) Net Other Non Operating Income [(B) - (C)]	1,49,78,911	1,39,65,599
Net Other Income [(A) + (D)]	9,84,56,503	8,91,22,914

16.1 Sub Lease :

Sub lease receivables recognised in the statement of Profit & Loss for the period 2011-12 is ₹ 4,81,32,009 (Previous year ₹ 3,95,29,116)

17 DEVELOPMENT ACCOUNT (PENDING CAPITALISATION)

Particulars	Nota No	Amount in (₹)	
		for the Year ended March 31, 2012	For the Year ended March 31, 2011
Employee Benefit expense	18	24,04,58,341	16,74,52,654
Finance cost	18 A	16,80,86,344	30,60,822
Depreciation and amortization expense	18 B	4,81,52,673	3,83,46,544
Other expenses	18 C	29,36,37,448	20,05,87,858
Total (A)		75,08,34,806	40,84,47,878
Less:			
Liquidated Damage (LDA)		10,41,50,253	1,66,02,302
Interest on Mobilization Advance (TDS ₹ 89,44,733)		15,21,24,789	8,73,76,657
Foreign Currency Fluctuation		50,90,728	-
Sale of Tender		33,96,400	5,55,700
Total (B)		26,47,62,170	10,45,84,659
Net Expenditure (A-B)		48,55,72,636	30,48,13,219
Profit Transferred From Statement Of Profit And Loss		6,78,18,114	6,80,31,075
Total Transferred To Capital Work In Progress (CWIP)		41,82,59,522	28,68,82,144

Notes to the Financial Statements

18. EMPLOYEE BENEFITS EXPENSE

Amount in (₹)

Particulars	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Salary	12,88,01,702	9,16,09,728
Salary Arrear A/C	3,71,946	6,05,004
TA/DA - Allowance	98,18,936	53,95,205
TADK-Allowance	45,30,066	36,07,101
Salary Arrear (CDA To IDA)	-	1,23,475
Salary Arrear (IDA To CDA)	3,07,198	11,659
Tax On Perquisites	30,53,969	36,18,129
Foreign Service Contribution (See below note no 19.1)	1,81,00,437	96,68,505
Furnishing Allowances	76,13,657	62,56,156
House Rent Allowance	11,85,568	12,26,610
Leave Encashment	11,77,201	8,31,921
Gratuity	6,87,704	(3,01,540)
EPF Employer Contribution	15,78,257	56,122
Administrative Charges On EPF	1,52,201	5,344
Transfer Grant	-	27,180
Transport Allowance	35,57,702	18,92,575
Consolidated Travelling Allowances	22,44,946	26,91,667
Composite Transfer Grant	20,32,944	6,10,029
Honorarium	57,000	4,440
Sumptuary Allowance	51,41,630	49,62,794
Hostel Allowance	-	6,000
Leave Travel Concession	10,605	10,803
Computer Training Fee	63,839	71,090
Medical Indoor	14,56,718	13,09,901
Medical Outdoor	95,04,102	70,27,019
Tuition Fee	27,39,648	18,08,727
License Fee	1,09,80,295	61,15,048
Lease Rent	2,26,46,334	1,38,74,711
Professional Updation Allowances	5,32,688	12,95,857
Club Membership Fees Staff	4,57,971	8,74,837
Special Professional Allowances	1,93,903	2,76,269
Canteen Allowances	43,601	65,874
Charge Allowances	63,000	98,405
NPS Contribution	30,792	72,214
Joining Time Encashment	-	26,383
Electricity -Staff	13,14,830	16,14,287
Repair & Maint.-Lease	-	3,125
Interest on FSC	6,951	-
	24,04,58,341	16,74,52,854
Less : Transferred to Development Account	24,04,58,341	16,74,52,854
Balance (Transferred to Statement of Profit & Loss)	-	-

18.1 Foreign Service Contribution (FSC) :

Foreign Service Contribution payable for leave salary and pension in respect of deputations (Employees who have joined the corporation on deputation for a fix period from Indian Railways) for the year 2011-12 in terms of Government rules and regulation is estimated and is charged to Development account on accrual basis.

