

Independent Auditors' Report

Director, Finance
Dedicated Freight Corridor Corporation of India Limited
New Delhi

We have audited the accompanying project financial statements of "EDFC-II" of **Dedicated Freight Corridor Corporation of India Limited** ("The Company") which comprise the Balance Sheet as at 31st March 2016, and the Statement of Sources and Application of Funds and Statement of Expenditure for the year then ended, and a summary of significant accounting policies, explanatory notes, a List of Individual Withdrawal Applications and a Statement of Reconciliation of Claims to Total Application of funds. The financial statements have been prepared by the management of the company based on the reporting provisions of Section 5.09 of the General Conditions of the contract dated December 11, 2014 between Ministry of Finance, Government of India and International Bank for Reconstruction and Development.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the financial reporting provisions of Section 5.09 of the General Conditions of the contract dated December 11, 2014 between Ministry of Finance, Government of India and International Bank for Reconstruction and Development; this includes the design, implementation and maintenance of internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

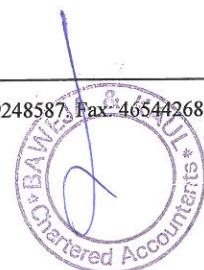
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the project financial statements of "EDFC-II" of Dedicated Freight Corridor Corporation of India Limited for the year ended March 31, 2016 are prepared, in accordance with the financial reporting provisions of Section 5.09 of the General Conditions of the contract dated December 11, 2014 between Ministry of Finance, Government of India and International Bank for Reconstruction and Development.

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Further, we are of the opinion that:

1. The PFS give a true and fair view of the financial position of the Project at the end of the period under audit and of the sources and application of project funds for that period.

Subject to:

- *The Balance Sheet of the Project has been prepared for the first time as at 31.03.2016. These have been prepared to the extent of the information available with the management. We cannot comment upon the balances brought forward from the previous years.*
 - *We cannot comment upon the opening balances of IUFRRs for the year ending 31.03.2016 brought forward from the previous years.*
2. The project funds were utilized for the purposes for which they were intended.
 3. Expenditure, including assets created under the Project, shown in the PFS is eligible for financing under the relevant Loan agreement and these were incurred through internal sources and now reimbursement is sought through IUFRRs from the World Bank through Ministry of Railways.
 4. IFRs submitted by the Project Management can be relied upon to support applications for withdrawal of Loan, and adequate supporting documentation has been maintained to support the claims.
 5. The accounting and internal control systems underlying the project, including material compliance with the Project Implementation Manual, and oversight over the project funds were adequate and maintained throughout the audit period.
 6. Procurement done by DFCCIL under the project had been undertaken in accordance with agreed procurement arrangements.

Basis of Accounting and Restriction on Distribution and Use

Without modifying our opinion, we draw attention to executive summary of Management Letter, which contains detailed observations observed during the course of audit. The financial statements are prepared to assist Dedicated Freight Corridor Corporation of India Limited to comply with the financial reporting provisions of the contract referred to above. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for Dedicated Freight Corridor Corporation of India Limited and World Bank and should not be distributed to or used by parties other than Dedicated Freight Corridor Corporation of India Limited, or World Bank.



For Baweja & Kaul
Chartered Accountants
Firm Registration No: 005834N

[Signature]

Dalip K Kaul
Partner
Membership No: 083066

Place: New Delhi

Date: 11/11/2016

DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED

BALANCE SHEET OF EDFC II PROJECT AS AT MARCH 31, 2016

Amount in (₹)

