

CHAIRMAN'S MESSAGE

Dear Shareholders

While welcoming shareholders of DFCCIL to the first Annual General Meeting, I am filled of pride and elation that DFCCIL has got off the ground and is poised to take its first step towards execution of the biggest and most ambitious project to be taken up by the Ministry of Railways since independence. Three functional Directors that is MD, Director Finance & Director (Operation and BD) have taken charge, and have started taking major decisions in the field of designing and finalization of alignment. Seven field offices under General Managers have started functioning at Ludhiana, Jaipur, Vadodara, Ahmedabad, Mumbai, Kanpur & Allahabad.

The Dedicated Freight Corridor is a project for new railway lines exclusively for carrying freight isolated from normal IR traffic and passenger trains. Conceived in 2004-2005, planning for the project began in 2006, and in 2007 initial proposals have been drawn up. In the first phase, the Western Corridor will connect the Jawaharlal Nehru Port to New Delhi via Vadodara, Ahmedabad, Palanpur, Jaipur, and Rewari and further on to Tughlakabad and Dadri, and Eastern Corridor will connect Sonnagar with Ludhiana, with line also connecting to Dadri. In later phases, some other corridors may be taken up for which survey and feasibility study is currently on hand. The Eastern & Western Corridors of DFCC project will include 2,700km or so of exclusive freight lines (new construction), and about 5,000km of feeder lines that will include some new construction and many existing lines that will be upgraded. It is expected that trains running on the DFC lines will be up to 1.5km long and running at up to 100km/h. Double-stacking of containers is expected to be the rule, transit time for freight between Mumbai and New Delhi is expected to drop to about 36 hours from the current 60 hours. Expected completion time for the first phase of the DFC project is around 5-7 years (i.e., completion by 2012-2014).

The project will provide the much-needed additional capacity in the rail infrastructure for growth of Indian Economy and Exim trade, and I am sure that not just DFCC but also the IR will go from strength to strength in foreseeable future.

Directors' Report on the DFCC

Gentlemen

1. The Directors have pleasure in presenting the 1st Annual Report together with the Audited Statement of Accounts of the company for the period ended 31st March 2007.

2. Working of the company

The company was incorporated on 30th October, 2006 with the object to carry on the business of construction related to freight corridor and thereafter for commercial operation. The Company has obtained its Certificate of Commencement of Business on 3rd November, 2006. The working of the company has initiated by a project Commencement Group that consisted of Four SAG officers of the Railway board. The Board of Directors consisted only of the first Directors, and the work done was mainly towards planning, and coordinating with the evaluation team of the agency appointed by Government of Japan (JICA). During the period, the Company had incurred development expenditure of Rs. 61.75 lakhs.

3. Share Capital

The company is incorporated with Authorized Share Capital of Rs. 4000,00,00,000 (Rupees four thousand crore) divided into 4,00,00,000 (Four crore) Equity shares of Rs. 1,000/- each. The Company's Paid Up Share Capital as on 31.03.2007 was Rs. 2,00,00,000 (Rupees two crore) divided into 20,000 (twenty thousand) Equity Shares of Rs. 1000/- each, which stands increased to Rs.17,00,00,000/- representing 1,70,000 equity shares of Rs.1,000/- each as on date.

4. Auditors' Report

The report of the Auditors read with Notes to the accounts is self-explanatory and no separate comments are required.

5. Directors

The First Directors of the Company are Sh.Shri Prakash, Sh. Rakesh Chopra and Sh. R. Ashok nominated by the Ministry of Railways (MOR). Sh.R. N. Verma has been nominated by the MOR as part time Director w.e.f. 2nd August 2007 in the place of Sh.Prakash who ceased to be the Director of the Company.

The MOR had nominated on 20 March, 2007 Sh. J. P. Batra as the Chairman, of the Company. He has superannuated on 31.07.2007. Shri.Rakesh Chopra Former Additional Member (Engg.) has also ceased to be Director since upon his assuming charge of GM/Southern Railways. Shri.K.C.Jena/CRB has been appointed as Chairman of the Corporation with effect from 31st August, 2007 vide Railway Board Letter No.ERBI/2007/2/44/ dt.31/08/2007.

The President has appointed Mr.V.K.Kaul as Managing Director, Mr. R.K.Sinha as Director (Finance) and Mr.P.N.Shukhla as Director (Operations & Business Development) of the Company and they have assumed charge w.e.f. 15th , 17th September and 15th October, 2007 respectively.

6. Auditors

M/s. K. G. Somani & Co. Chartered Accountants, New Delhi, have been appointed as first Statutory Auditor of the Company by the Comptroller and Auditor General of India.

7. 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 the receipt of remuneration in excess of the limits prescribed.

8. Conservation of Energy Consumption, Technology absorption

The particulars as prescribed pursuant to section 217 (1) (e) of the Companies Act read with Companies (Disclosure of Particulars in the report of the Board of Directors) Rule, 1988 in respect of the Conservation of Energy and Technology Absorption shall be treated as Nil as the company is presently neither energy intensive nor technology intensive.

9. Responsibility Statement

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

- a) In preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- b) The Directors have selected such accounting policies and 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.
- c) 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.
- d) The Directors have prepared the annual accounts on a going concern basis.

10. Acknowledgement

The Directors are grateful to CAG, MOR, IRFC, RVNL, IRCON and their employees and all other concerned for their continuing support to the company.

For and on behalf of the Board

**K.C.JENA
CHAIRMAN**