18 A Finance Cost

Particulars	Amount in (₹)	
	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Interest Payable to MoR on EAP Loan	3,79,75,612	30,60,822
Interest Payable to MoR on IBRD Loan	9,38,292	-
Upfront Fees	12,97,72,500	-
	16,80,86,344	30,60,822
Less : Transferred to Development Account	16,80,86,344	30,60,822
Balance (Transferred to Statement of Profit & Loss)	-	-

18 B Depreciation & Amortization Expenses

Depreciation- EDP Assets	67,00,280	64,11,174
Depreciation - Office Equipment	55,47,956	52,15,139
Depreciation-Furniture & Fixture	26,60,327	21,93,092
Depreciation-Leasehold Improvement	3,32,44,110	2,45,27,139
	4,81,52,673	3,83,46,544
Less : Transferred to Development Account	4,81,52,673	3,83,46,544
Balance (Transferred to Statement of Profit & Loss)	-	-

18 C Other Expenses

Particulars	Amount in (₹)	
	For the Year ended March 31, 2012	For the Year ended March 31, 2011
Advertisement Expenses	1,29,33,038	15,98,579
Staff Welfare	1,43,46,939	55,11,416
Communication Expenses	41,68,557	70,01,421
Printing & Stationary	1,20,58,604	80,39,231
Misc. Expenses	50,96,520	7,84,466
Books & Periodicals	21,18,533	25,37,431
Legal & Professional Charges	77,47,814	1,39,30,715
Director Sitting Fees	5,20,000	2,40,000
Consultancy Fees to Consultants	1,21,76,408	47,69,695
Placement Consultancy Charges	1,76,07,419	1,04,61,210
Electricity Expenses	74,11,598	41,76,001
Power & Fuel	2,87,416	3,44,251
Housekeeping Expenses	1,02,53,227	77,91,562
Auditor's Remuneration		
Statutory Audit Fees	4,49,440	4,41,200
Tax Audit Fees	1,10,300	-
Meeting & Conference	6,72,983	4,09,179
Rates & Taxes	21,95,972	20,29,934
Rent*	8,91,64,244	7,33,30,631
Tours ,Travels and Conveyance	7,42,47,302	4,69,63,553
Repair & Maintenance-others	40,83,870	26,69,367
Annual Subscription Fees-IT Consultancy & Software	22,41,870	20,83,785
Office Expenses	9,25,621	6,65,390
Hospitality Expenses	12,46,357	8,11,553
Office Security Expenses	33,29,842	29,62,037
Loss on Sale of Fixed Assets	2,75,288	55,716
Interest on Service Tax & TDS	2,27,997	1,78,118
Foreign Currency Expenditure	4,72,678	-
Foreign Currency Fluctuation	-	97,375
Prior Period Adjustment	78,67,611	7,12,048
	29,36,37,448	20,05,87,858
Less : Transferred to Development Account	29,36,37,448	20,05,87,858
Balance (Transferred to Statement of Profit & Loss)	-	-

* Lease Rent:

The Company has taken premises for its corporate office on operating lease effective from 15th February 2008. The lease is not non-cancellable during the current term of lease. Further company has also sub-lease part of the premises which is not non-cancellable during the current term of lease.

Lease payments recognised in the statement of Development Account for the period 2011-12 is ₹ 15,16,34,183 (Previous year ₹ 12,21,44,697)

- ** Company has made a provision of ₹ 1000/- for the Financial Year 2011-12 for Lease Rent of Mumbai office taken from Central Railway based on the instruction issued by the railway board to all the Zonal Railways to charge nominal rent of ₹ 1000/- per acre land or per structure/building per annum (or both) to RVNL vide letter no. 2010/LMB/7/2 dated 04/03/2011 and matter has been referred to Railway Board to extend the same facility to DFCCIL vide letter no. HQ/AD/Office Account./ALD/01 dated 04/08/2011.

