

December 30, 2025

Dedicated Freight Corridor Corporation of India Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer rating	-	-	[ICRA]AAA (Stable); reaffirmed
Total	-	-	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation for Dedicated Freight Corridor Corporation of India Limited (DFCCIL) reflects its strong linkages with the Ministry of Railways (MoR), Government of India (GoI), given the operational, managerial and financial support available from the MoR and its strategic importance for expansion of the railway network in India. DFCCIL is implementing two dedicated freight corridors (DFCs) – the Eastern Dedicated Freight Corridor (EDFC; fully commissioned as of September 2025) and the Western Dedicated Freight Corridor (WDFC; 93.2% commissioned as of November 2025), which will be linked to the existing network of the Indian Railways (IR) through feeder routes. This would provide the IR with a more efficient freight transportation infrastructure, helping it increase its share in domestic freight transportation. The rating factors in the concession agreement (CA) and track access charges (TAC) agreement with the MoR, which will ensure regular cash flow for the company once the project becomes fully operational.

As per the agreements, the IR will be the major customer of the dedicated freight lines and will pay TAC to DFCCIL to cover all variable and fixed costs (excluding depreciation as per the revised methodology approved by the MoR in September 2025), including its debt servicing commitments. DFCCIL has been recognising revenues based on the in-principle approved TAC methodology. However, the operationalisation of multi-operator regime, where DFCCIL collects track access charges, is yet to be seen and, hence, the amount is appearing as receivables. Nevertheless, the rating notes the track record of support from the MoR, as reflected in timely equity infusion for project construction, operational expenses and support for debt servicing, which is expected to continue going forward. DFCCIL maintains 2-3 months of planned expenses/obligations (including debt servicing obligations) as liquidity cushion on a sustained basis.

The project has experienced considerable delays and cost overrun due to its extensive scope and complexity. At present, it is behind schedule by approximately seven years compared to the original planned commercial operation date (SCOD), although completion is now anticipated by the end of FY2026. Out of the total 2,843 route kilometrer (Rkm) — excluding the Sonnagar–Dankuni segment of 538 Rkm — 2,741 Rkm have been finished and made operational as of June 2024. The project cost increased to Rs. 1,02,159 crore (excluding land costs) from the initial Rs. 73,392 crore, mainly because of delays in obtaining the right of way (RoW) and execution challenges brought on by the Covid-19 pandemic. Despite these setbacks, it has made significant progress across the corridors under construction. The MoR has acquired the necessary land and contracts for the remaining segments have been awarded to the executing agencies. The project’s financing comes from loans provided by multilateral institutions such as the World Bank¹, the Japanese International Cooperation Agency (JICA), and MUFG Bank Ltd., alongside equity contributions from the Government of India (GoI). Debt funding has been approved incrementally and is either secured by sovereign guarantees from the GoI/Multilateral Investment Guarantee Agency (MIGA) or sourced through the Ministry of Finance (MoF) and extended to MoR and DFCCIL. Going forward, timely completion of the project and the finalisation of the TAC methodology will be a key monitorable. Additionally, the company has substantial contingent liabilities of around Rs. 14,692 crore as on March 31, 2025. While the risk of these liabilities materialising will result into significant cash outflows, high likelihood of funding support from the GoI serves as a mitigating factor.

¹ World Bank’s foreign currency debt has recently been refinanced through a rupee-denominated loan from Indian Railway Finance Corporation Limited.

The Stable outlook reflects ICRA's expectation that DFCCIL will benefit from its importance as a project for IR and continuation of timely operational and financial support from the MoR to ensure timely debt servicing.

Key rating drivers and their description

Credit strengths

Support from MoR/Gol – DFCCIL is promoted by the MoR and receives technical, financial and managerial support from the Ministry. The relationship is strengthened by the CA and the TAC agreement between the MoR and DFCCIL. As per the agreements, the IR will be the major customer of the dedicated freight lines and will pay a minimum fixed capacity charge to DFCCIL to cover all variable and fixed costs, including its debt servicing commitments but excluding depreciation (as per the recent revision in the methodology approved in September 2025). There is a consistent support in the form of advances from the MoR, Gol. However, the operationalisation of multi-operator regime, where DFCCIL collects track access charges, is yet to be seen. Hence, revision/ finalisation of the methodology remains a key monitorable.

