

Chairman's Message

Dear Shareholders,

It is with great honour and humility that I address you as the Chairman of DFCCIL. I am grateful for the trust and confidence placed in me to steer this remarkable organisation towards new heights. I am delighted to share with you the Auditor's and Directors' Reports, as well as the Annual Audited Accounts for the year ended 2023-2024.

As we all know, the Nation is in the mission mode to achieve '*Viksit Bharat, Sashakt Bharat*', which is envisaged by the Hon'ble Prime Minister Shri Narendra Modi as '*Viksit Bharat @2047*'. In fulfilling this dream of developed India, Infrastructure plays a crucial role, and when it comes to the rail infrastructure, DFCCIL, stands as a game changer in India's logistics.

DFCCIL: Our Objective

DFCCIL is entrusted with comprehensive planning, construction and development of Eastern and Western Freight Corridors. It is to ensure efficient and safe operation of the freight corridors. This project is nearing completion, and benefits of this accomplishment are becoming evident and contributing towards "*Atma Nirbhar Bharat*".

Infrastructure: A Catalyst for Economic Progress

India has to enhance its infrastructure to reach the economic growth target of US\$ 5 trillion by 2025. DFCCIL is committed to align its journey with India's remarkable growth story. As on date, 96.4% of the total 2,843 kms network, spanning through 56 districts across 7 states, has been completed. DFCs account for only 4% of the total Rail network but handle over 10% of the Gross Tonne Kilometres (GTKMs). It shows that we are exponentially increasing our presence in the transportation of goods through the DFCs.

The Gati Shakti Cargo Terminals (GCT) initiative by Indian Railways is a transformative government effort to upgrade India's logistics infrastructure. DFCCIL is promoting development of freight terminals along its corridors under this policy. This initiative is central to Indian Railways' strategy to increase its share of national freight traffic from 27% to 45% by 2030. With logistics costs currently amounting to 14-15% of GDP—higher than global standards—the Dedicated Freight Corridors (DFC) are expected to reduce these costs.

The GCTs along the dedicated freight corridors provide several key advantages, including faster cargo movement, improved freight earnings, and decongestion of railway tracks for passenger trains. These terminals enhance logistics efficiency by facilitating seamless multimodal connectivity between rail, road, and other transport modes, and increase capacity to handle bulk cargo. Additionally, they stimulate economic development by promoting the efficient movement of goods and encouraging private sector participation.

Notable Accomplishments during the FY 2023-2024

As we reflect on the past year, I am proud to highlight over significant achievements and milestones during the year 2023-2024.

As of March 31, 2024, a cumulative amount of INR 94,091 crore was spent in executing the DFC project. This excludes land acquisition costs. During FY 2023-24, the Company spent INR 10,576.44 crore specifically for capital expenditure related to project execution.

A total of 1272 track kms of Dedicated Freight Corridor (DFC) sections were completed and commissioned, resulting in 42% increase in daily train operations, from 170 trains per day in FY 2022-23 to 241 trains per day in FY 2023-24. This surge in operations was accompanied by a remarkable 142% increase in Gross Ton Kilometers (GTKMs), reaching 119,129 million GTKMs, while Net Ton Kilometers (NTKMs) rose by 198% to 66,719 million NTKMs.

On the Western DFC (WDFC), important sections commissioned include the Sanand North to Makarpura (138 km), Makarpura to Bhestan (130 km), and Gholvad to Vaitarna (90 km). On the Eastern DFC (EDFC), sections commissioned are the Ahruara Road DDU (27 km), Sahnewal to Shambhu (80 km), and Shambhu to Khatauli (187 km).

Dadri-Rewari section was dedicated to the nation by Hon'ble Prime Minister Shri Narendra Modi on 25.01.2024. On 12.03.2024, the Hon'ble Prime Minister inaugurated state-of-the-art Operations Control Centre (OCC) in Ahmedabad, Gujarat on Western Dedicated Freight Corridor (WDFC). This centralised nerve centre will ensure seamless operations of freight trains.

To enhance public safety, DFCCIL commissioned 40 Road Over Bridges during this financial year.

Additionally, the Truck on Train (ToT) service offered by DFCCIL, is a revolutionary logistics solution that combines the flexibility of truck transport with the speed and efficiency of railways. Since its inception, DFCCIL has successfully operated over 1000 ToT trips between New Rewari and New Palanpur stations of Western Dedicated Freight Corridor (WDFC), attracting clients across industries, cementing its position as a transformative force in the nation's freight transport landscape. The Truck on Train (ToT) service offers a faster and more efficient alternative to road transport, with traffic moving at 80 km/h and reducing transit time to just 10 hours, compared to the 24-36 hours typically required by road. This improved speed leads to better truck turnaround, reducing the need for capital investment in additional vehicles. The service is also highly cost-effective, eliminating toll charges, paperwork or detentions along the route. Additionally, ToT offers enhanced cargo safety, as goods are more secure, while improving driver welfare by providing rest and minimising their fatigue during transit.

During the financial year 2023-24, to leverage the growing potential of the e-commerce sector in rail logistics, approximately 561 NMGHS bookings were made, generating a revenue of Rs. 2.42 crores.

For its transparent & effective procurement policy, DFCCIL has been felicitated by the Government e-Marketplace (GeM) for achieving a record-breaking procurement of Rs. 185.76 crore during the financial year 2023-24.