Notes to the Financial Statements

19 PRIOR PERIOD ADJUSTMENT

Amount in (₹)

Particulars	2011-12		2010-11	
	Dr	Cr	Dr	Cr
Air & Rail Travels	-	-	71,489	-
Annual Maintenance Charges	-	-	1,60,905	-
Consultancy Fee*	-	4,08,080	-	82,293
Electricity Expenses	-	-	1,63,248	-
Other Expenses	-	-	47,635	-
Office Security*	-	3,29,101	-	35,755
Professional Charges	3,31,577	-	-	1,03,281
Repair & Maintenance- other	-	81,862	197,695	-
Rent*	7,571,820	-	133,187	-
Tours, Travels and Conveyance	-	-	-	30,082
Vehicle Hiring Charges	50,982	-	1,27,253	-
Misc Prior Period Adjustments	77,636	-	62,962	915
Interest on FDR	1,30,095	-	-	-
Printing & Stationery	-	-	-	-
Free Service Contribution	-	-	-	-
Annual Subscription Fees*	6,03,225	-	-	-
Annual Maintenance Charges*	-	78,681	-	-
Total	87,65,395	8,97,724	9,64,374	2,32,326
Prior Period Adjustment 2011-12	78,67,611			
Prior Period Adjustment 2010-11			7,12,048	

* Prior period includes adjustments & reversal of Cervat credit of Service Tax paid/delmed up to previous year and included in natural heads of account.

20 CONTINGENT LIABILITIES

The Company is contesting no. of legal cases on behalf of MoR in matters involving compensation in connection with acquisition of land in Courts of Law and in Arbitration. The Company does not anticipate any liability on this account. Further some parties have referred to Arbitration in case of contracts with them. The amount of claims underlying these contracts is ₹ 6,24,60,607. Pending finalization of proceedings, which are at a preliminary stage, no provisions have been made in this behalf.

A Demand of ₹ 11,89,823/- (previous year Nil) has been raised by the assessing officer during the assessment u/s 143 (3) of the Income Tax Act 1961 for the assessment year 2009-10. Company has filed an appeal before Commissioner of Income Tax Appeal against the order of A.O. The company is of the view that the possibility of the demand materialising is remote hence no provision has been made in the Accounts.

21 CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1437.36 crores (Previous Year ₹ 1557.30 crores).

- 22** The Company is in construction stage for work relating to Eastern Section and Western Section for Dedicated Freight Corridor Project. Operation has yet not been started and no operational income has been earned during the year hence Statement of Profit & Loss is being drawn only for non operational Income i.e. Interest on Bank deposits & Service charges Income on Facility Management Services provided on sub-lease. Balance In the Statement of Profit & Loss has been transferred to Development Account.
- 23** The corporation has paid tax on behalf of employees on Lease rents for accommodation, Medical allowances, Electricity allowances and Furnishing allowances treating these as non-monetary perks up to FY 2010-11. In view of the observation on this practice being followed in many PSU, made by CAG relating to violation of Section 200 of the Companies Act 1956, and other regulatory approvals, the corporation has obtained legal opinion. As per the opinion the lease rent paid by DFCCIL for accommodation is a non monetary perquisites and payment of Medical allowances, Electricity allowances and Furnishing allowances is monetary perquisites and company can pay tax on behalf of the employee under section 10(10cc) of the Income Tax Act only in case of non monetary perquisites accordingly tax on non monetary perquisites i.e. lease rent for accommodation has been paid by the company and tax on monetary perquisites has been paid by the employees.

24 RELATED PARTY DISCLOSURES:

(a) Directors

Key Management Personnel

Mr. R.K.Gupta	Managing Director from 08-05-2011
Mr. A. K.Dutta	Managing Director (Looking After) 22-03-2011 to 10-05-2011. Whole Time Director (INFRA) w.e.f 01-04-2010
Mr. R.K.Sinha	Whole Time Director (Finance)
Mr. P. N. Shukla	Whole Time Director (OPR & BD)
Mr. Anshumaan Sharma	Whole Time Director (PP) from 05-04-2011