Strategic importance of the project for MoR – The DFC projects are strategically important to the MoR as they will connect the existing rail network through feeder routes and provide a more efficient freight transportation infrastructure. This, in turn, will enable the IR to increase its domestic freight transportation, ease congestion of the existing rail network and increase revenues. The project has achieved cumulative physical progress of ~96.4% (2,741 Rkm) for the total stretch till September 30, 2025. And is likely to be commissioned entirely by the end of FY2026.

Credit challenges

Residual execution risk and sizeable contingent liabilities – Given the large scale and complexity of the project, DFCCIL remains exposed to residual execution risks (102 Rkm or ~3.5% of total project length). The project is running with a delay of ~7 years with respect to the initially envisaged SCOD and ~4 years with respect to the revised SCOD but is expected to be fully completed by the end of FY2026. There have been significant cost overruns, with the total estimate (excluding land) increasing to Rs. 1,02,159 crore from Rs. 73,392 crore, primarily due to delay in execution, led by RoW issues and the Covid-19 pandemic. However, the strong technical, managerial and financial support from the MoR has mitigated this risk to an extent. ICRA expects the support from MoR to continue, going forward. The project is closely monitored by the Gol, given its strategic importance. Further, the company had sizeable contingent liabilities (~Rs. 14,692 crore as on March 31, 2025) in the form of claims against the company not acknowledged as debt (primarily towards escalation claims raised by the contractors for works undertaken) and disputed liability under income tax and the goods and services tax (GST). While crystallisation of these contingent liabilities, leading to material cash outflows, is a risk, the high likelihood of funding support from the Gol to meet the same largely mitigates it.

Liquidity position: Strong

The strong liquidity factors in the unencumbered cash and bank balances of around Rs. 1,263 crore (excluding funds earmarked for land acquisition) as on March 31, 2025, vis-à-vis annual principal repayment obligation of ~Rs. 980-1,000 crore p.a. in FY2026 and FY2027. The liquidity profile is supported by the backing and timely support from the Gol, which is reinforced by the track record of equity infusion by the Gol in the past. Moreover, the debt availed by DFCCIL is either routed through the Gol or backed by guarantee from Gol/ MIGA. The balance project cost is expected to be funded through equity infusion from the MoR.

Rating sensitivities

Positive factors – Not applicable.

Negative factors – The rating maybe downgraded if there is a significant increase in the project cost, which is not met by commensurate increase in support from Gol, or delay in realisation of receivables, after finalisation of the TAC methodology, or if there is any weakening of the company's strategic importance to or linkages with the Gol.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Parent: MoR, GoI The assigned rating factors in the criticality and strategic importance of the two DFC projects and, hence, DFCCIL for the MoR and the expectation of timely and adequate financial support from the GoI to the rated entity. This comes in the form of budgetary support, as part of the Union Budget, allocated to the Indian Railways towards DFCCIL.
Consolidation/Standalone	The rating is based on standalone financial statements of the issuer.

About the company

Incorporated in 2006, DFCCIL is a special purpose vehicle (SPV) promoted by the GoI, through the MoR, to build, operate and maintain dedicated freight railway lines, along the rail routes of the Golden Quadrilateral and its diagonals. The dedicated freight network is aimed towards easing congestion on the existing rail network, allowing the IR to run additional passenger trains. The proposed design features of the project would allow the IR to run high-speed and high-axle load trains, improving its operating efficiency.

In the first phase, DFCCIL planned to construct two DFCs – the EDFC (from Ludhiana to Sonnagar) and the WDFC (from Dadri to Mumbai)—covering a length of 2,843 km. The EDFC has already been fully commissioned and the WDFC shall be commissioned by the end of FY2026. Against the revised completion cost for the two corridors – Rs. 1,02,159 crore (excluding land cost of Rs. 21,846 crore) – an amount of Rs. 1,03,876 crore had been incurred by March 2025, adequately and timely funded by the MoR. The actual expenditure includes certain components beyond the original scope of work. The revised cost will be financed by the MoR through a mix of equity and external debt.