Particulars	Note No	As at March 31, 2016
I. EQUITY AND LIABILITIES		
(1) Shareholders' Funds		
(a) Share Capital		-
(b) Reserves and Surplus		-
(2) Share application money pending allotment		-
(3) Fund transferred from head office		65251,21,395
(4) Non-Current Liabilities		
(a) Long-Term Borrowings	1	22041,20,202
(b) Other Long Term Liabilities	2	2,31,390
(c) Long Term Provisions		
(5) Current Liabilities		
(a) Other Current Liabilities	3	2004,49,587
(b) Short Term Provisions		
TOTAL		89299,22,573
II. ASSETS		
(1) Non-Current Assets		
(a) Fixed assets		
(i) Tangible assets	4	56,35,302
(ii) Intangible assets		
(iii) Capital work in progress	5	5892,77,443
(iv) Tangible Assets under development		
(v) Intangible Assets under development		
(b) Long-term loans and advances	6	83330,76,498
(2) Current Assets		
(a) Cash and Bank Balances	7	(93,871)
(b) Short-term loans and advances		
(c) Other current assets	8	20,27,201
TOTAL		89299,22,573

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

Place : New Delhi

Date: 11/11/2016

For Baweja & Kaul
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Mw 082066
Sanku

ANJEEV KUMAR JAIN
Addl. General Manager / Finance
Dedicated Freight Corridor Corporation of India Ltd.
(A Govt. of India (Ministry of Railways) Enterprise)



Dedicated Freight Corridor Corporation of India Limited			
Sources and Uses of Funds for Financial Year Ending 31st Mar 2016 FOR EDFC-2			
	Opening Balance (Cum) 01.04.2015	for FY Ending 31th March 2016	(INR in ,000) Project to Date
	2	3	4
A	Opening Balance • Project Bank Account		
B	Sources of Funds		
		20,88,308	20,88,308
		5,49,004	5,49,004
	15,531		15,531
			-
	15,531	26,37,312	26,52,843
C	Uses of Funds		
	15,531		15,531
			-
		12,08,340	12,08,340
		13,32,045	13,32,045
	-	25,40,385	25,40,385
			-
			-
		3,683	3,683
		2,634	2,634
		798	798
		89,812	89,812
	-	96,927	96,927
D	Goods, Consultants' Services & Training under Heavy Haul TA (Part 2 of Project)		
			-
			-
	15,531	26,37,312	26,52,843
E	Closing Balance in Project Bank Account		
			-



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DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED

EXPENDITURE INCURRED BY DFCCIL ON A/C WORLD BANK FUNDED PROJECT for FY Ending 31st Mar. 2016 (PAYMENT BASIS) EDFC-2

SR.NO.	PARTY NAME	OP. BAL.as on 1st April 2015	1ST QTR	2ND QTR	3RD QTR	4TH QTR	CL. BAL.
		15,531					
1	Front End Fee						15,531
1	Joint Venture of Sew Infrastructure, Hyderabad & GMR Infrastructure Limited, Banglore(Lot-201)		12,08,341				12,08,341
2	Joint Venture of Sew Infrastructure, Hyderabad & GMR Infrastructure Limited, Banglore(Lot-201)		13,32,045				13,32,045
3	M/s Haskoning DHV Consulting Pvt. Ltd, Noida (U.P)			1,325		2,358	3,683
4	M/s IRG Systems South Asia Pvt. Ltd.			512		2,121	2,633
5	M/s Kadam Environmental Consultancy			798			798
6	Systra SA- Mott Mac Donald				69,191	20,621	89,812
8	Getinsa Payma SL and S.N.Bhobhe & Associates Private Limited						
	TOTAL	15,531	25,40,386	2,635	69,191	25,100	26,52,843

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 Digital Freight Services
 (A Govt. of India Undertaking)



DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED

Notes to the World Bank Funded Project Financial statements

1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

Financial statements of the Company are prepared under the historical cost convention using the accrual method of accounting in accordance with the generally accepted accounting principles (Indian GAAP) and complying with the mandatory Accounting Standards (AS) as notified under Companies Act, 2013.

1.2 USE OF ESTIMATES

The preparation of financial statements, in conformity with Indian GAAP, require management to make estimates and assumptions that effect 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 prospectively in the accounting period of change and future accounting periods respectively.