Other Directors

Mr. Vinay Mittal	Part Time Chairman from 08-07-2011
Mr. Vivek Sahal	Part Time Chairman up to 30-06-2011
Mr. R.N Bartarya	Part Time Director up to 07-04-2011
Mr. Ranjan Jain	Part Time Director from 08-04-2011
Mr.Gajendra Haldea	Part Time Director
Mr.M. Damodaran	Part Time Director upto 08-04-2011
Mr. D.T Joseph	Part Time Director
Mr Bhaskar Gupta	Part Time Director

(b) Enterprises in which directors interest exist:

Director Name	Enterprises
Mr. Bhaskar Gupta	Railtel Corporation of India Limited
Mr. Vinay Mittal	"IRCON Limited RITES Limited RCIL"
Mr. D.T.Joseph	"Adani Ports and SEZ Ltd Shreyas Shipping and Logistics Ltd. Tata Teleservices Maharashtra Ltd. Ocean Sparkle Ltd .West Asia Maritime Ltd. Shreyas Relay Systems Ltd. Great Sea Shipping Pvt Ltd. Keystone Realtors Pvt Ltd. Bernard Schulte Shipping India Pvt Ltd."

(c) Disclosure of transactions with related parties:

Particulars	Transactions		Outstanding Amount	
	Year ended 31/03/2012	Year ended 31/03/2012	Year ended 31/03/2012	Year ended 31/03/2012
	₹	₹	₹	₹
Remuneration to key Personnel (a) above	Refer point 25	Refer point 25	NIL	NIL

25 Managerial Remuneration

Particulars	Year ended 31/03/2012	Year ended 31/03/2011
	₹	₹
Salary & allowances (Including PC & IDA Arrear)	1,13,01,889	64,76,254
Value of Perks	27,03,613	24,55,942

26 Expenditure in Foreign Currency

Particulars	Year ended 31/03/2012	Year ended 31/03/2011
	₹	₹
Subscription fees for IT	18,12,237	18,02,486
Tour & Travel expenses	4,72,678	2,19,938
Project Consultancy Services	43,93,281	40,62,956
L.C. Opening Charges	17,78,482	-
Bank Charges JICA Loan	3,08,304	-
Seminar Training Fee	5,91,702	-

- 27** An amount of ₹ 248.80 crores out of share capital/ share application money received remained unutilized, and kept in fixed deposits with Scheduled Banks as on 31st March 2012.
- 28** The Company has sent letters to obtain confirmation from respective parties to which few parties have responded. The rest of personal balances are subject to their respective Confirmation.
- 29** The Company has taken legal opinion regarding Gujarat Value Added Tax (GVAT) liability claimed by one of the contractors, whereby the company has to reimburse GVAT paid by contractor to the Government. The amount so claimed has not yet been ascertained and accordingly not provided for.
- 30** The Schedule VI to the Companies Act, 1956 has been revised and made applicable for the financial year 2011-12 onwards. Accordingly the figures of the previous year have been recast and regrouped so as to make them comparable with the current year figures.

Jain Chopra & Company **Chartered Accountants**

105, Jyoti Bhawan, Commercial Complex,
Dr. Mukherjee Nagar, Delhi-110009
Phone : 27652776, 27652091 Fax:011-27650155
E-Mail : jc_company@sify.com

AUDITORS' REPORT

TO THE MEMBERS,

Dedicated Freight Corridor Corporation of India Limited

1. We have audited the attached Balance Sheet of DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LTD as at 31st March, 2012, and the Statement of Profit And Loss and the Cash Flow Statement for the year ended on that date, annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the COMPANIES (AUDITOR'S REPORT) Order, 2003, (The ORDER) Issued by the CENTRAL GOVERNMENT in terms of Section 227 (4A) of the Companies Act, 1956 and on the basis of such checks as we considered appropriate, we enclose in the Annexure a statement on the matters specified in paragraphs 4 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, attention is drawn as under to:
 - a) Note No. 23 regarding non recovery of taxes paid by the company on remuneration paid to its employees pertaining to previous years the amount whereof has to be determined.
 - b) Note No. 14.2 regarding non provision of Income Tax on interest on mobilization advances and liquidated damages recovered from contractors;
 - c) Note No. 12.1 regarding recognition of an income of ₹ 29,68,586 (cumulative figure upto 31st March 2012 of ₹ 1,02,30,840 being interest on security deposit given as per lease agreement with Delhi Metro Railways Corporation Limited (DMRC) by way of a fixed deposit. The terms of lease however provides that an interest free deposit will be provided as security deposit. In absence of a written confirmation from DMRC we are unable to comment on the recognition of the said income. Likewise no income has been recognized in respect of such deposits obtained from the sub tenants.

