



Rural Electrification Corporation Limited A Navratna PSU

Management Presentation

Performance Highlights Q4 & 12M FY 17



Financing... Promoting... Green Growth...

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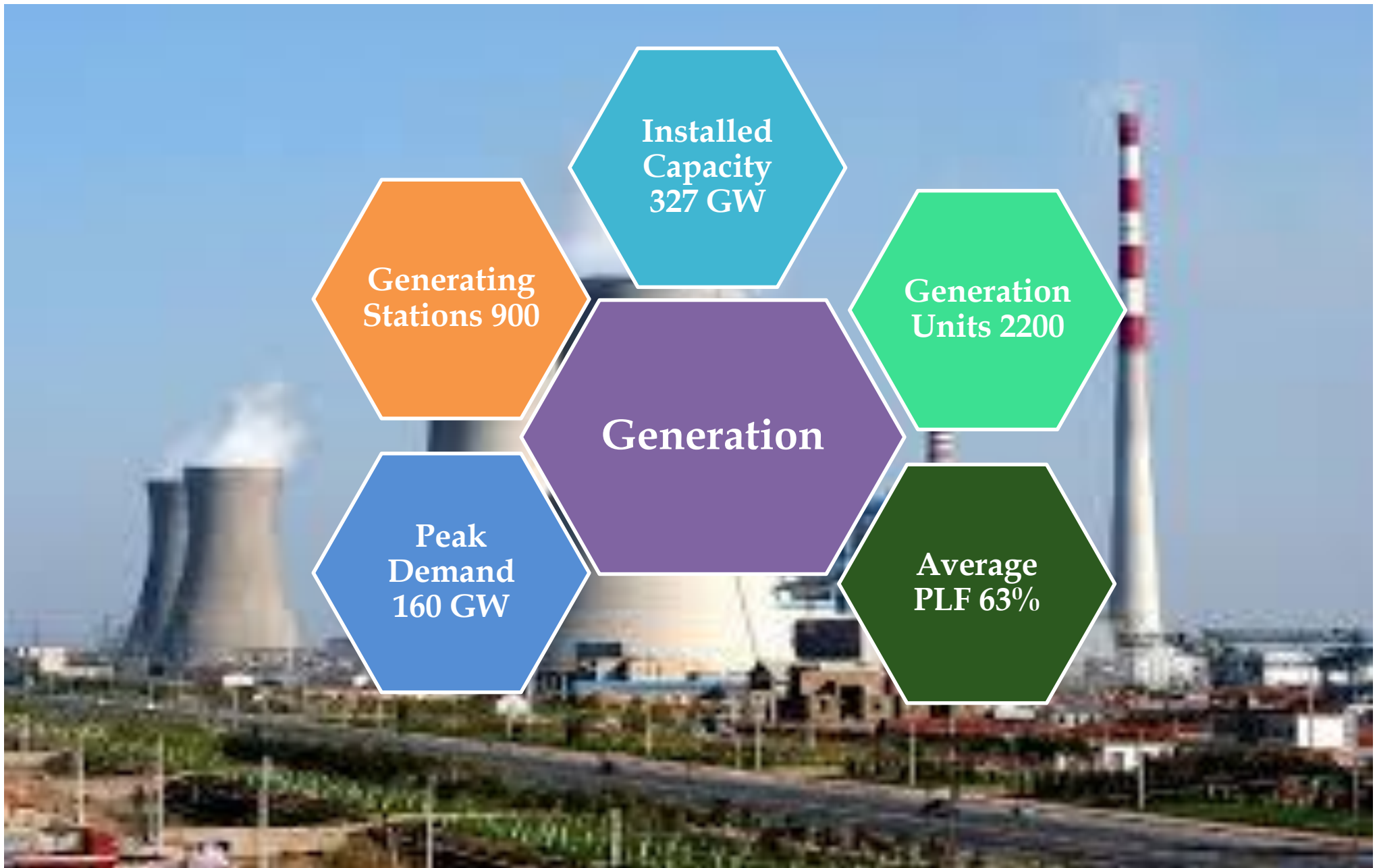