1.3 FIXED ASSETS & CAPITAL WORK IN PROGRESS

- a) Fixed Assets are stated at cost of Acquisition/Construction. In cases where final settlement of bills with contractors is pending, but the asset is complete and ready for use, capitalisation is done on estimated basis subject to necessary adjustment, including those arising out of settlement of arbitration/court cases, in the year(s) of final settlement.
- b) Capital Work-in-Progress is carried at Cost. Expenditure during construction net of incidental income is capitalized as part of relevant assets.
- c) Capital Stores are valued on Weighted Average Cost.

1.4 DEPRECIATION & AMORTISATION

- a) Depreciation on Additions to /Deductions from Fixed Assets during the year is charged on pro-rata basis from / up to the date on which the Asset is available for use / disposal.
- b) Depreciation on Fixed Assets is provided as per Para 219 of Indian Railway Finance Code volume I which specifies the normal life of the various classes of Railway Assets. In case a particular component of Fixed Asset is not available in the said Para 219 of Indian Railway Finance Code, then depreciation on these assets is provided on Straight Line Method using the useful life specified in Schedule II of the Companies Act ,2013
- c) Asset valuing ₹ 5000/- or less are fully depreciated in the year of Addition thereof.
- d) Cost of software is recognized as Intangible Assets and is amortized on Straight Line Method over a period of legal right to use or three years, whichever is earlier. Other Intangible Assets are amortized on Straight Line Method over the period of legal right to use.
- e) Fixed Assets created on Leasehold Land and Leasehold Premises Improvements are depreciated fully over the residual period of lease of respective Land / Leasehold Premises or over the life of respective asset as specified in Schedule II of the Companies Act, 2013, whichever is shorter.
- f) Where the cost of Depreciable Assets has undergone a change during the year due to increase/decrease in Long Term Liabilities on account of exchange fluctuation, price adjustment, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life of such assets.



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

1.5 FOREIGN CURRENCY TRANSACTIONS

- a) Transactions in foreign currency are initially recorded at exchange rates prevailing on the date of transaction. At each Balance Sheet date monetary items denominated in foreign currency are translated at the exchange rate prevailing on the Balance Sheet date.
- b) Exchange difference on foreign currency borrowings to the extent regarded as adjustment to interest costs in terms of Para 4(e) of AS-16 on Borrowing Costs is accounted for as borrowing costs in terms of ibid AS and balance is adjusted to the carrying cost of respective fixed asset/Capital Work-in-Progress, to which such borrowing pertains.
- c) Exchange difference on other monetary items is recognized as income & expenses.

1.6 BORROWING COST

Borrowing costs attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which these are incurred. Cost of raising borrowings / upfront fees and other similar expenses are capitalized/charged as expense in the year of incurrence itself.

1.7 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized in respect of obligations where, based on the evidence available, outflow of resources is probable and a reliable estimate can be made of the amount of obligation. Contingent Liabilities are determined on the basis of available information. These liabilities are not provided and the same are disclosed in the notes to accounts. Contingent Assets are neither recognized nor disclosed in the financial statements.

1.8 MISCELLANEOUS

- a) Liabilities for Goods in Transit/Capital Works executed but not certified are not provided for, pending inspection and acceptance by the Corporation.
- b) Claims including price variation are accounted for on acceptance.
- c) Liquidated Damages are recognized at the time of actual recovery.
- d) Prepaid expenses and prior period expenses/income of items of ₹ 50,000/- and below are charged to natural heads of accounts.
- e) Mobile Instruments are charged off to revenue.
- f) Insurance claims are accounted for based on Management best assessment of the quantum of loss & coverage thereof in terms of Insurance Policy. Any shortfall / excess are adjusted on the settlement of claims. Claim towards losses of CWIP, for which Insurance are obtained by Contractors under the provisions of respective contract agreement, are not accounted in the Books of Company.



