

**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 31<sup>st</sup> March 2017, 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 March 12, 2012 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 March 12, 2012 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, 2017 are prepared, in accordance with the financial reporting provisions of Section 5.09 of the General Conditions of the contract dated March

- 306 Corporate Towers, 85A Zamrudpur, Greater Kailash – I, New Delhi – 110048. Tel: 29231090, 29248587. email: bakaudit@gmail.com. Mob: 9810012809
- H. No. 32, Sector – 8, Trikuta Nagar, Jammu Tawi (J & K) - 180012





12, 2012 between Ministry of Finance, Government of India and International Bank for Reconstruction and Development.

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.
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 IUFRs from the World Bank through Ministry of Railways.
4. The IFRs submitted during the period under audit are supported by adequate detailed documentation maintained in DFCCIL's offices/branches to support claims to the World Bank for reimbursement of expenditure incurred.
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.

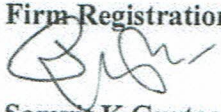
#### **Basis of Accounting and Restriction on Distribution and Use**

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.

Place: New Delhi  
Date: 29/12/2017



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

  
Samvit K Gurtoo  
Partner  
Membership No: 090758