- d) *Note No. 14.1 (a)(ii) regarding claim of a sum of ₹ 28.48 crores from Ministry of Railways (MOR) towards expenses incurred by the company till 31st March 2012 and shown recoverable from MOR, is subject to the approval and confirmation by MOR. The amount is continued to be shown as recoverable despite there being no confirmation being received from MOR during the last one year.*
- e) *Note No. 29 regarding non provision of Gujarat Value added tax as the amount thereof has not been determined.*

Subject to the foregoing we further report that:

- (a) We have 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 appears from our examination of those books.
- (c) The Company's Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report is in agreement with the books of account.
- (d) In our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in sub section (3C) of Section 211 of the Companies Act, 1956
- (e) In pursuance to the notification No. GSR 829(E) dated 17.7.2003, issued by the Department of Company Affairs; clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, pertaining to disqualification of Directors is not applicable to a Government Company.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the principal accounting policies and notes forming part of the accounts appearing under Schedules 8 and 9 and subject to the consequential effect of, on account of our observations in paragraph 4 above the amount whereof could not be determined, gives the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (i) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;
- (ii) In the case of the Statement of Profit & Loss of the net surplus transferred to the Capital work In Progress for the year ended on that date ; and
- (iii) In the case of Cash Flow Statement, of the cash flows for the period ended on the date.

Place : New Delhi
Date : 22-08-2012

Sd/-
Rajesh Kumar
Partner
Membership No. 501860
For Jain Chopra & Company
Chartered Accountants
FRN 002198N

ANNEXURE TO THE AUDITOR'S REPORT

[Referred to in Paragraph 3 of our report of even date]

1. a) The Company has generally maintained proper records to show the full particulars including quantitative details of fixed assets. However details of exact locations are not available in all cases.
- b) As explained to us, the fixed assets have been physically verified by the Management during the year. We are informed that no material discrepancies were noticed on such verification. The discrepancies noticed have been properly dealt with in the books of account.
- c) The company has not disposed off substantial part of its fixed assets during the year.
2. As informed to us, no loan has been granted or taken, secured or unsecured, to/from Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956.
3. As per information and explanations given to us, the internal control procedures are generally adequate and commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets and for the sale of goods. During the course of our audit, we have not noticed any continuing failure to correct major weaknesses in internal controls.
4. a) According to the information and explanation given to us, there are no contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under the said section.
- b) According to the information and explanation given to us, the Company has not entered into any transaction in pursuance of contracts or arrangements required to be entered in the registers maintained under section 301 of the Companies Act, 1956.
5. During the year, the Company has not accepted any deposit from the public.
6. In our opinion, the internal audit system is not commensurate with the size of the Company and nature of its business and there is scope for improvement.
7. a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employee's state insurance, income-tax, sales-tax, wealth tax, custom duty, excise duty and cess. According to the information and explanations given to us, there are no undisputed amounts payable in respect of income-tax, wealth tax, sales tax, customs duty, excise duty and cess.
8. In respect of disputed demands the status is as under:

Assessment Year	Nature	Amount	Forum
2009-10	Income Tax	11,89,823/-	Before CIT (A).
9. The Company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the year and in the immediately preceding year, the company being in development stage.
10. In our opinion and according to the information and explanation given to us, the Company has no dues towards any financial institution or bank.