Key financial indicators

DFCCIL	FY2024	FY2025
Operating income (OI) (Rs. crore)	4,484.9	7,995.6
PAT (Rs. crore)	(29.6)	42.9
OPBDIT/OI (%)	83.7%	83.2%
PAT/OI (%)	-0.7%	0.5%
Total outside liabilities [^] /Tangible net worth (times)	5.8	6.3
Total debt [^] /OPBDIT (times)	21.6	13.3
Interest coverage (times)	2.2	2.2

Source: Company, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

[^]includes funds received from MoR pending adjustment

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Dec 30, 2025	Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long-term	-	[ICRA]AAA (Stable)	Sep 10, 2024	[ICRA]AAA (Stable)	Jul 03, 2023	[ICRA]AAA (Stable)	Apr 29, 2022	[ICRA]AAA (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Issuer rating	NA	NA	NA	-	[ICRA]AAA (Stable)

Source: DFCCIL, ICRA Research

Annexure II: List of entities considered for consolidated analysis - Not applicable

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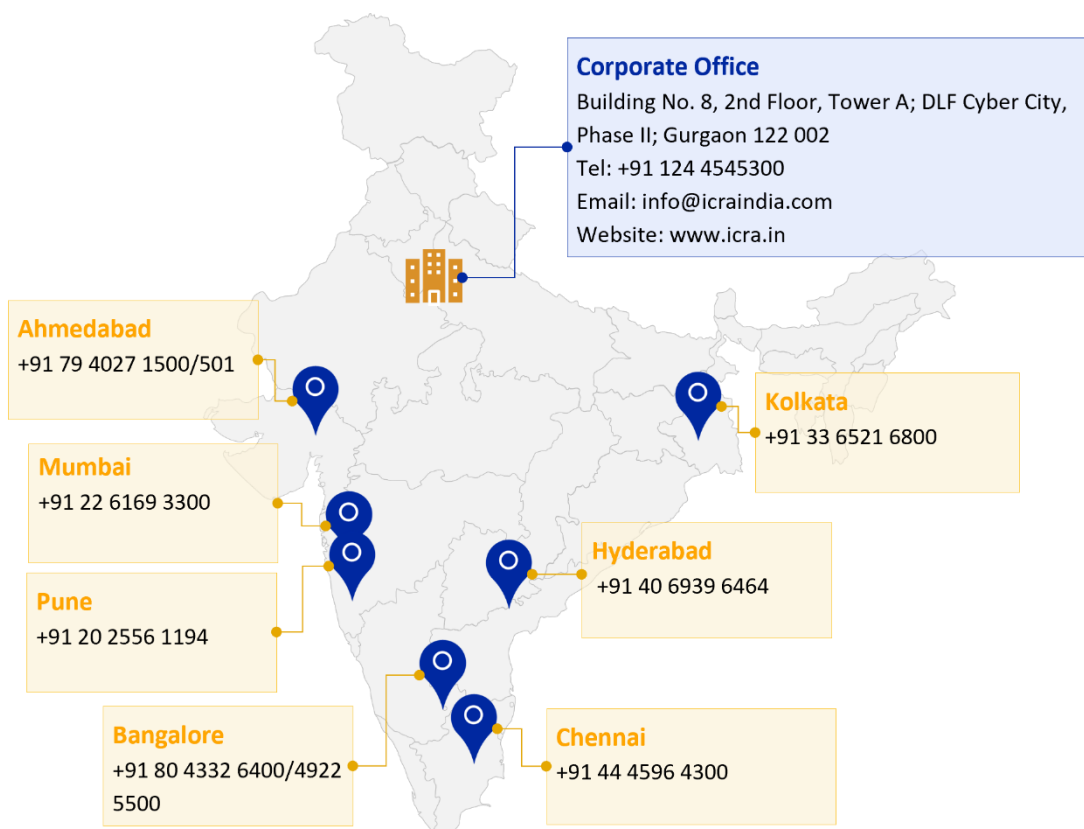
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