Financial Highlights



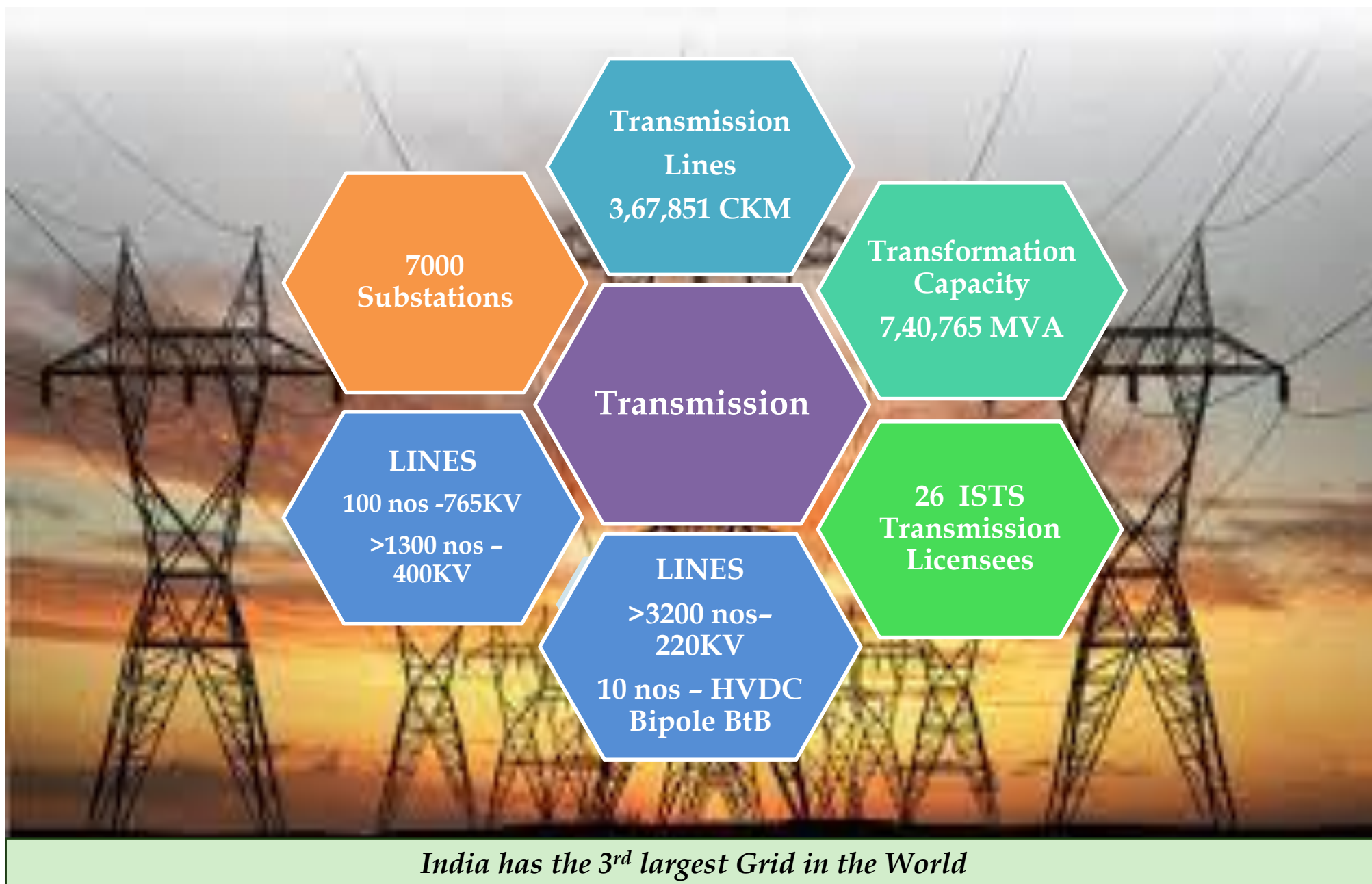
India - Power Sector – Empowering India

Generation



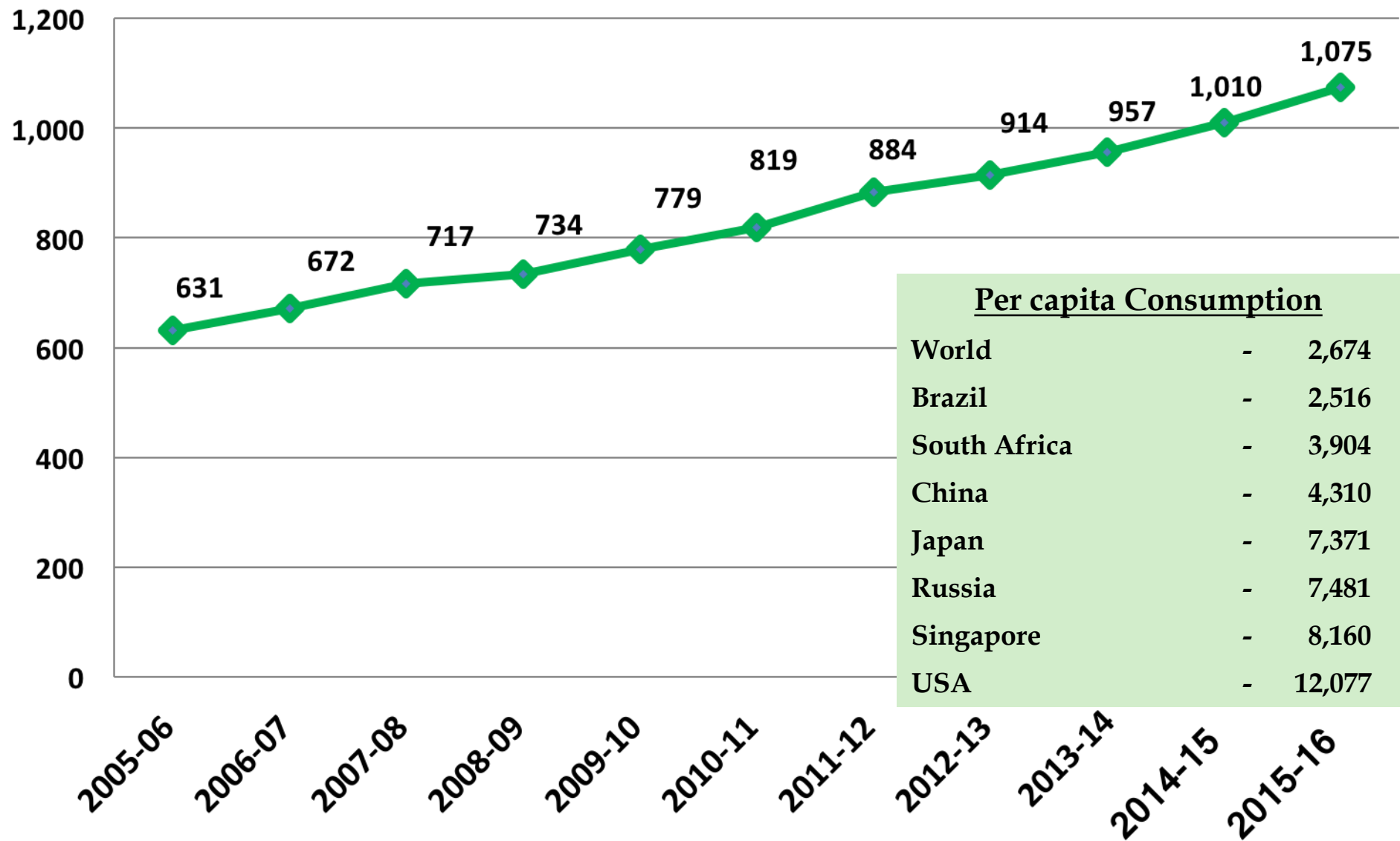
Source : POSOCO & CEA

Transmission



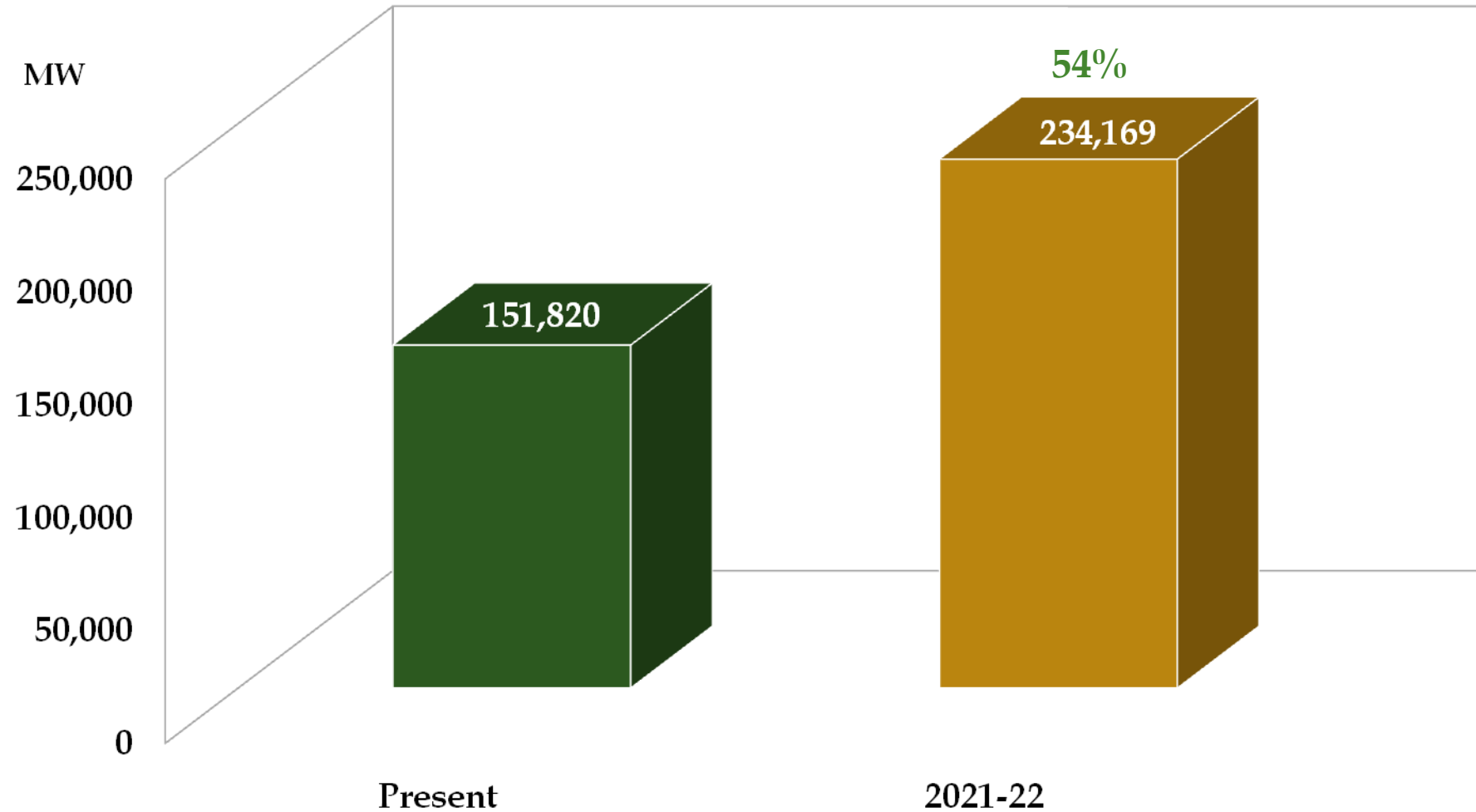
Source : POSOCO & CEA

Annual Per Capita Consumption of Electricity (kwh)



Source : CEA & Wikipedia

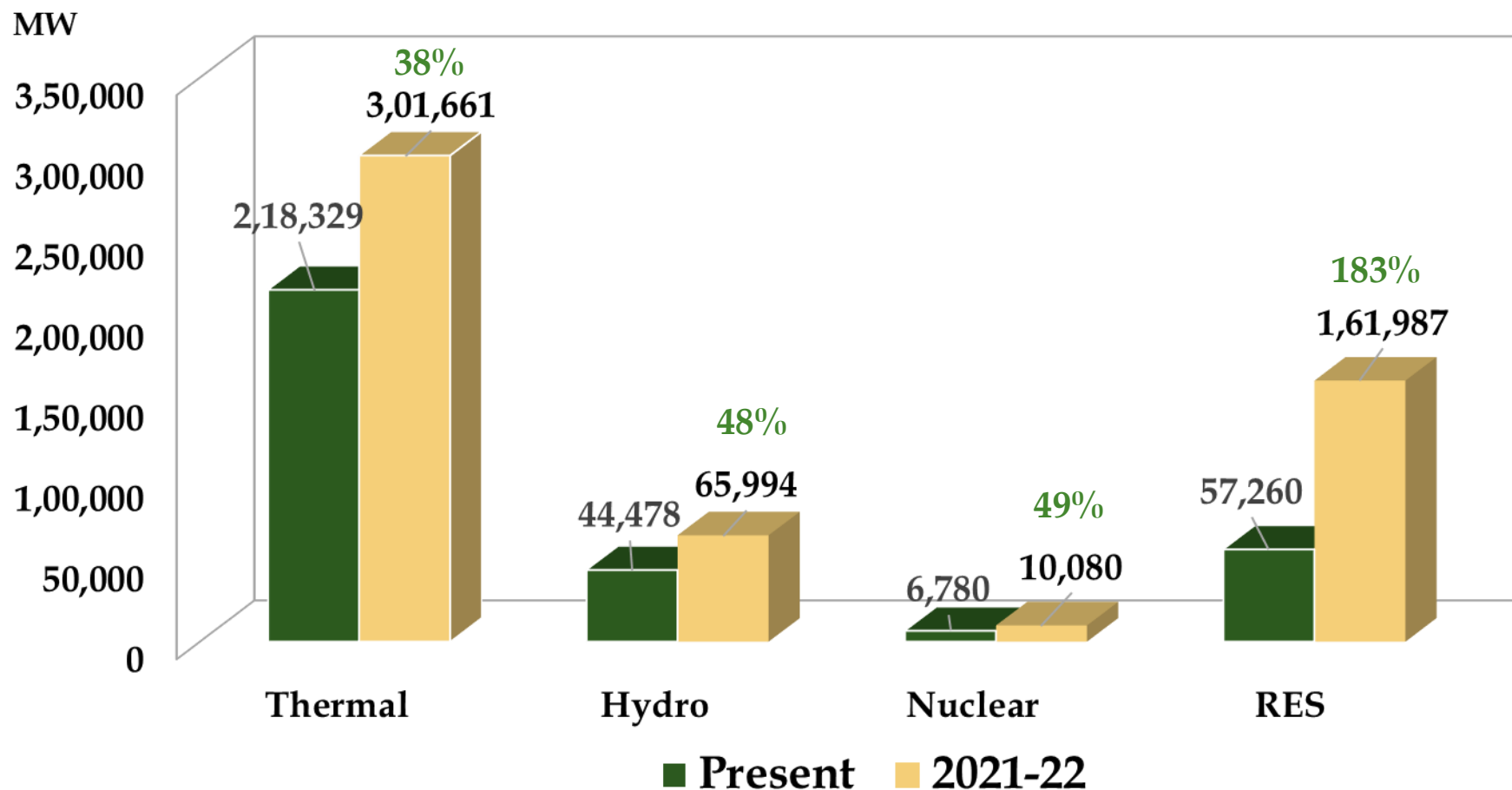
“Power for All” - Demand by 2021-22 (MW)



Source : CEA

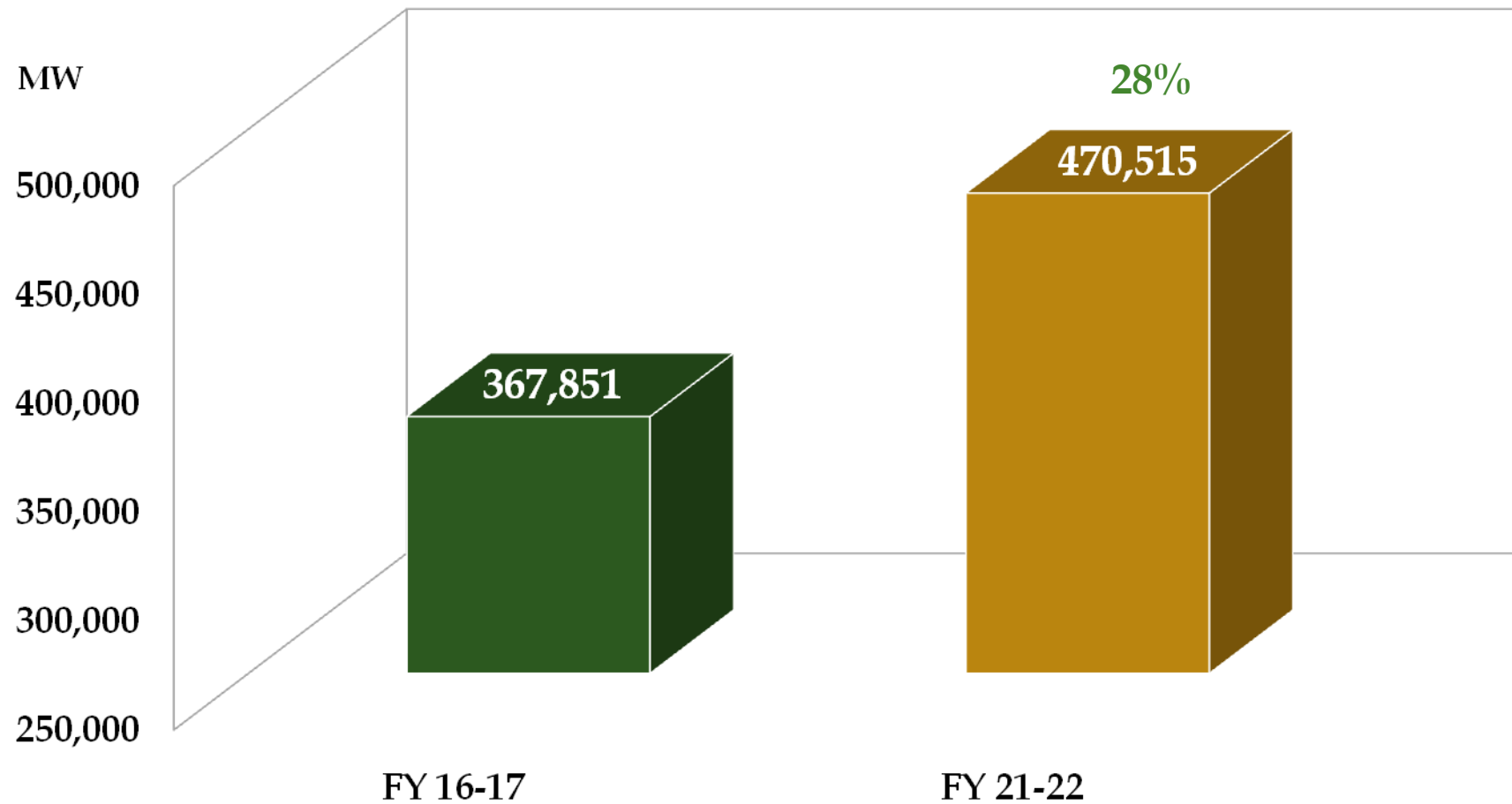
"Power for All"- Installed Capacity by 2021-22 (MW)

327 GW → 540 GW



Estimated fund requirement for generation capacity addition –
INR 10,33,400 Crores during the period 2017-22