11. Based on our examination and according to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities except grant of mobilization advances against hypothecation of plant and machinery acquired by the contractors.
12. The Company is not a chit fund, nidhi, mutual benefit fund or a society.
13. The Company is not dealing or trading in shares, securities, debentures and other investments.
14. On the basis of the information and explanations given to us, the Company has not given any guarantees.
15. On the basis of the information and explanations given to us, the Company has obtained term loan from Ministry of Railways and the same have been used for the purpose for which it has been raised.
16. In our opinion and on the basis of the information and explanations given to us, the Company has raised long term funds which have been used for long term purposes.
17. During the year, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act.
18. The Company has not issued any debentures during the year.
19. The Company has not raised any money by public issues during the year.
20. We are informed that there has been no fraud committed by or on the company during the year.

Place : New Delhi
Date : 22-08-2012

Sd/-
Rajesh Kumar
Partner
Membership No. 501860
For Jain Chopra & Company
Chartered Accountants
FRN 002198N

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LTD., NEW DELHI FOR THE YEAR ENDED 31st MARCH 2012

The preparation of financial statements of Dedicated Freight Corridor Corporation of India Ltd, New Delhi, for the year ended 31st March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 22 August 2012.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) of the Companies Act, 1956 of the financial statements of Dedicated Freight Corridor Corporation Of India Ltd. New Delhi, for the year ended 31st March 2012. The 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. Based on my supplementary audit I would like to highlight the following significant matter under Section 619(4) of the Companies Act, 1956, which has come to my attention and which in my view, is necessary for enabling a better understanding of the financial statements and the related Audit Report:

A. Balance Sheet

1. Assets

Current Assets

Short-term Loans and Advances: ₹ 30.13 crore (Note No. 14)

The Ministry of Railways has prescribed a cap of 0.5 per cent of compensation payments for reimbursements of expenditure on land acquisitions on items like notification, establishment charges of land acquisition authority, joint measurements, preparation of land plans etc. However, Short-term Loans and Advance include ₹ 28.48 crore being compensation claimed from Ministry of Railways for expenditure on land acquisition instead of ₹. 15 crore (being 0.5 percent of ₹ 2999 crore stated to have been incurred on land acquisition). This has resulted in overstatement of 'Short-Term Loans and Advances' and understatement of 'Incidental Expenditure during construction period' by ₹ 13.48 crore.

2. Non Current Liabilities

Long Term Provisions: ₹ 0.10 crore (Note No. 8)

The Company has not provided for retirement benefits in respect of leave encashment and leave travel concession payable to the employees as provided in the Accounting Standard-15.

Place: New Delhi

Dated: 25.09.2012

**Sd/-
(Divya Malhotra)
Director General**

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED, NEW DELHI FOR THE YEAR ENDED 31ST MARCH 2012 ALONG WITH THE MANAGEMENT COMMENTS

S. No.	Comments issued by C&AG	Management Comments
1.	<p>Short Term Loans and Advances: ₹ 30.13 Crore The Ministry of Railways had Prescribed a cap of 0.5 per cent of compensation payments for reimbursement of expenditure on land acquisition on Items like notification, establishment charges of land acquisition, Joint measurement, preparation of land plans etc. However ₹ 28.48 Crore being compensation claimed from ministry of Railways for expenditure on land acquisition inside of ₹ 15 Crores (being 0.5percent of ₹ 2999 Crore stated to have incurred on land Acquisition). This has resulted in overstatement of short Term Loans and Advances' and understatement of Incidental Expenditure during construction period by ₹ 13.48 Crore.</p>	<p>The matter of recovery of facilitation expenditure on land is being pursued with Railway Board. Latest letter no: HQ/F&AC/Land and dated 31.08.2012 with a head wise justification for the expenses has been submitted to MOR for reconsideration (Copy enclosed)</p>
2.	<p>Long Term Provision: ₹ 0.10 crore The Company has not providing provision for retirement benefits In respect of leave encashment and leave travel concession payable to the employees as provided in the Accounting Standard-15</p>	<p>Policy for Retirement benefits due to employees was under consideration as on 31st March 2012. HR manual of the company has been approved by BOD after Balance sheet date. However provision for Gratuity has been provided on the basis of actuarial valuation for the FY 2011-12. Provision for leave encashment & LTC shall be provided in next financial year on the basis of actuarial valuation.</p>

