

CHAIRMAN'S MESSAGE

Dear Shareholders,

It is indeed a great pleasure and privilege for me to be associated with the most ambitious and mammoth project of the Ministry of Railways. It is with great pleasure, I welcome you all to the Fourth Annual general Meeting of the Company. The report of the Board of Directors and audited annual accounts of the Company for the year ended 31st March 2010 together with the Auditor's report have already been circulated to you, and with your permission, I take them as read.

As you are aware that “Dedicated Freight Corridor Corporation of India Limited (DFCCIL)” is a Special Purpose Vehicle created to implement the most ambitious project of Indian Railways i.e. construction, maintenance and operation of Dedicated Freight lines covering approximately 3328 route kilometers on Eastern Corridor & Western Corridor. As on date, only two corridors have been sanctioned by the Ministry for construction. However, pre-feasibility studies for an additional four corridors have already been completed and Preliminary Engineering cum traffic Survey (PETS) has now been taken up.

I take this opportunity to throw some light on the major Project activities. The Business Plan of DFC sets out to define framework for conduct of business of DFC i.e. Vision, Mission, objectives and Supporting Strategies. Draft Business Plan duly approved by Board of Directors, is now being examined by the Ministry. Planning & implementation of DFC indicates a paradigm shift in railway efforts to improve productivity and efficiency. Dedicated Freight lines will not only bring in the latest maintenance & Operating technology available, but also it will increase overall productivity by segregating passenger and freight operations on the separate networks. In future DFCCIL may also facilitate development of Multimodal Logistic parks around its terminal to boost economic activities that will yield even higher level of freight traffic for Railways.

The financial features of the Business Plan highlight following facts:

- The O & M Cost of DFC will be substantially lower of that of IR.
- There substantial saving of rolling stock with efficient operations on DFCC.
- The better speed on DFCC will also result into substantial energy savings.
- DFCCIL will have a lean manpower organisation structure. Average staff will be 1.3 persons per track km whereas in Indian Railways, there are 14 persons per track km.
- This will help in reducing the unit cost of freight transportation which will be passed on to the Consumer.

Future DFCs

Ministry of Railways advised DFCCIL that Preliminary Engineering –cum-Traffic Survey (PETS) for future dedicated heavy haul freight corridor named as East Coast Corridor (between Kharagpur- Vijaywada, length about 1100 km), North-South Corridor (between Delhi-Chennai length about 2173 km.), Southern dedicated

freight Corridor (between Chennai-Goa, Length about 890 km) and East-West corridor (between Kolkata-Nagpur-Mumbai, length about 2000 km) to be arranged through M/s. RITES. The work in this direction has been started.

Land Acquisition

To ensure timely execution of the project, Company has been facilitating the land acquisition by Ministry in different states. The complexity can be judged from the fact that the Land acquisition involves over 11179 hectares spread over 49 districts in Seven States. The problem has become more acute as an equitable Land acquisition policy of the Central Government is still under finalisation, whereas both the demand from various projects for Land, as also the resistance to land acquisition is growing.

Under the circumstances, the progress made in issuing various notifications under the provisions of Railway Amendment Act, 2008 is satisfactory. About 6300 hectare, More than 50% of the overall requirement, now vests with the Ministry of Railway, and efforts will be made to further expedite the process.

Funding

- (i) Phase I (Vadodara – Rewari) 920 km (JICA)
Loan Agreement ID-P205 for Engineering Services Consultancy (Ph.I) for Two Billion Six hundred six million Japanese Yen and Loan Agreement ID-P209 for construction in the Phase I for Ninety Billion two hundred sixty two million Japanese Yen has been signed with JICA.
- (ii) Phase II (Vadodara – JNPT and Rewari – Dadri) 564 km (JICA)
Loan Agreement Id-P212 for Engineering Services Consultancy (Ph.II) for One billion six hundred sixteen million Japanese Yen has been signed with JICA.
- (iii) Funding for Mugalsarai-Kanpur-Khurja-Ludhiana section (1131 kms.) of Eastern Dedicated Freight Corridor is under discussion with World Bank. The loan agreement for 1st phase Bhaupur-Khurja section is targeted for finalisation in the financial year 2010-11. DFCCIL have moved ahead with the bidding process for Design-Build Contract for civil, structure & track works for phase-1 in consultation with the World Bank. The applications for Pre-Qualification of Design-Build contractors for civil, structure & track works have been received in July 2010. It is targeted to award the contract for civil, structure & track works for this section in May 2011. The loan agreement for Mugalsarai-Kanpur-Khurja-Ludhiana is targeted for finalisation in the financial year 2011-12.

Information Technology

DFCCIL plans to implement state of the art Information Technology Systems to bring efficiency, standardisation and transparency in the processes. As per the company vision, it is proposed to implement best practices in construction, program management as well as operation and maintenance. Company has appointed M/s. WIPRO Infotech as the prime IT Consultant with the support of World Bank. As per the terms of reference, the Consultant will assist in developing an IT Plan for DFCCIL, in selection of the appropriate technology stack and will be responsible for supervision of the implementation through a System

Integrator. Adequate emphasis on training would ensure that employees of DFCCIL are well equipped to shoulder the responsibility assigned to them.

Corporate Governance

I would also like to inform you that as per the guidelines issued by Department of Public Enterprises on Corporate Governance for Central Public Sector Enterprises in May 2010, “A Report on Corporate Governance” and “Management Discussion and Analysis Report”, forms the part of the Annual Report for the year ended 31st March 2010.

The Corporation has achieved the targets as set out in the Memorandum of Understanding for the year 2009-2010 signed between Ministry of Railways and DFCCIL. The Corporation has been graded as “Excellent” by Department of Public Enterprises under the MOU targets for the year 2008-2009.

Acknowledgments

I gratefully acknowledge the assistance and support extended to the Company by the Ministry of Railways, Zonal Railways and other Ministries under the Government of India & the State Governments and its Departments.

Further, I would like express my sincere thanks to the Shareholders of the Company for their support to the Company in all its initiatives. I look forward to their continued support in future too.

I sincerely thank my colleagues on the Board for their valuable advice and unstinted cooperation.

I must place on record my sincere thanks to our Bankers, Business associates for their cooperation and support to DFCCIL.

I acknowledge the dedicated, concerted and sincere efforts put in by all officers and employees of the Company. I am sure, with dedicated efforts from all of us, it would be possible to achieve the objectives of the Company through a focused approach.

Date : 29-09-2010
Place : New Delhi

Sd/-
Vivek Sahai
Chairman