We also acknowledge that use of digital infrastructure entails cyber as well as data security threats. To address these risks, we strive to identify potential vulnerabilities and create thorough risk mitigation procedures for the entire digital ecosystem including Applications, Information Technology (IT), and Operational Technology (OT) infrastructure. DFCCIL places a strong emphasis on risk management to ensure safe and efficient operation of its dedicated freight corridor.

Innovation in DFCs: The New Normal

We have made significant strides in modernising our operations through the implementation of the Dedicated Freight Information System (DFIS), which serves as a central hub for seamless communication and data integration across various systems. By fetching real-time data from the Crew Management System (CMS) and integrating with key Indian Railways applications such as the Control Office Application (COA), Integrated Coaching Management System (ICMS), Freight Operation Information System (FOIS), and CMS, DFIS ensures efficient and uninterrupted data flow.

Additionally, in FY 2023-24, DFCCIL achieved substantial progress in track development, with 652 kilometres of track linking completed using the modern New Track Construction (NTC) machine, bringing the cumulative track length to 5,765.7 TKM. Furthermore 1,125 TKM of Overhead Electrification (OHE) wiring was successfully completed using a mechanised wiring train, further bolstering the electrification and modernisation of the freight corridor.

DFCCIL has implemented the advanced 2x25 KV Auto Transformer (AT) feeding system to meet the heavy haul traction requirements, offering an impressive electrical distribution efficiency of 97.6%, significantly higher than the 92.95% efficiency of the conventional 25 KV system. This system provides several key advantages over traditional methods, including the ability to operate higher tonnage freight trains (6000/12000 tons) at increased speeds. These advancements enhance the overall efficiency and reliability of the rail freight system.

As we strive to propel innovation in transportation, tapping e-commerce potential is the need of the hour. By converting obsolete GS Coaches into advanced NMGHS coaches, DFCCIL efficiently transports smaller cargo consignments across its Dedicated Freight Corridor network. Strategic collaborations with e-commerce leaders encourage a shift to rail freight transportation, harnessing sustainability and efficiency gains. DFCCIL's small cargo services launched on July 10, 2023, between New Rewari and New Palanpur stations, exemplifies its innovative approach to logistics.

Sustainable Footsteps: In Sync with the Global Sustainability Goal

By facilitating the shift of freight transport from road to rail, DFCCIL plays a pivotal role in reducing the carbon footprint associated with logistics. Rail transport is significantly more energy-efficient and environmentally friendly compared to road transport, emitting only 28 grams of carbon per Net Ton Kilometre (NTKM), in contrast to 64 grams per NTKM for road transport.

This shift aligns with global sustainability goals and reduces environmental pollution, contributing to India's efforts to lower carbon emissions. As part of its Green Belt Development initiative, DFCCIL has successfully planted over 22,000 trees along the Dedicated Freight Corridor under the compensatory afforestation program. DFCCIL is also committed to supporting the green economy through its plans to earn carbon credits for its services, further advancing national goals of reducing carbon emissions and promoting sustainable development.

One of the DFCCIL's eco-friendly initiatives is the iconic Trucks on Train (ToT) service. In FY 2023-24, a total of 442 rakes transported 11,259 trucks, generating earnings of approximately ₹31.18 crore. This service saved over 1 lakh litres of diesel, reducing 270 tons of CO₂ emissions and contributing to the nation's foreign currency savings.

Over a 30-year period, the Dedicated Freight Corridor (DFC) is projected to save 457 million tons of CO₂ emissions, making a significant long-term contribution to environmental conservation and international commitments to SDGs.

Ethics in Corporate Governance at DFCCIL

At DFCCIL, we are firmly dedicated to upholding business ethics and values. Our commitment to these principles is unwavering. A report on "Corporate Governance" and "Management Discussion & Analysis Report" forms the part of the Annual Report.

I am delighted to state that DFCCIL has consistently received the highest credit ratings from renowned Credit Rating Agencies, including CARE Ratings Limited, CRISIL Rating Limited among others. These exceptional ratings are a testament to our organisation's financial stability, robust governance, and unwavering commitment to excellence. This recognition also reinforces our credibility with stakeholders and underscores our ability to drive growth and development in India's rail infrastructure.

The Way Forward

As we look to the future, the Dedicated Freight Corridor (DFC) will continue to play a transformative role in enhancing the country's logistics infrastructure. With its impressive rail transport network, the DFC is poised to generate a ripple effect of development, enabling the growth of Industrial Corridors, New Private Freight Terminals (PFTs), Goods Sheds, Multi-Modal Logistics Parks (MMLPs), and Inland Container Depots (ICDs) across its routes. These

developments will not only strengthen the nation's supply chains but also integrate underdeveloped regions into national and international markets, promoting inclusive growth.

As DFCCIL continues to drive innovation and expansion, we remain committed to our mission of contributing to India's economic progress and achieving our vision of seamless, efficient, and sustainable freight transportation.

Endnote

DFC will continue to stand as a pivotal force in propelling India's economic growth. Freight transportation network by DFCCIL, is set to play a crucial role on the economy and on social & human development indicators, fostering holistic growth of the Nation.

I would like to extend my gratitude to the Board of Directors, employees for being pillar of strength. I would like to thank Ministry of Railways, Union Government, State Governments, Zonal Railways, and Statutory Authorities for their positive role in all the endeavours of the DFCCIL.

I would also wish to place on record our appreciation for the cooperation extended and services provided by the Comptroller & Auditor General of India (C&AG), the Statutory Auditors, Internal Auditors, Secretarial Auditors and the Bankers.

Warm regards,

Sd/-

Satish Kumar
Chairman, DFCCIL

Date: 27.09.2024