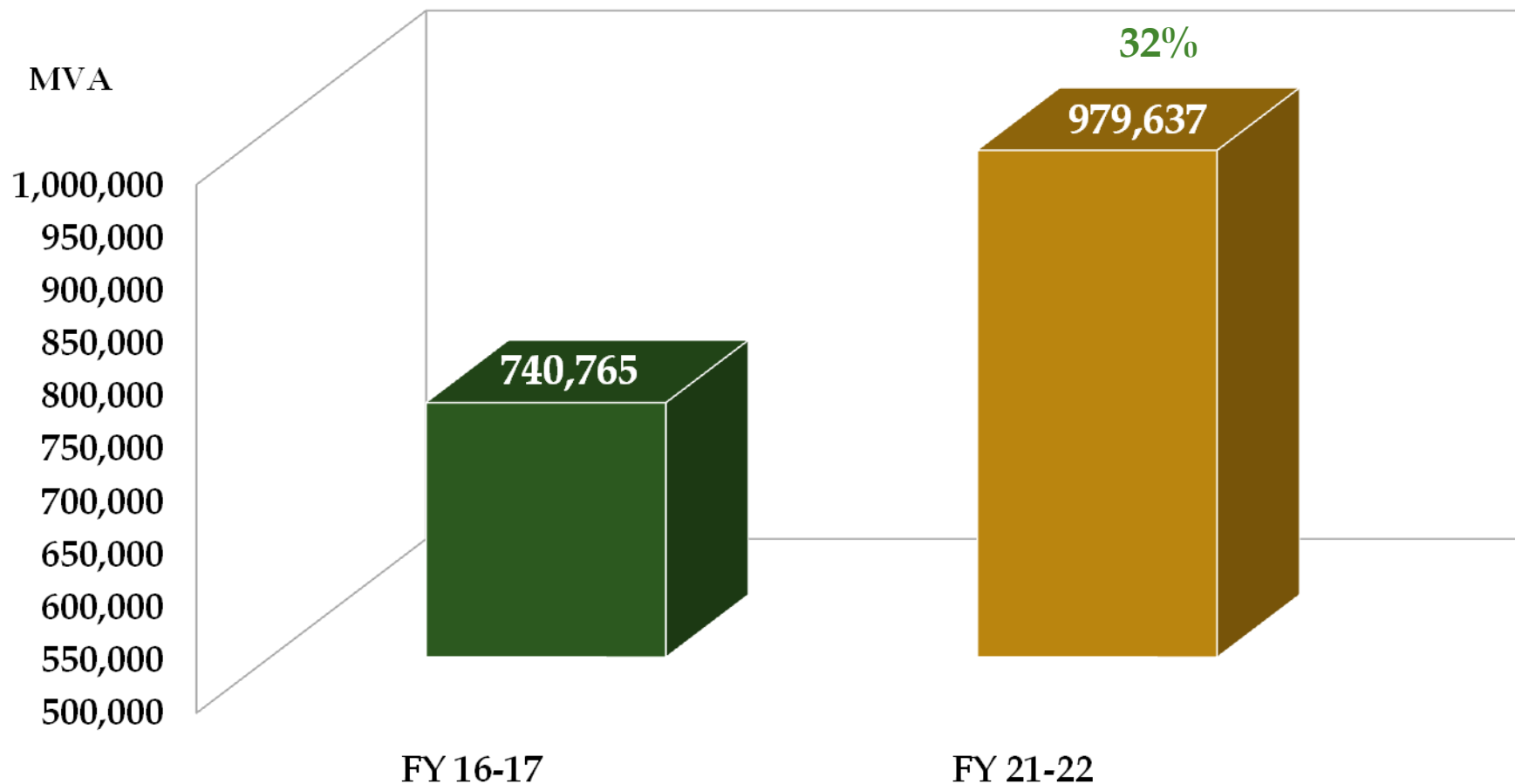
“Power for All” - Transmission Line Capacity by 2021-22 (CKM)



Estimated fund requirement for Transmission capacity addition including Transformation – INR 2,60,000 Crores during the period 2017-22

Source : CEA

“Power for All” - Transformation Capacity by 2021-22 (MVA)



Estimated fund requirement for Transmission capacity addition including Transformation – INR 2,60,000 Crores during the period 2017-22

Source : CEA

Renewable Energy in India

Sources	Potential (%)	Potential (GW)
Wind Power (Onshore)	11%	103
Solar	83%	749
Small Hydro	2%	20
Biomass /Bagasse	3%	23
Waste to Energy	1%	2.7
Total Potential (GW)	100%	897.7
Wind Power (Offshore)		127
Grand Total Potential (GW)		1024.7

Source : Wind Energy Mission Doc, C-Wet , NISE estimates, MNRE

- ❑ India has voluntary commitment to reduce emission intensity by 33% - 35% from 2005 levels by 2030.
- ❑ It seeks to achieve about 40% cumulative electric power installed capacity from non-fossil fuel based energy resources by 2030
- ❑ Core drivers for renewable energy in India being Energy security (reducing dependence on fossil fuels); Electricity shortages (to meet the growing requirements) and Energy Access for all

Particulars	Installed Capacity 31.03.2016	Installed Capacity 31.03.2017	TARGET 2022	
Solar >1 MW	6,763	12,289	100,000	57%
Wind	26,867	32,280	60,000	24%
Small Hydro Power	4,273	4,380	5,000	3%
Biomass/Other	4,946	8,311	10,000	6%
Total Installed Capacity (MW)	42,849	57,260	175,000	100%

Source : CEA



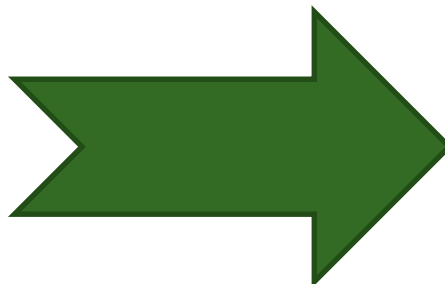
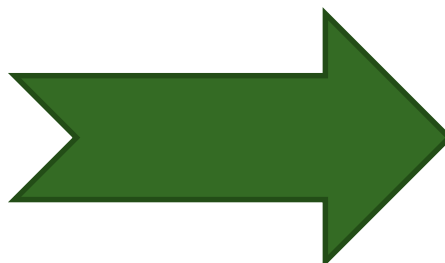
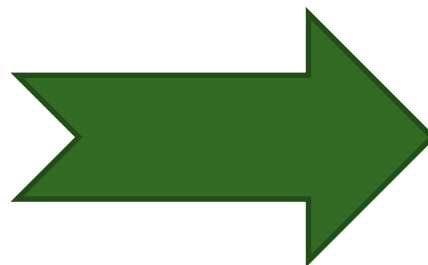
"Power for All" – Distribution Modernization by 2019