Sd/-
MD



डेडीकेटेड फ्रेट कोरीडोर कॉर्पोरेशन ऑफ इंडिया लि.
(भारत सरकार का उपक्रम)
Dedicated Freight Corridor Corporation of India Ltd.
(A Government of India Enterprise)

No.HQ/F&AC/Land

31st August, 2012

The Director (Transport Planning)
Ministry of Railways
Rail Bhawan
New Delhi - 110001

Sub : Expenditure of land and land acquisition

Ref: Your letter No. 2010/Infra/6/6 dated 06.03.2012

This is in continuation to the letter of even number, dated the 15th December, 2011, 14th February, 2012 and 21st February, 2012

1. DFCC is acquiring land on behalf of Ministry of Railways and the funds obtained for land and acquisition are being deposited with joint account of SLAO (Nominated Competent Authority) and a Nominee of DFCC. These funds are being used only for compensation payment to land owners.
2. In the process of acquisition of land, DFCC has incurred an expenditure on the other expenses of land acquisition viz. salary payment to staff of the office of the competent Authority, joint measurement fees, advertisement expenses on notifications and other administrative expenses of SLAO by DFCC. The details of expenditure incurred on land acquisition other than compensation to land owners, is enclosed vide annexure 'A'. DFCC has incurred expenditure on land other than compensation of ₹ 28.48 Crs. against expenditure on land compensation in three years approximately ₹ 2,989.36 Crs. which comes to 0.95%.

The detail of expenditure incurred on land acquisition upto March 12 at Annex. 'A' clearly indicates that.

- I The bulk of expenditure, i.e. 42% is towards Issue Gazette Notifications in News papers under section 20A and 20E of Railways Act, 1989 which is essential in nature. The Expenditure has been incurred as per DAVP rules.
- II The admin. expenditure for SLAO amounts to 20% of the total expenditure is only ₹ 5.77 Crs. which is very reasonable considering the nature of work and the workload. No expenditure incurred on the cost of CPMs and staff has been charged to the head of land facilitation charges.
- III The Fixed assets amounting to ₹ 36.0 lacs and joint measurement expenses to ₹ 3.42 Crs. comes to 1.2% and 12% of total expenditure for SLAO's offices.
- IV Similarly the land facilitation charges amounting to ₹ 6.60 Crs. comes to 23% of total expenditure.

In this regard, Board's attention is also invited to the provisions of Indian railways Engineering Code regarding these charges which reads as under:

853. Establishment Charges:- "The State Government is entitled under Article 358 of the Constitution to the reimbursement of extra expenditure actually incurred over the Land Acquisition Staff and contingencies for the work of acquisition for the central Government, a reasonable charges calculated on percentage basis would be justified if the amount of such extra cost cannot be arrived also will be borne by the Railways.

854. The entire cost of any special establishment which may be entertained under the order of Government for the purpose of acquisition is included in the cost of land whether incurred by civil or Railways Disbursing Officers. The term "entire cost" includes not only the salary and allowances of the staff so employed, but also, when contributions for their pensions, and leave salary are payable under the rules for the time being in force, such contributions, which will then form part of the charges of and incidental to the acquisition under Section 50(1) of the Land Acquisition Act.

855. Contingent Charges:- Contingent charges incurred in connection with the acquisition of land for a Railway are adjusted in the same way as establishment charges.. It should be noted, however, that no portion of the cost of any establishment employed by the railways in connection with the indication of the areas required for acquisition the drawing up of land plans, schedules etc. i.e. prior to the notification under section 5 of the Land Acquisition Act should be included in that of the land, but should be charged off separately to the work concerned.

Railway Board has fixed ceiling of 0.5% expenditure incurred in the process of Land Facilitation Charges, however, there is no ceiling in %age on establishment and contingent expenses of State Governments in the process of acquisition of land in terms of above paras by Engg. in Codes. State Government used to heavy charge on establishment and contingent expenditure-U.P. Government charges 10%, Bihar 20% and West Bengal 30% whereas we have incurred expenditure of 0.95% only

3. The Statutory Auditor has brought out in his report that this expenditure of ₹ 28.48 Crs. is not supported by any entry in the assets of DFCC books and must get the amount reimbursed from Railway Board. Audit Committee of Board of DFCC advised management to recover this old outstanding from Railway Board. Therefore It is requested to reimbursement the amount of ₹ 28.48 Crs. Incurred by DFCC from equity funds.

