Independent Auditor’s Report

To,
The Board of Directors,
Dedicated Freight Corridor Corporation of India Limited (DFCCIL)
New Delhi

Report on the Audit of the Project Financial Statements

Opinion

We have audited the accompanying special purpose financial statements of Eastern Dedicated Freight Corridor Project-III financed by the International Bank for Reconstruction and Development (hereinafter referred to as “IBRD”) under Loan IN-8513 and implemented by Dedicated Freight Corridor Corporation of India Limited. These financial statements (collectively referred to as the “Project Financial Statements”) which comprises of the following:

a. Statement of Sources and Uses of Funds (IUFR-1) for the year April 01, 2018 to March 31, 2019 (Annexure-I) and the accompanying notes,

b. A list of all Individual Withdrawal Applications during FY 2018-19 (Annexure-II), and

c. A Statement of Reconciliation of Claims to Total Applications of Funds for the year ended March 31, 2019 (Annexure-III).

In our opinion, the aforesaid special purpose Project Financial Statements (hereinafter referred to as “PFS”) give a true and fair view of the receipts and disbursements of the Project for the year ended on March 31, 2019 and the expenditure of the Project for the year then ended on March 31, 2019, in accordance with the financial reporting provisions of Section 5.09 of the General Conditions of the World Bank read with the Loan Agreement no. 8513 dated October 21, 2016 and following Project Agreements:

(i) HQ/EN/Procurement/PMC/SNL-PKY dated September 9, 2016
(ii) HQ/EN/EC/D-B/Sahnewal - Pilkhan/CP- 301 dated August 29, 2016
(iii) HQ/EN/Procurement/QSAC/SNL-KRJ & KRJ-DER dated March 20, 2017
(iv) HQ/EN/Proc./PMC/KRJ-PKY dated February 2, 2018
(v) HQ/EN/EC/D-B/Khurja - Pilkhan Section dated March 15, 2018
Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India (ICAI). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the implementing agency in accordance with the ICAI's Code of Ethics for undertaking this assignment, and we have fulfilled our ethical responsibilities in accordance with ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and those charged with Governance for the Project Financial Statements

The Management of the implementing agency is responsible for the preparation and fair presentation of the Project Financial Statements in accordance with the financial reporting framework as described in Note 1 of Annexure 1 to the Project Financial Statements and for such internal control as management determines is necessary to enable the preparation of Project Financial Statements that are free from material misstatement, whether due to fraud or error.

The Management and those charged with governance are responsible for overseeing the implementing agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Project Financial Statements

Our objectives are to obtain reasonable assurance about whether the Project Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standard of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Project Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
• evaluate the overall presentation, structure and content of the Project Financial Statements, including the disclosures and whether these financial statements present the Project's operations and underlying transactions and events in a manner that achieves fair presentation in accordance with the financial reporting framework described in Note 1 of Annexure 1 to the Project Financial Statements.

• communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

• provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

The implementing agency Dedicated Freight Corridor Corporation of India Limited has prepared a separate set of entity financial statements for the year ended March 31, 2019 on which we have issued a separate auditor’s report to the Shareholders dated August 14, 2019 and expressed an unmodified audit opinion.

Report on Other Legal and Regulatory Requirements

Further to our opinion on the Project Financial Statements we further report that:

a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b. in our opinion, proper books of accounts have been kept by the implementing agency for Project purposes so far as appears from our examination of those books;

c. the PFS dealt with by this report is in agreement with the books of accounts;

d. the Project funds were utilized for the purposes for which they were provided;

e. expenditures, including assets created under the Project, shown in the PFS are eligible for financing under the Project Financing Agreements;

f. Interim Financial Reports (IFR) submitted by the Project management can be relied upon to support applications for withdrawal of the Loan, and adequate supporting documentation has been maintained to support these claims;

g. As per the information and explanation given to us, the clause relating to Procurement by DFCCIL in line with the agreed procedures as detailed in the Project Implementation Manual is not applicable to the Project for the year under audit, as there was no procurement contract executed during the year which was not prior reviewed by IBRD; and
h. the Project has an adequate internal financial control system and such controls were operating effectively as at March 31, 2019 and the Project complies with the provisions on financial management contained in the Project Implementation Manual, in all material aspects.

Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 1 of Annexure 1 to the Project Financial Statements describing the basis of accounting. The PFS is prepared to assist the DFCCIL to meet the financial reporting requirements of the Loan Agreement dated October 21, 2016 between DFCCIL and IBRD in respect of preparation of the Project Financial Statements in a manner to reflect the operations, resources and expenditures related to the Project. As a result, these special purpose financial statements may not be suitable for another purpose.