Present

**AT & C Loss
24.6%**

**Gap
ACS -ARR
Rs.0.6/U**

**Power
Supply
19.9 Hrs**



By March 2019

Below 15%

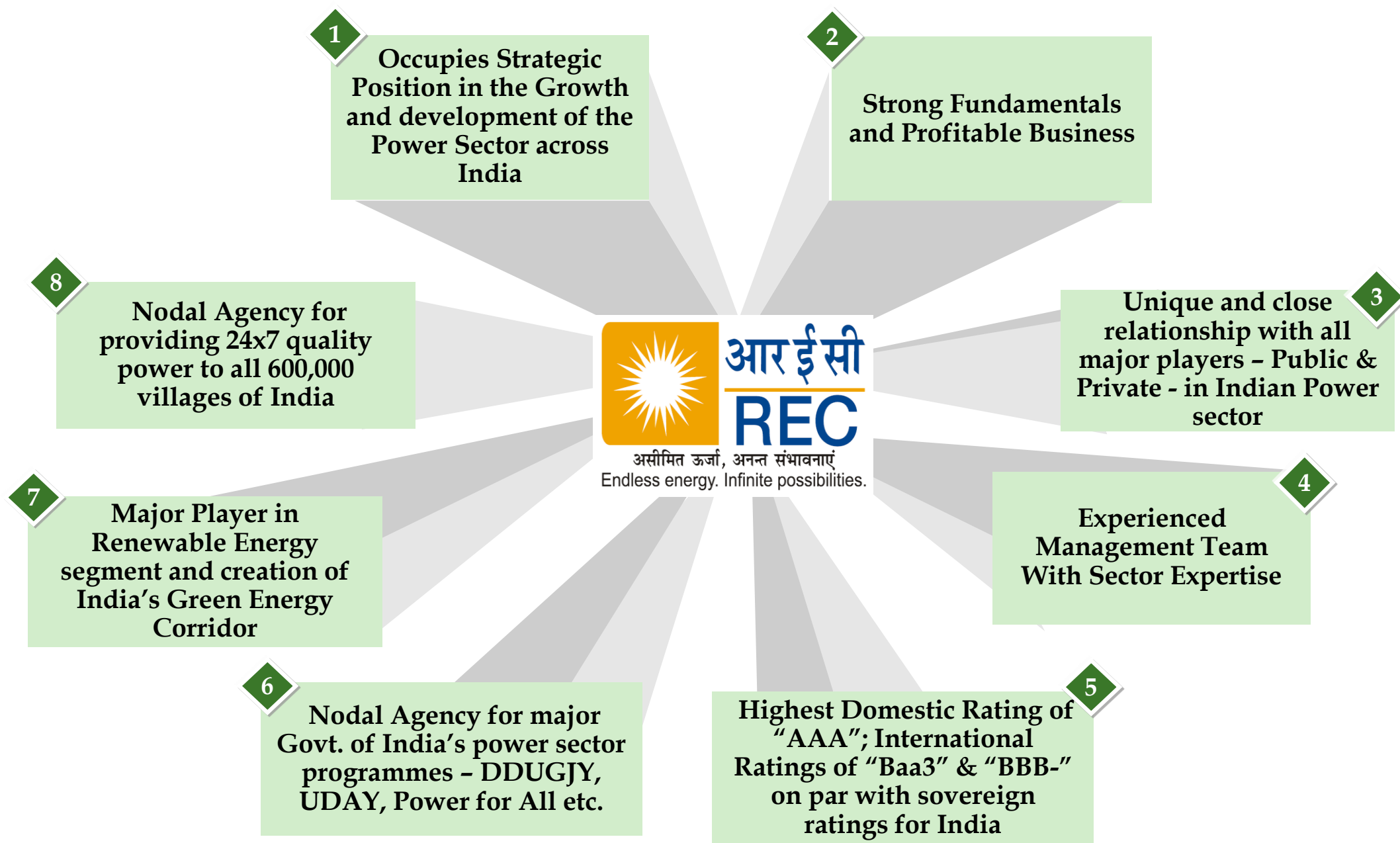
Zero

24X7 Power for All

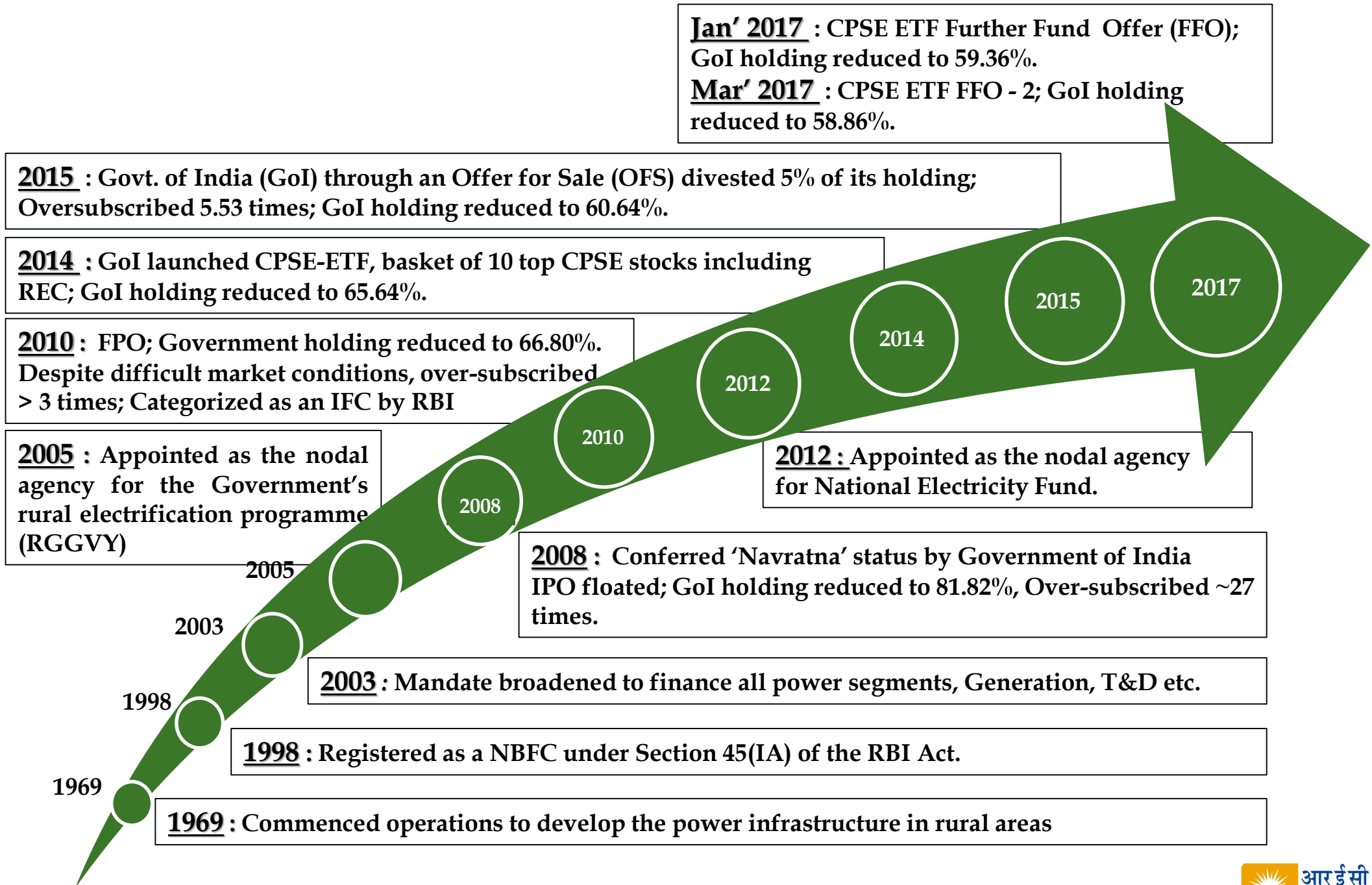


REC Overview

Key Strengths



Major Milestones in Long & Successful journey of ~ 48 years



Board of Directors – Experienced Team with sector experience



Dr. P.V. Ramesh,
IAS
*Chairman &
Managing Director*
IAS officer (1985 batch)
with rich and varied
experience of > 31
years

- ❑ Was Special Chief Secretary and Development Commissioner in the Govt of AP. Also held important position of Principal Finance Secretary, Principal Secretary Department of Health & Family Welfare and Commissioner of Industries in Govt of AP. Headed the State Reorganization Department that reorganized the state of AP.
- ❑ Qualified Doctor from the Christian Medical College & Hospital, Vellore.
- ❑ Has Served in the UNO for ~13 years and also as Country Programme Manager for Asia Pacific Division of IFAD/ UNOPS, Senior Portfolio Manager for West Asia, Acting Director of UNOPS Regional Office for Southern Eastern Africa; Country Representative for UNFPA to Afghanistan; and Senior Advisor to Finance Minister of Afghanistan. Had been a staff member of IFAD, UNOPS and UNFPA



Mr. Ajeet Kumar
Agarwal
Director (Finance)
> 33 years experience
in Finance Sector

- ❑ Experience in the field of Financial Management and Operations encompassing organizational and financial planning, financial policy formulation, accounting, management control systems, funds management etc. Also supervise treasury & lending and advise on corporate risk management matters.
- ❑ B.Com (Hons.) from Shri Ram College of Commerce, Delhi University & Fellow Member of Institute of Chartered Accountants of India.



Mr. Sanjeev Kumar
Gupta
Director (Technical)
> 33 years experience
in Power
Transmission Sector

- ❑ Extensive experience in Design & Engineering, planning & implementation & induction of new technologies in power transmission projects.
- ❑ BE (Electrical) from G.B. Pant University of Agriculture & Technology, Pant Nagar, Uttaranchal.



Dr. Arun Kumar
Verma
Govt nominee Director
Joint Secretary–Rural
Electrification &
Distribution, MoP

- ❑ Previously, posted as Member Secretary of Gujarat Ecology Commission, and Project Director of World Bank funded Integrated Coastal Zone Management.
- ❑ Holds Master's degree in Physics, Ph.D. in Tribal Development Policy. Post Graduate in Public Policy & Management (PGPPM) from IIM, Bengaluru & Maxwell School of Citizenship and International Affairs, Syracuse University, USA.
- ❑ Part of the Indian Forest Services (IFS) since 1986 in the Gujarat cadre and has over 29 years of administrative and management experience.

Board of Directors – Experienced Team with sector expirience



Mr. Arun Singh
Independent Director
27 years experience in
Finance, Taxation,
Banking &
Management.

- ❑ Served on Board of Union Bank of India & State Bank of India. Was member of Committee of Eminent person in PGCIL. Has handled various projects of FAO, UNO and World Bank as National Consultant.
- ❑ Guest faculty of Management & Finance for Post Graduate Diploma in Management Programmes and Management Institutions.
- ❑ Member of the Institute of Chartered Accountants of India



Professor T.T. Ram Mohan
Independent Director
Professor of Finance
& Accounting in
IIM, Ahmedabad.

- ❑ Specializes in financial sector. Previously, Divisional Manager with Tata Economic Consultancy Services. Carried out policy studies for Govt and international agencies and consulting assignments in India as well as in the Gulf and the Middle East.
- ❑ B.Tech from IIT,Mumbai; PGDM from IIM, Calcutta; Ph.D from Stern School, NY University.



Mr. Aravamudan Krishna Kumar
Independent Director
> 40 years experience
in all facets of
Banking Sector

- ❑ Served SBI for >39 yrs, where elevated to position of MD & Group Executive.
- ❑ Was also on the Boards of SBICAP Securities, SBI Life Insurance, SBI General Insurance and SBI Credit Cards and subsidiaries of SBI. Is also an Independent Shareholder Director on the Board of Andhra Bank.



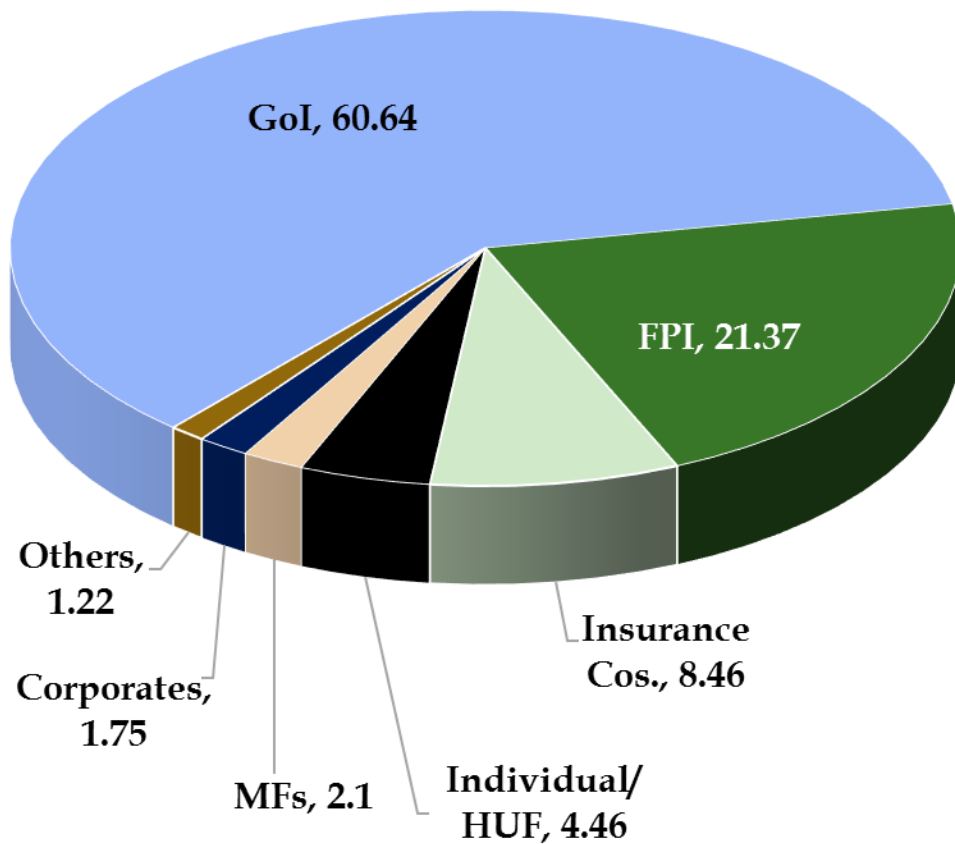
Ms. Asha Swarup
Independent Director
IAS officer (1973
batch) Retd. with
varied experience

- ❑ Inducted on the Board of REC on February 08, 2017
- ❑ Has served as Secretary Ministry of I&B, Special Secy./ Addl Secy. & Financial Adviser in the Ministries of Commerce and Textiles. Chief Secretary, Principal Secy in Departments of Finance, Health, Power, Home and Chairperson of HP Power Corp, HP State Electricity Board and HP Transmission Corporation in Himachal Pradesh
- ❑ IAS officer (Retd.) of 1973 batch, PG from DU and Pearson Fellow of IDRC, Canada

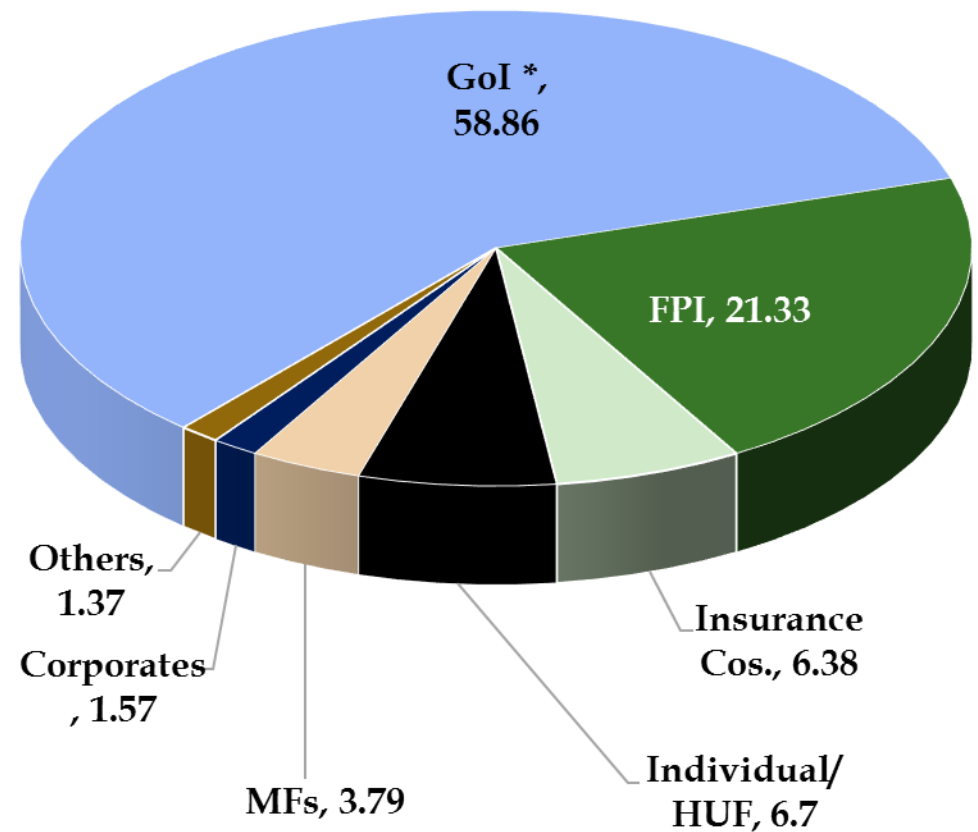
REC is compliant to provisions of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Companies Act, 2013 and “Guidelines on Corporate Governance for CPSEs, 2010” issued by the DPE, relating to composition of Board.