In view of the above, the expenditure incurred on facilitation charges of land acquisition so far is very reasonable. Board is once again requested to consider and reimburse the actual expenditure of ₹ 28.48 Crs. incurred by DFCCIL upto 31st March, 2012. Railway Board is requested to transfer funds of ₹ 28,47,51,102/- out of which ₹ 12,37,24,972/- for Western Corridor and ₹ 16,10,26,130/- for Eastern Corridor for land acquisition chargeable to Item nos. 7 & 8 of Pink Book of Northern Railway shown under the head of New Lines.

Sd/-
C.M. Jindal
Group General Manager/Finance

DETAILS OF EXPENDITURE INCURRED ON LAND (RECOVERABLE FROM MOR) UP TO THE MAR'12

SR. NO.	LOCATIONS	ADVERTISEMENT EXPENSES FOR SLAO	ADMINISTRATIVE EXPENSES FOR SLAO	FIXED ASSETS EXPENSES FOR SLAO	JOINT MEASUREMENT EXPENSES FOR SLAO	LAND FACILITATION EXPENSES FOR SLAO	LAND COST	TOTAL
WDFC								
1.	HEAD OFFICE	4,69,173	10,03,128	33,635	-	-	-	15,05,936
2.	AHMEDABAD	1,44,68,004	56,15,586	4,62,452	96,10,058	44,54,887	-	3,46,10,987
3.	AJMER	1,18,61,842	77,10,868	5,25,649	11,36,100	49,76,685	-	2,62,11,144
4.	SURAT	41,02,545	39,20,193	90,135	25,53,785	8,81,827	37,00,967	1,52,49,452
5.	VADODRA	46,70,908	36,89,019	4,90,758	68,52,625	56,42,557	-	2,13,45,867
6.	JAIPUR	1,52,26,307	47,93,811	7,99,366	-	58,01,251	-	2,66,20,735
7.	MUMBAI	85,14,972	51,90,313	3,58,611	1,40,55,066	67,41,332	-	3,48,60,294
8.	COMMON EXP.	6,21,716	-	-	-	-	-	6,21,716
TOTAL FOR WDFC		5,99,35,467	3,19,22,918	27,60,606	3,42,07,634	2,84,98,539	37,00,967	16,10,26,130
EDFC								
1.	HEAD OFFICE	4,69,173	10,03,128	33,635	-	-	-	15,05,936
2.	ALLAHABAD (E)	47,71,227	14,11,968	1,65,947	-	27,79,374	-	91,28,516
3.	ALLAHABAD (W)	41,22,361	27,87,265	52,700	-	1,52,87,857	-	2,22,50,183
4.	KANPUR	1,61,33,851	1,27,41,883	2,17,323	-	92,15,225	-	3,83,08,282
5.	KOLKATA	7,18,756	-	-	-	52,67,186	-	59,85,942
6.	LUDHIANA	97,07,098	21,84,417	1,73,392	-	17,19,111	-	1,37,84,018
7.	MEERUT	1,20,03,110	9,81,892	1,51,921	-	8,75,340	-	1,40,12,263
8.	MUGHALSARAI	53,30,325	31,15,619	19,230	-	14,59,701	-	99,24,875
9.	NODA	56,57,683	15,34,954	75,424	-	9,35,180	-	82,03,241
10.	COMMON EXP.	6,21,716	-	-	-	-	-	6,21,716
TOTAL FOR EDFC		5,95,35,300	2,57,61,126	8,89,572	-	3,75,38,974	-	12,37,24,972
GRAND TOTAL		11,94,70,766	5,76,84,044	36,50,178	3,42,07,634	6,60,37,513	37,00,967	28,47,51,102