For S.R. Dinodia & Co. LLP.
Chartered Accountants,
Firm’s Registration Number 001478N/N500005

(Nutan Jain)
Partner
Membership No. 092332
UDIN: 19092332AAAADH5113

Place of Signature: New Delhi
Date: 30th December, 2019
### Annexure I

**Sources and Uses of Funds for Financial Year Ending March 31, 2019 (IUFR-1)**

#### (Amount in ₹)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Opening Balance (Cum) 01.04.2018</th>
<th>for FY Ending 31th March 2019</th>
<th>Project to Date</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>Opening Balance - Project Bank Account</td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Sources of Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Counterpart funding - Equity</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Sources</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Uses of Funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Consultants' services - Part 1 of Project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Goods, Consultants' Services &amp; Training under Heavy Haul TA (Part 2 of Project)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Uses (D+E+F+G+H)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>I</strong></td>
<td>Closing Balance - Project Bank Account</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note 1:** The above annexure has been prepared on accrual basis of accounting and based on the provisions of section 5.09 of the General Conditions of the Loan Agreement No. 8513 dated October 21, 2016 between DFCCIL and IBRD for complying with the financial reporting provisions of the loan agreement.

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**For S.R. Dinodia & Co. LLP.**
Chartered Accountants,
Firm Registration Number 001478N/N500005

**For and on behalf of Board of Directors**
Dedicated Freight Corridor Corporation of India Limited

**Nutan Jain**
Partner
Membership No.: 092332
Place of Signature: New Delhi
Date: 30th December, 2019
### A list of all Individual Withdrawal Applications during FY 2018-19

<table>
<thead>
<tr>
<th>Application No.</th>
<th>Claim Amount (₹)</th>
<th>Date of Receipt</th>
<th>Receipt in USD</th>
<th>Receipt Amount (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>WA-07</td>
<td>5,228,117</td>
<td>14/05/2018</td>
<td>77,701</td>
<td>5,292,998</td>
</tr>
<tr>
<td>WA-08</td>
<td>735,205,985</td>
<td>25/06/2018</td>
<td>10,839,749</td>
<td>738,728,904</td>
</tr>
<tr>
<td>WA-09</td>
<td>9,516,253</td>
<td>02/08/2018</td>
<td>139,015</td>
<td>9,653,866</td>
</tr>
<tr>
<td>WA-10</td>
<td>152,376,078</td>
<td>08/11/2018</td>
<td>2,100,146</td>
<td>152,187,065</td>
</tr>
<tr>
<td>WA-11</td>
<td>950,816,645</td>
<td>06/02/2019</td>
<td>13,274,556</td>
<td>946,475,865</td>
</tr>
<tr>
<td>WA-12</td>
<td>1,160,060,786</td>
<td>27/03/2019</td>
<td>16,844,700</td>
<td>1,161,442,051</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,013,203,863</strong></td>
<td></td>
<td><strong>43,275,867</strong></td>
<td><strong>3,013,690,749</strong></td>
</tr>
</tbody>
</table>

For S.R. Dinodia & Co. LLP.
Chartered Accountants,
Firm Registration Number 001478N/n500005

For and on behalf of Board of Directors
Dedicated Freight Corridor Corporation of India Limited

(Nutan Jain)
Partner
Membership No.: 092332

Place of Signature: New Delhi
Date: 30th December, 2019
Dedicated Freight Corridor Corporation of India Limited : EDFC-3 Project
IBRD Loan No - 8513-IN

Statement of Reconciliation of Claims to Total Application of Funds as on 31.03.2019
(Disbursement mechanism: Reimbursement through IUFR)

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Amount in (₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount claimed from IBRD (for Application of Funds)</td>
<td>5,855,138,745</td>
</tr>
<tr>
<td>Less: Ineligible Claim</td>
<td>-</td>
</tr>
<tr>
<td>Less: Amount claimed in 4th quarter of FY 2018-19 for IBRD loan</td>
<td>361,681,686</td>
</tr>
<tr>
<td>Add: Differences on account of FERV in Amount disbursed for IBRD Loan</td>
<td>2,272,832</td>
</tr>
<tr>
<td>Amount received from IBRD (Matched with IUFR -1)</td>
<td>5,495,729,891</td>
</tr>
<tr>
<td>Amount Disbursed by IBRD up to 31.03.2019</td>
<td>5,495,729,891</td>
</tr>
<tr>
<td>Add: Foreign Exchange Fluctuation on reinstatement of liabilities upto 31.03.2019</td>
<td>118,840,549</td>
</tr>
<tr>
<td>Balance as per Books of Accounts</td>
<td>5,614,570,440</td>
</tr>
</tbody>
</table>

For S.R. Dinodia & Co. LLP,
Chartered Accountants,
Firm Registration Number 00147N/N500005

(Nutan Jain)
Partner
Membership No.: 092332

Place of Signature: New Delhi
Date: 30th December, 2019

For and on behalf of Board of Directors
Dedicated Freight Corridor Corporation of India Limited

(Aparna Tripathi)
General Manager (Finance)
<table>
<thead>
<tr>
<th>S.No.</th>
<th>UDN</th>
<th>MRN</th>
<th>Type/subtype</th>
<th>Description</th>
<th>Date of Document</th>
<th>Date of Create</th>
<th>Financial Figures/Particulars</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>1</td>
<td>19092332AAAAADHSI113</td>
<td>NUTAN (092332)</td>
<td>Certificates</td>
<td>EDFC Certificate</td>
<td>30-12-2019</td>
<td>30-12-2019</td>
<td>1. Total amount received during the year INR 3,015,690.749</td>
<td>Active</td>
</tr>
</tbody>
</table>

If you have any questions or need assistance, you can contact us at CA JAIN NUTAN (092332).