Shareholding Pattern

As at 31.03.2016



As at 31.03.2017



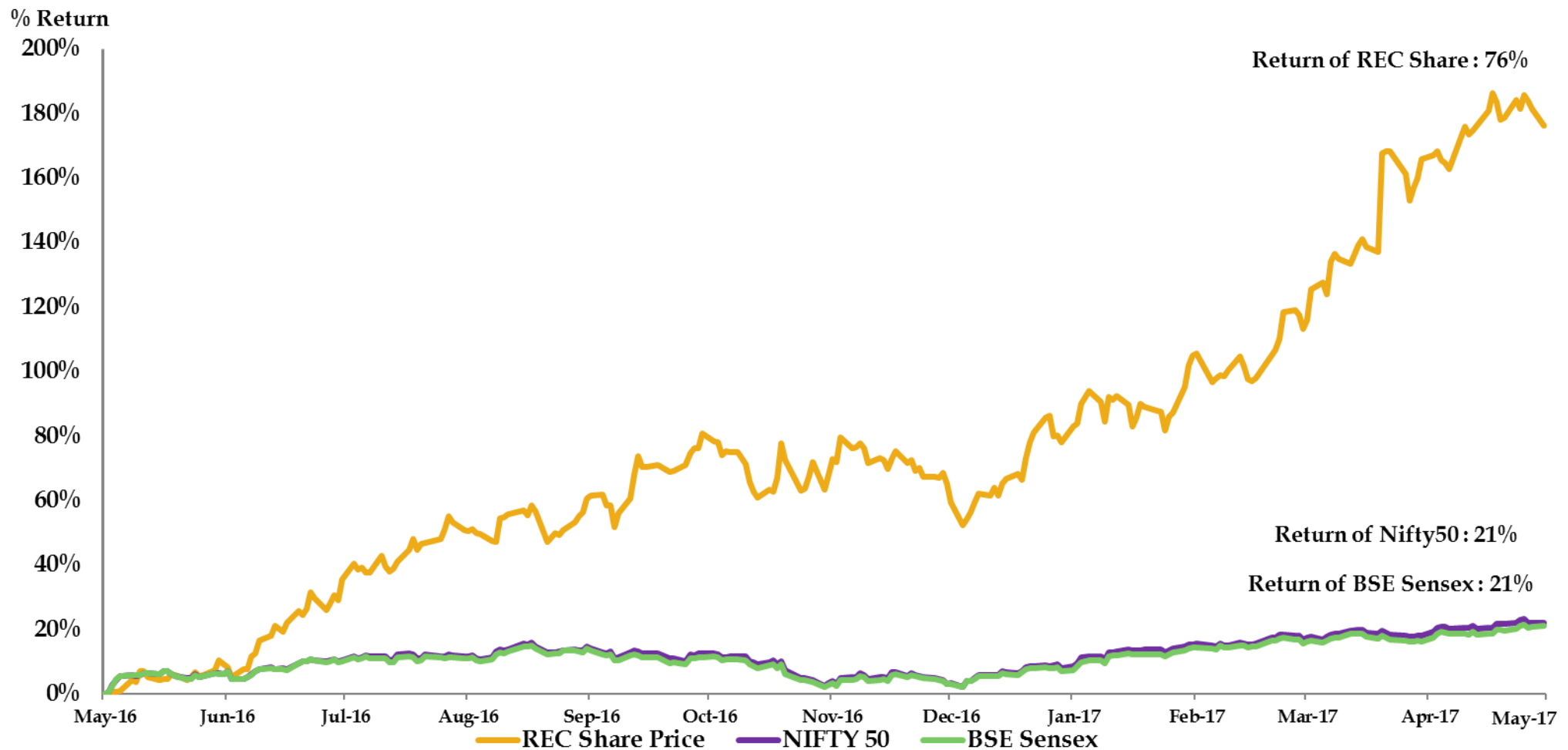
** Post CPSE ETF FFOs in Jan'17 and Mar'17, GoI holding was reduced by 1.28% and 0.50% respectively. GoI holding as on date stands at 58.86%.*

Shareholding Pattern

Top 10 Share holders as at March 31, 2017

Rank	Particulars	Shareholding (%)	Category
1	President of India	58.86	POI
2	Life Insurance Corporation of India	5.46	Insurance
3	The Prudential Assurance Company Limited	1.97	FPI
4	CPSE ETF	1.47	Mutual Fund
5	Morgan Stanley Mauritius Company Limited	1.22	FPI
6	East Bridge Capital Master Fund Limited	0.89	FPI
7	HDFC Trustee Company Limited - HDFC Prudence Fund	0.78	Mutual Fund
8	Robeco Capital Growth Funds - Robeco Emerging Conservative Equities	0.63	FPI
9	Vanguard Emerging Markets Stock Index Fund	0.61	FPI
10	HDFC Trustee Company Limited - HDFC Equity Fund	0.59	Mutual Fund
	TOTAL	72.48	

Performance of REC's Share Price vis-à-vis Major Indices in Last 1 Year



Source

REC Share & Nifty : NSE

BSE Sensex : BSE

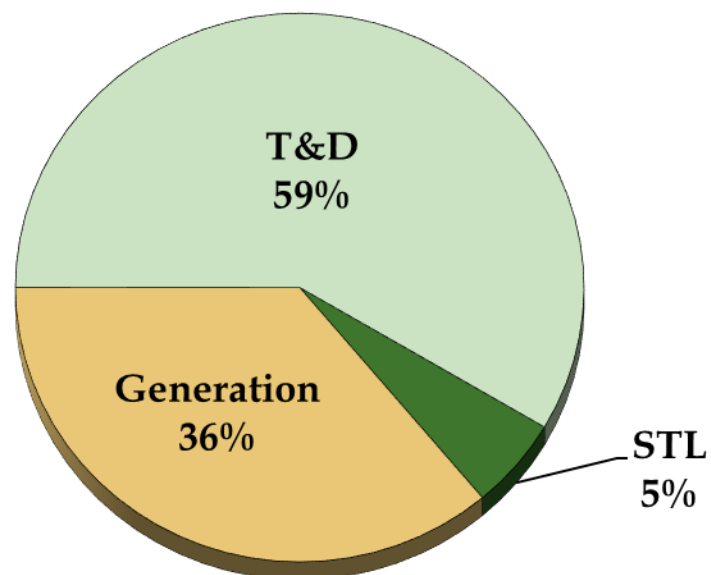
REC's stock is being included in Morgan Stanley Capital International (MSCI) India Index as per announcement on May 16 with effective date for the rebalancing to be June 1, 2017 and the Stocks tend to outperform in the run-up to their inclusion in key indices



Operational Performance

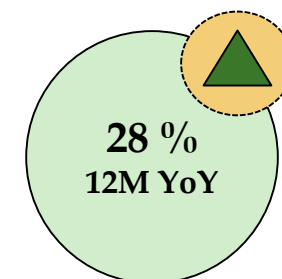
Sanctions - Composition

Sector-wise breakup of Sanctions in 12M FY17



Discipline-wise	12M				Q4	
	FY 14	FY15	FY16	FY17	FY 16	FY 17
Generation	29,019	24,326	30,794	30,299	6,398	5,845
T & D	39,446	35,135	31,377	49,047	7,561	20,599
Short Term Loan	2,275	1,960	3,300	4,525	2,250	650
Total	70,740	61,421	65,471	83,871 *	16,209	27,094

Rs. Crores



Sanctions
Rs. 83,871 cr.

* Excluding Sanctions of Rs. 10,614 crores made in 9M FY17 not materializing, cancelled and adjusted in 12M FY 17 figures

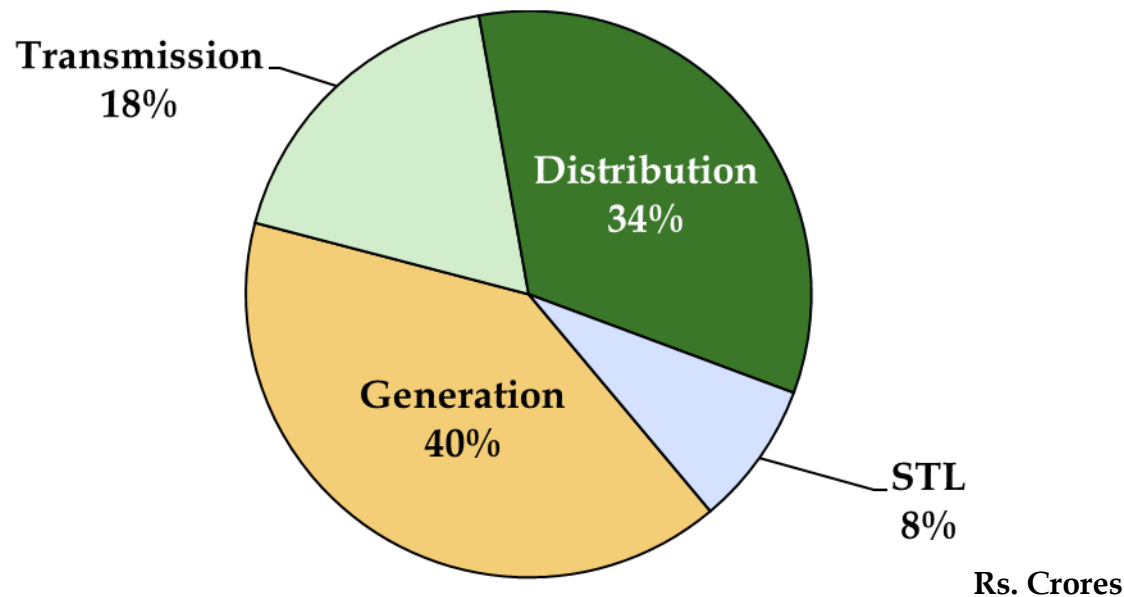
Sanctions - Composition

Major Projects Sanctioned in 12M FY17 (More than Rs. 1,000 cr)

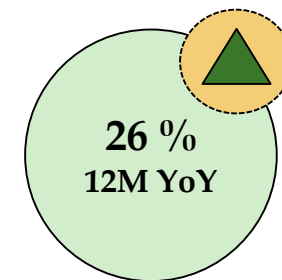
Project	Borrower	Category	Amt (Rs. Cr)
Refinancing Power Assets.	Gujarat State Electricity Corporation Limited (GSECL)	Thermal Projects	5,025
1X800 MW Coal based Supercritical Project at North Chennai.	Tamil Nadu Generation and Distribution Corporation (TANGEDCO)	Thermal	5,007
960 (12x80) MW Polavaram HEP.	Andhra Pradesh Power Generation Corporation (APGENCO)	Hydro	3,965
Special Term Loan	Rajasthan Rajya Vidyut Utpadan Nigam Limited (RRVUNL)	Loan against project supplies	3,000
Refinancing Koradi Thermal Power Station expansion (3x660 MW)	Maharashtra State Power Generation Company Limited (MSPGCL)	Thermal	2,000
Gas based Combined Cycle power plant of 1x350 MW at Yelahanka, Bangalore	Karnataka Power Corporation Limited (KPCL)	Thermal-Gas	1,257