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DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED**Notes to the Financial statements****1 Long Term Borrowings**

	Amount in (₹)
Particulars	As at March 31, 2016
Term Loans From Others	
Unsecured Loan	
Loan from Ministry of Railways for EAP/IBRD Projects-8318	22041,20,202
Total	22041,20,202

2 Other Long Term Liabilities

	Amount in (₹)
Particulars	As at March 31, 2016
Trade payables	
i) Misc. Deposits (Retention money & security Deposits received from the Supplier & Service Providers	20,388
ii) Income Received in Advance	2,11,002
Total	2,31,390

Other Current Liabilities

	Amount in (₹)
Particulars	As at March 31, 2016
i) Others Payables	1680,36,718.00
ii) Misc. Deposits (Security Deposits received from Supplier & Service Providers)	30,70,624
iii) Interest accrued but not due on Loan from MoR on IBRD	87,40,876
iv) Duties & Taxes	206,01,369
Total	2004,49,587



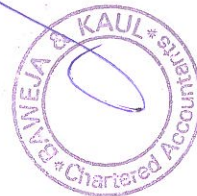
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DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED
Notes to the Financial statements

4 Fixed Assets

Amount in (₹)

Particulars	GROSS BLOCK			DEPRECIATION			NET BLOCK	
	As at 1st April 2015	Additions during the Year	Deletions / adjustments during the Year	As at 31st March 2016	Charge for the Year	Deletions during the Year	As at 31st March 2016	As at 31st March 2015
Computer Software	5,60,905	27,520	-	5,88,425	1,65,982	-	1,82,899	3,21,361
EDP	30,06,518	16,54,883	1,69,750	44,91,651	7,33,312	1,54,666	21,39,971	12,33,483
Furniture & Fixture	30,61,073	7,49,592	-	38,10,665	3,98,027	-	23,31,730	19,80,165
Office Equipment	23,03,092	3,75,637	-	26,78,729	2,40,705	-	9,80,703	8,45,771
TOTAL	89,31,588	28,07,632	1,69,750	115,69,470	15,38,026	1,54,666	56,35,302	43,80,780

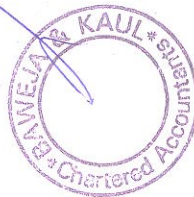


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DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED
Notes to the Financial statements

5 Capital Work In Progress

Particulars	Amount in (₹)			
	As at April 1, 2015	Additions during the Year	Capitalized during the Year	Deletions / adjustments during the Year
(i) Other Project Expenditure	-	3831,97,544	-	-
(ii) Expenditure During construction period (Development A/c Pending Capitalisation)	-	2060,79,899	-	-
Total	-	5892,77,443	-	-
				As at March 31, 2016
				3831,97,544
				2060,79,899
				5892,77,443



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DEDICATED FREIGHT CORRIDOR CORPORATION OF INDIA LIMITED

Notes to the Financial statements

6 Long Term Loans & Advances Amount in (₹)

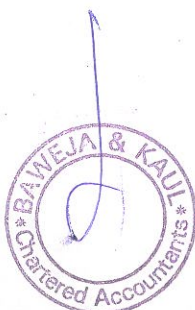
Particulars	As at March 31, 2016
A. Capital Advance	
i. Advance for Shifting of Utilities	57263,20,437
ii. Mobilisation Advance	26033,41,061
Total (A)	83296,61,498
B. Security Deposit	
i. Security Deposit-Plantation	33,22,600
ii. Security Deposit - Lease Rent	92,400
Total (B)	34,15,000
Total (A+B)	83330,76,498

7 Cash and Bank Balances Amount in (₹)

Particulars	As at March 31, 2016
Cash and Cash Equivalent	
i) Bank Balances	
- Current Accounts	(93,871)
Total	(93,871)

8 OTHER CURRENT ASSETS Amount in (₹)

Particulars	As at March 31, 2016
i) Other Recoverable	12,457
ii) Employee Advances	45,344
iii) Other Advances	19,69,400
Total	20,27,201



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