Disbursements - Composition

Sector-wise breakup of Disbursements in 12M FY17



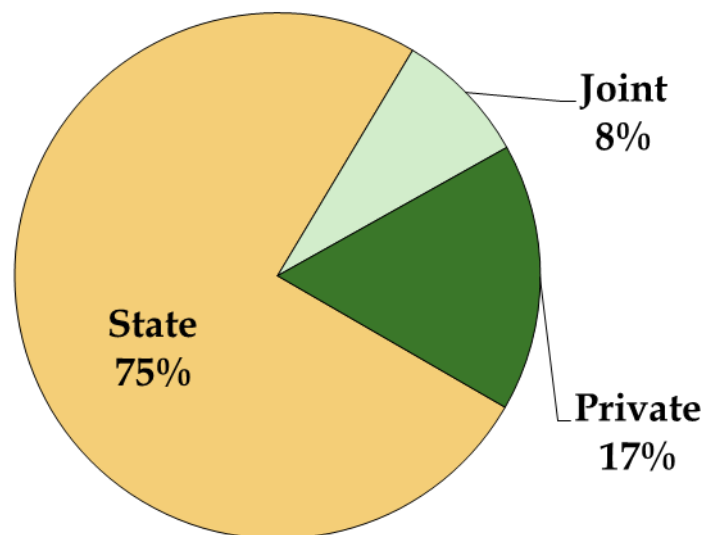
Discipline-wise	12M				Q4	
	FY 14	FY 15	FY 16	FY 17	FY16	FY17
Generation	12,989	14,123	13,124	23,315	4,762	6,950
Transmission	4,113	6,286	8,529	10,520	2,949	4,767
Distribution	16,855	20,159	22,173	19,429	3,034	8,205
Total Transmission & Distribution	20,968	26,445	30,702	29,949	5,983	12,972
Short Term Loan	1,589	2,250	2,200	4,775	1,250	650
Total	35,546	42,818	46,026	58,039	11,995	20,572



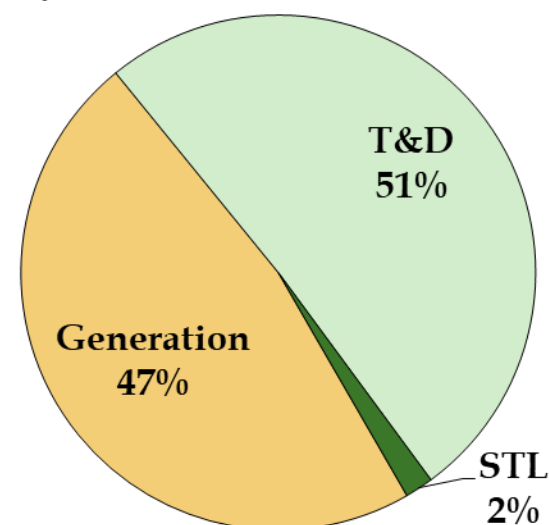
Disbursements
Rs. 58,039 cr.

Outstanding Loans – Composition

Customer-wise breakup of Loans as at 12M FY17



Category-wise breakup of Loans as at 12M FY17



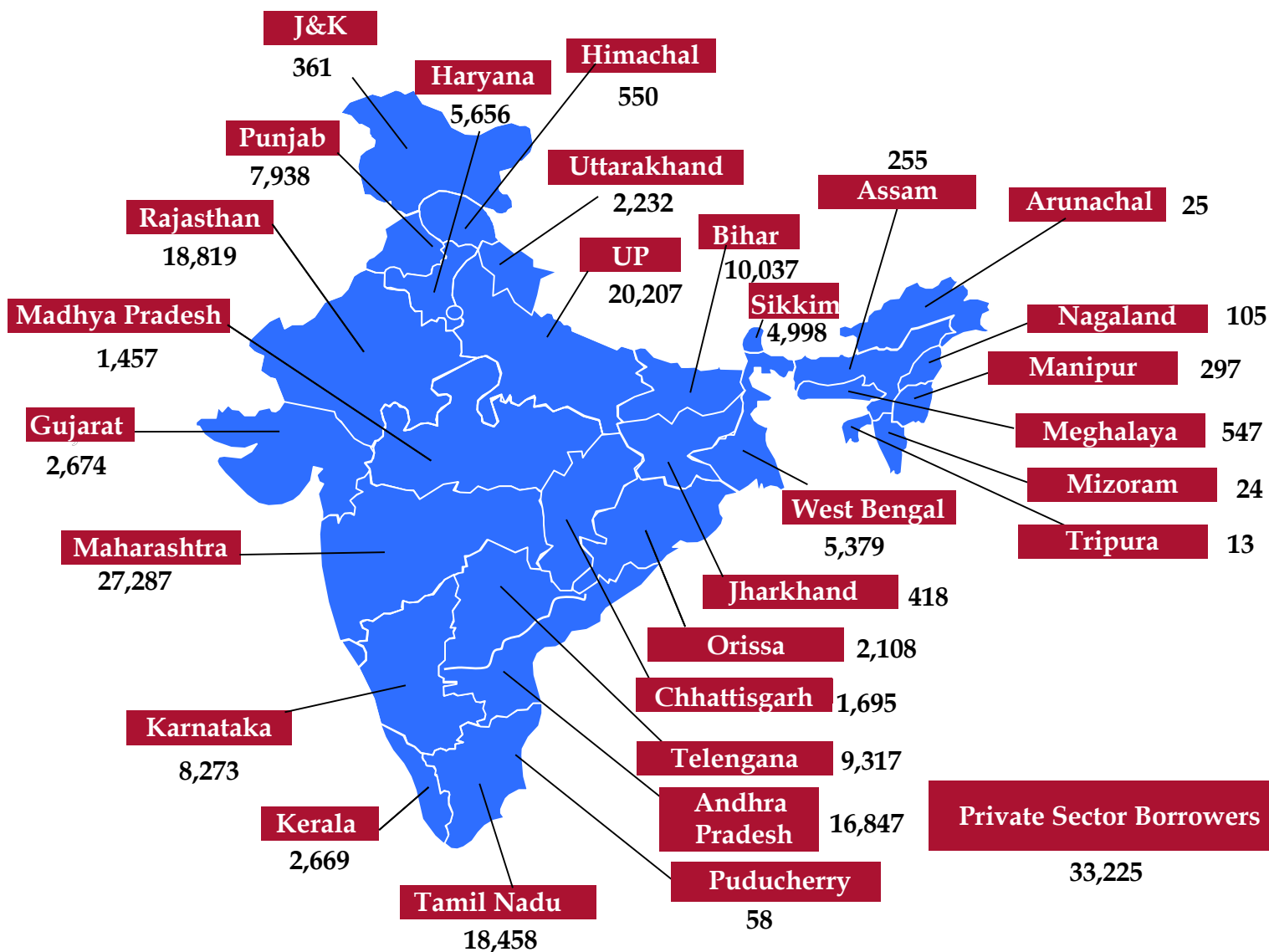
Rs. Crores

Discipline-wise	12M							
	FY 14		FY 15		FY 16		FY 17	
	Amount	%	Amount	%	Amount	%	Amount	%
State	1,11,179	75	1,33,712	75	1,53,941	77	1,51,976	75
Joint	13,302	9	14,629	8	16,808	8	16,728	8
Private	24,160	16	31,306	17	30,529	15	33,225	17
Total	1,48,641	100	1,79,647	100	2,01,278	100	2,01,929	100
Generation	65,417	44	76,388	42	83,417	41	95,825	47
T & D	82,100	55	1,02,162	57	1,15,939	58	1,02,515	51
Short Term Loans	1,124	1	1,097	1	1,922	1	3,589	2

* Outstanding Loans are after pre-payments under UDAY totalling to Rs. 42,700 crores
(FY16 – Rs. 8,856 cr and 12M FY17 – Rs. 33,844 cr)

Outstanding Loans - Asset Diversification

PAN India Presence with loan concentration across 28 states and 1 Union Territory



Total Loan Outstanding - Rs. 2,01,929 crores

Outstanding Loans - Loan Concentration

Major Borrowers (as on March 31, 2017)

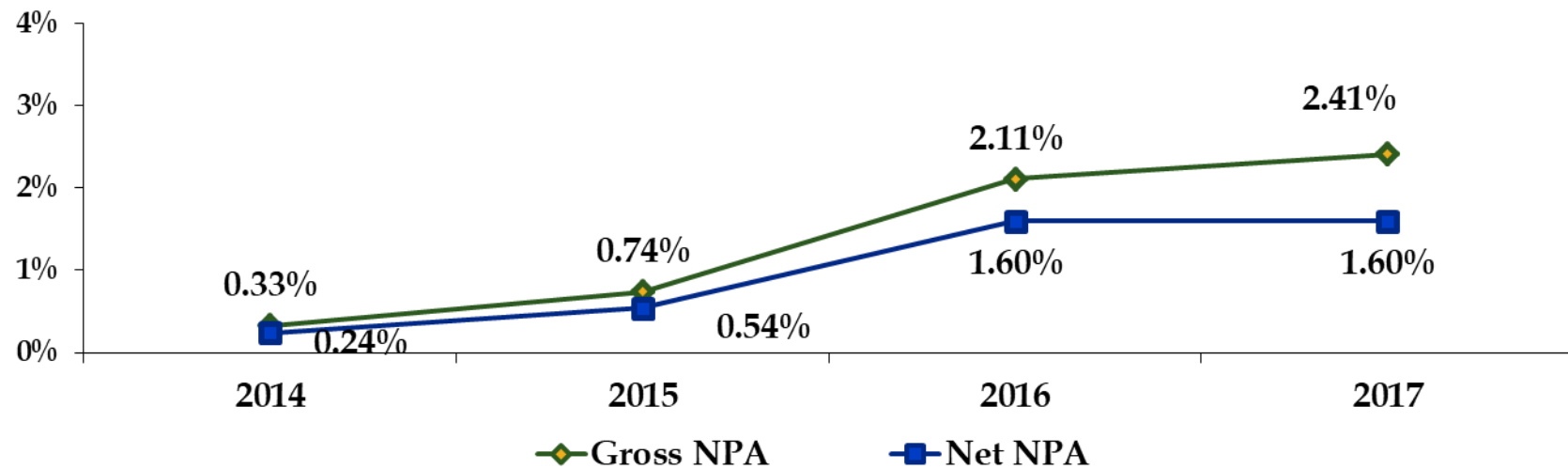
S.No.	Top Ten Borrowers	Amount Outstanding (Rs/ Cr.)	% of Total Loan Assets
1	Maharashtra State Power Generation Company Limited	13,469	6.67%
2	Maharashtra State Electricity Distribution Company Limited	9,675	4.79%
3	Rajasthan Rajya Vidyut Utpadan Nigam Limited	8,591	4.25%
4	Uttar Pradesh Power Transmission Corporation Limited	7,106	3.52%
5	Tamil Nadu Generation and Distribution Corporation	7,003	3.47%
6	Nabinagar Power Generating Co. Pvt Ltd	6,872	3.40%
7	Tamil Nadu Transmission Corporation (TANTRANSCO)	6,029	2.99%
8	Uttar Pradesh Rajya Vidyut Utpadan Nigam Limited	5,711	2.83%
9	NTPC Tamil Nadu Energy Company Ltd.	5,426	2.69%
10	Andhra Pradesh Power Generation Corporation	5,008	2.48%
	Total	74,889	37.09%

Well diversified asset portfolio with Top 10 borrowers accounting for ~37% of current loans and no single borrower group accounting for more than 7% of total loan book



Asset Quality

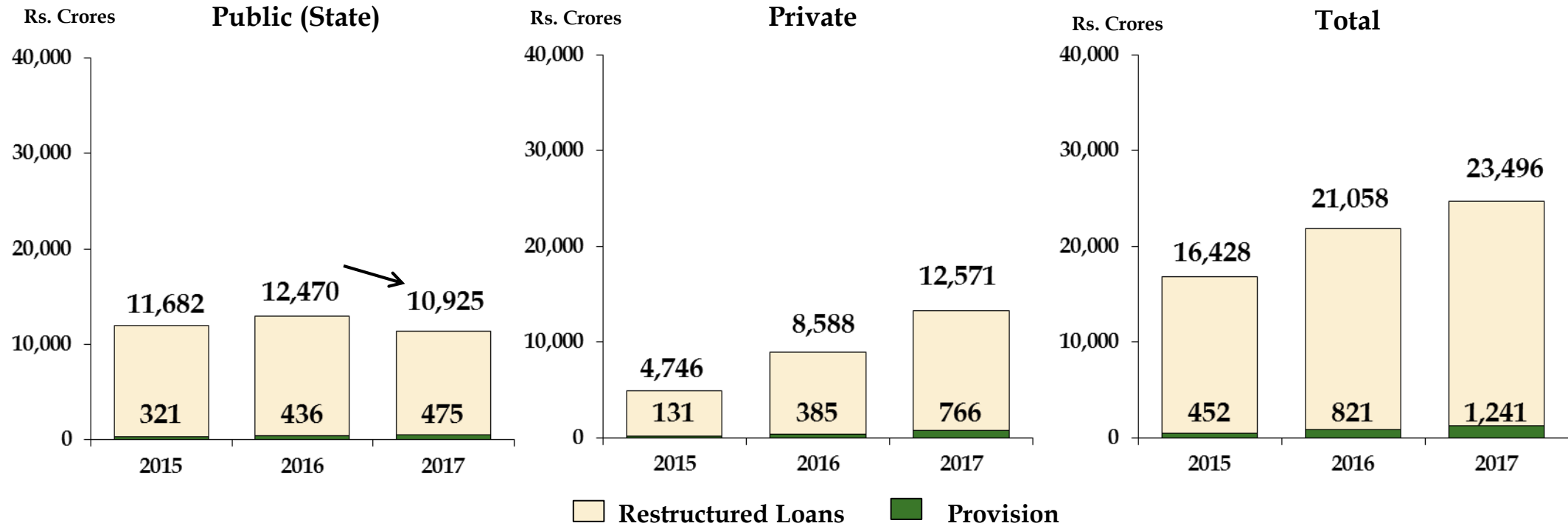
Non-Performing Loan Assets



Figures : Rs. Crores

Particulars	12M			
	FY 14	FY 15	FY 16	FY 17
Loan outstanding	1,48,641	1,79,647	2,01,278	2,01,929
Gross NPA	490	1,335	4,243	4,873
Provision	137	365	1,013	1,636
Net NPA	353	970	3,230	3,237

Asset Quality - Restructured Loan Assets



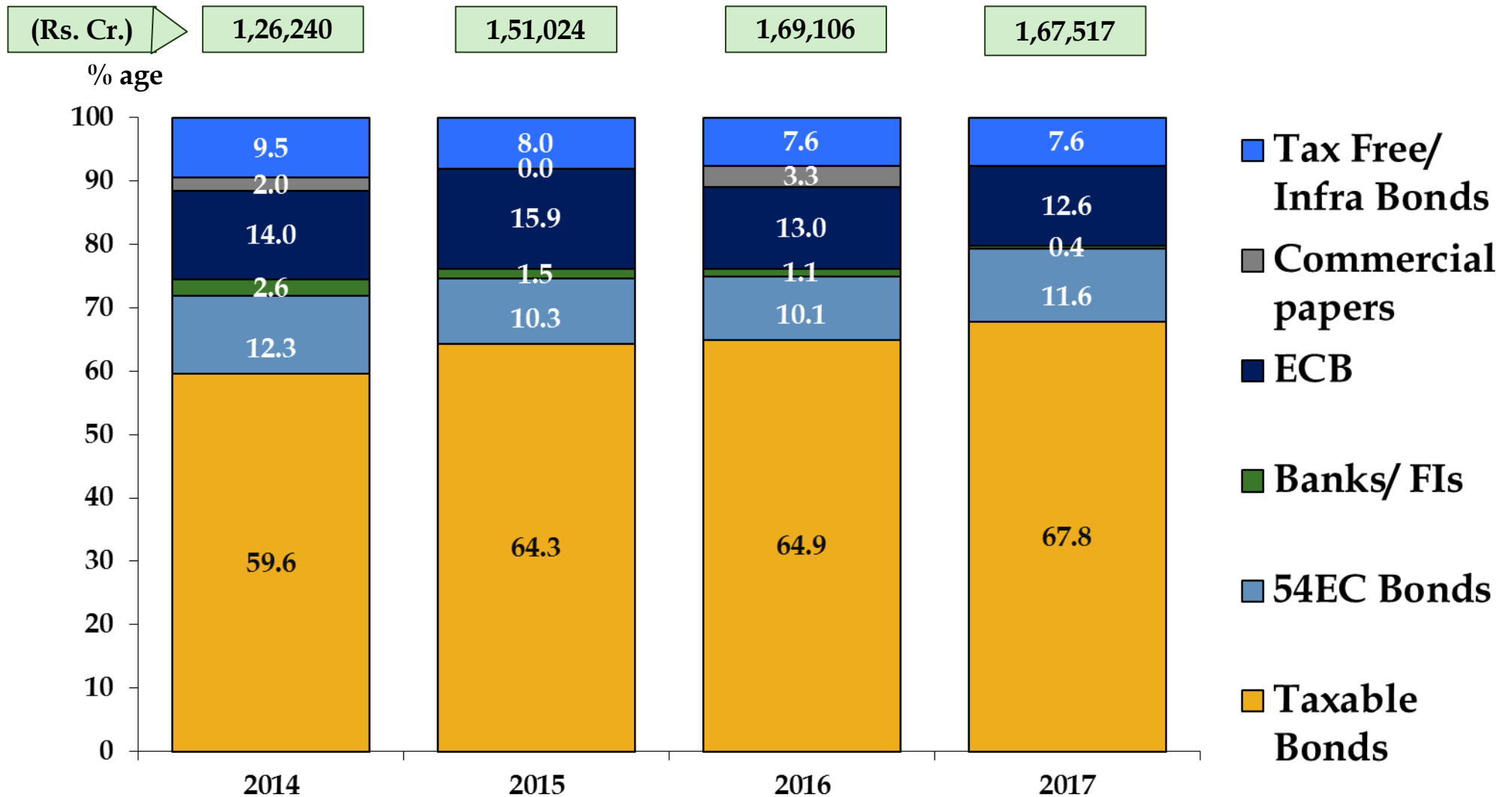
Figures : Rs. Crores

Particulars	12M		
	FY 15	FY 16	FY 17
Public (State Sector)	11,682	12,470	10,925
Provision - Public	321	436	475
Private	4,746	8,588	12,571
Provision - Private	131	385	766
Total Restructured Assets	16,428	21,058	23,496
Total Provision	452	821	1,241



Borrowing Profile

Outstanding Borrowings



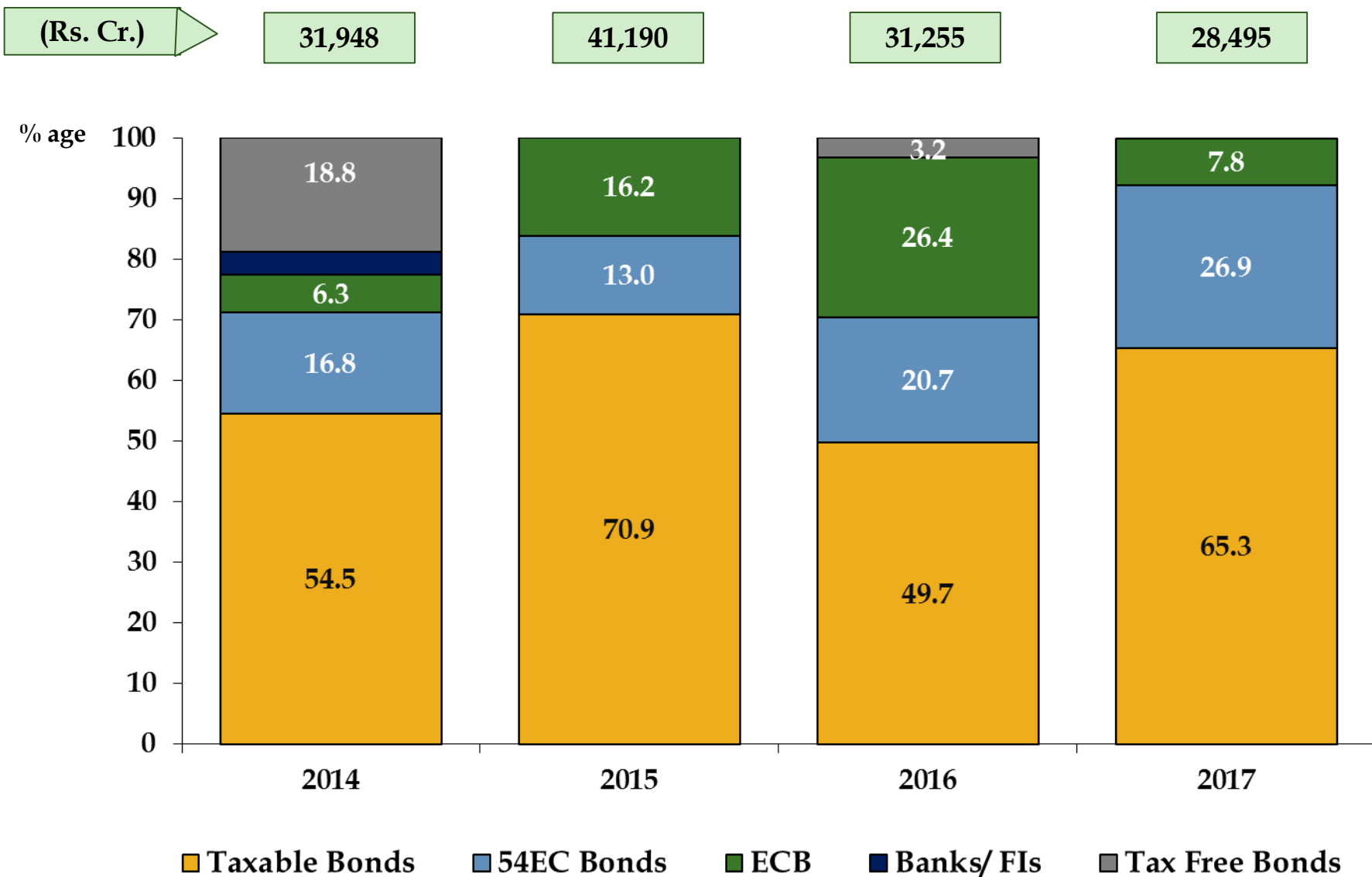
Approx. 88% of the ECBs are Hedged till maturity.
Average maturity period of the outstanding borrowings is approx. 4.23 years

Outstanding Borrowings

Rs. Crores

Particulars	12M			
	FY 14	FY 15	FY 16	FY 17
Institutional, Subordinate & Zero Coupon Bonds	75,289	97,068	1,09,678	1,13,449
Foreign Currency Borrowings	17,621	24,028	21,924	21,081
Capital Gain Bonds	15,493	15,591	17,164	19,477
Tax Free Bonds	11,649	11,649	12,648	12,648
Commercial Papers	2,540	-	5,600	-
Banks, FIs, etc.	3,272	2,312	1,850	750
Infra Bonds	376	376	242	112.0
Grand Total	1,26,240	1,51,024	1,69,106	1,67,517
Average annualized Cost of Funds	8.31%	8.36%	8.50%	8.13%

Funds Raised During The Period



Funds Raised During The Period

Rs. Crores

Category	12M				Q4	
	FY14	FY15	FY16	FY17	FY16	FY 17
(A) Long Term						
Capital Gains Bonds	5,350	5,338	6,477	7,663	2,251	2,151
Tax Free Bonds	6,000	-	1,000	-	-	-
Institutional Bonds/ Subordinate Debt	17,403	29,200	15,526	18,600	2,895	9,980
Banks, FIs, etc.	1,195	-	-	-	-	-
Foreign Currency Borrowings	2,000	6,652	8,252	2,232	2,516	1,567
Total (A)	31,948	41,190	31,255	28,495	7,662	13,698
	8.43%	8.07%	7.01%	6.85%		
(B) Short Term						
Commercial papers	4,986	5,894	20,772	19,917	13,139	1,991
Total (A + B)	36,934	47,084	52,027	48,412	20,801	15,689

%age denotes annualized cost of borrowings mobilized

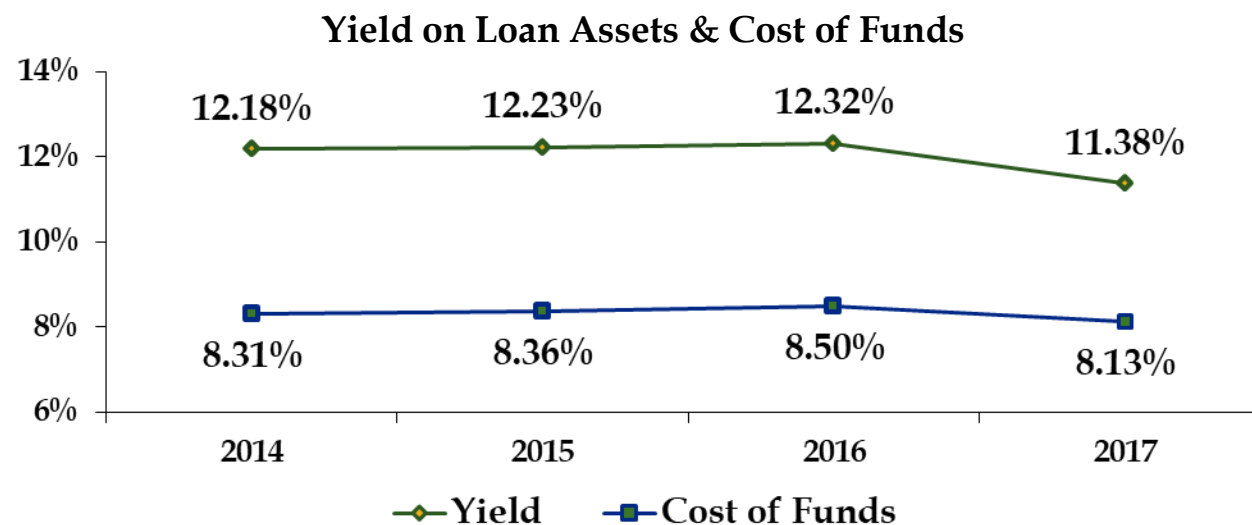


Financial Highlights

Key Financial Highlights

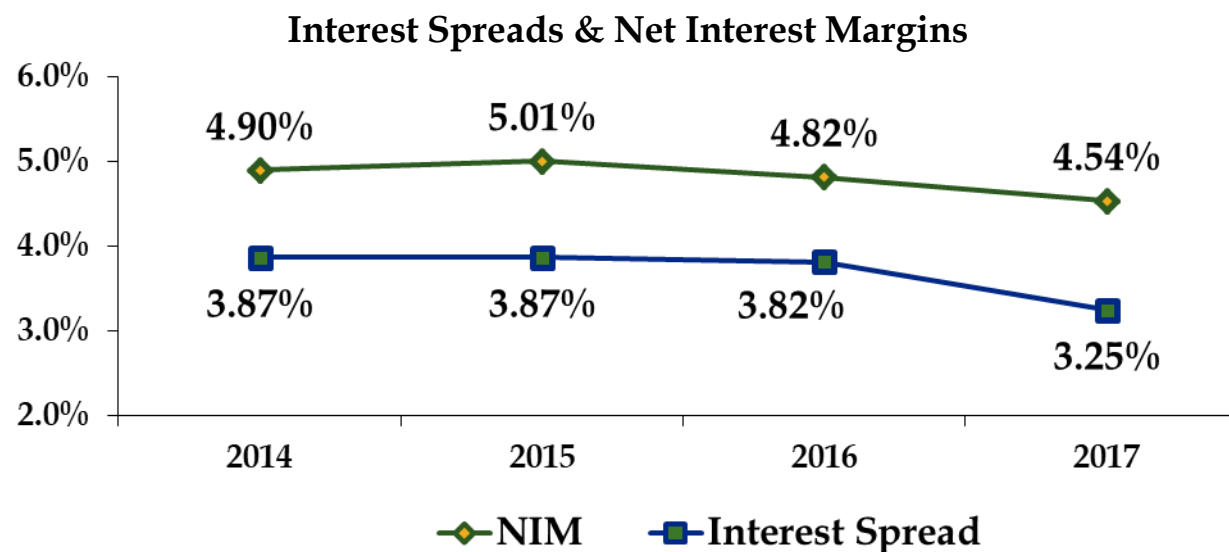
- ❑ Total Income for 12M FY17 increased to Rs. 24,096 cr against 12M FY16 of Rs. 23,757 cr. registering an increase of 1%.
- ❑ PBT for 12M FY17 increased to Rs. 8,861 cr against 12M FY16 of Rs. 8,045 cr. registering an increase of 10%.
- ❑ PAT for 12M FY17 increased to Rs. 6,246 cr against Rs. 5,628 cr for 12M FY16 registering an increase of 11%.
- ❑ Net worth as at 12M FY17 increased to Rs. 33,326 cr against Rs. 28,618 cr as at 12M FY16 registering a growth of 16%.
- ❑ Loan Book as at 12M FY17 stands at Rs. 2,01,929 cr and outstanding borrowings at Rs. 1,67,517cr.
- ❑ As at 12M FY17 Gross NPAs stood at 2.41% as against 2.11% as at 12M FY16.

Key Financial Highlights



Yield = Ratio of interest income to average loan assets

Cost of funds = Ratio of finance costs to average borrowings, without foreign exchange fluctuation loss amortized.

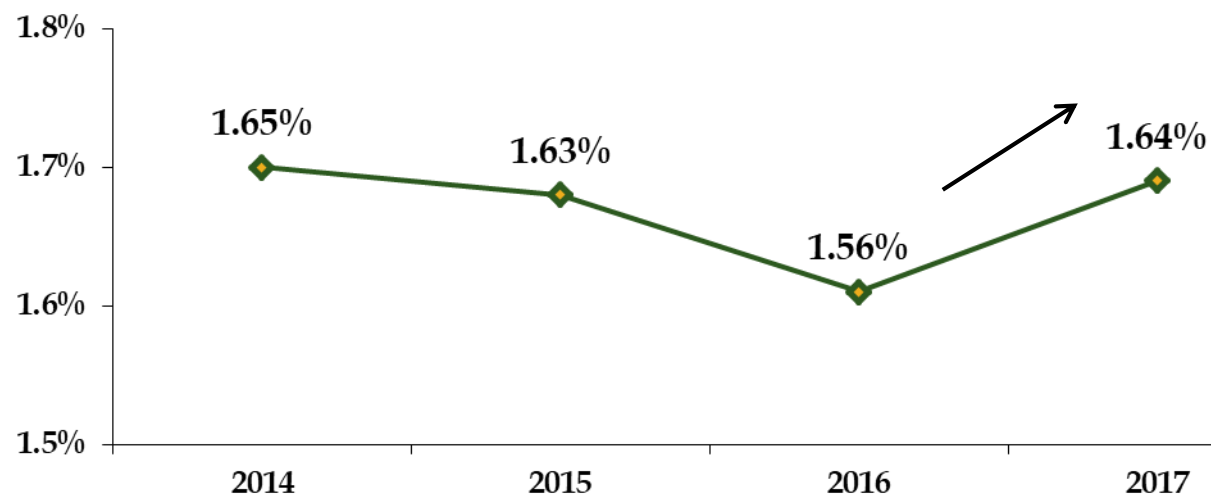


Interest Spread = Yield minus Cost of Funds

Net Interest Margin = Ratio of net interest income to average loan assets

Key Financial Highlights

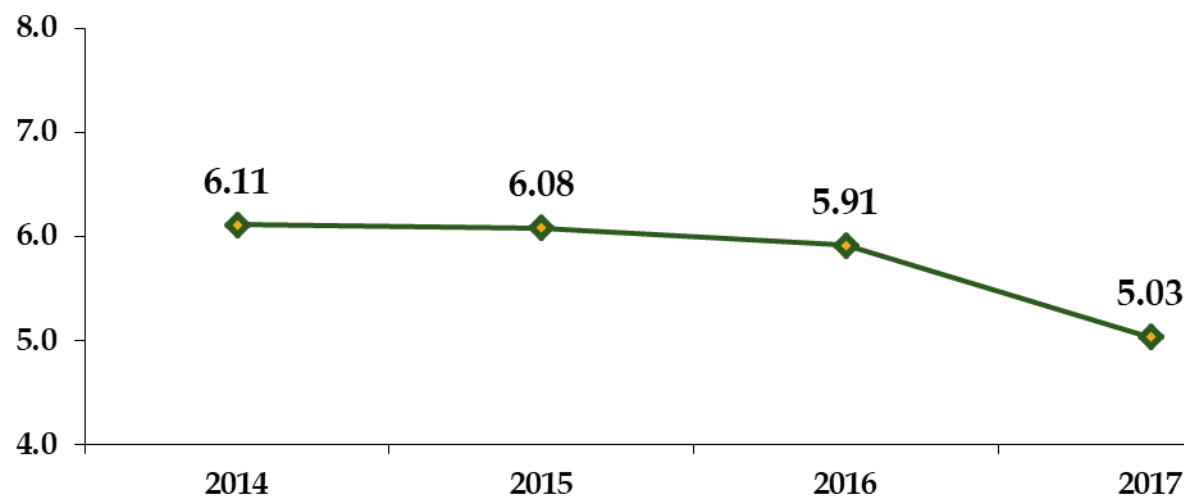
Interest Coverage Ratio



Interest Coverage Ratio = Ratio of Profit before Interest & Tax to Profit Before Tax

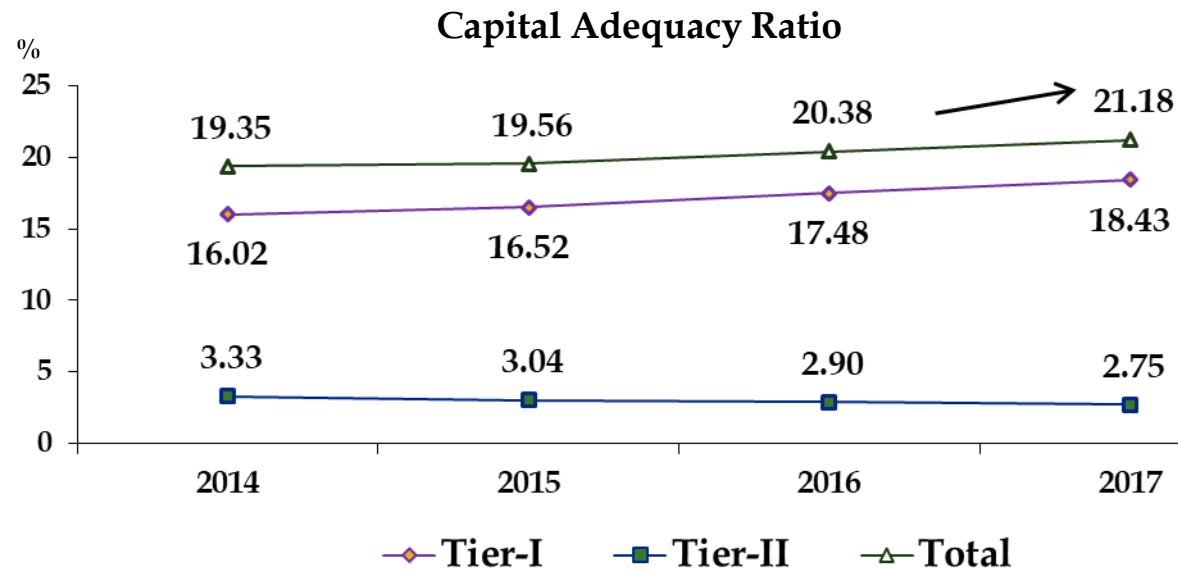
Times

Debt Equity Ratio



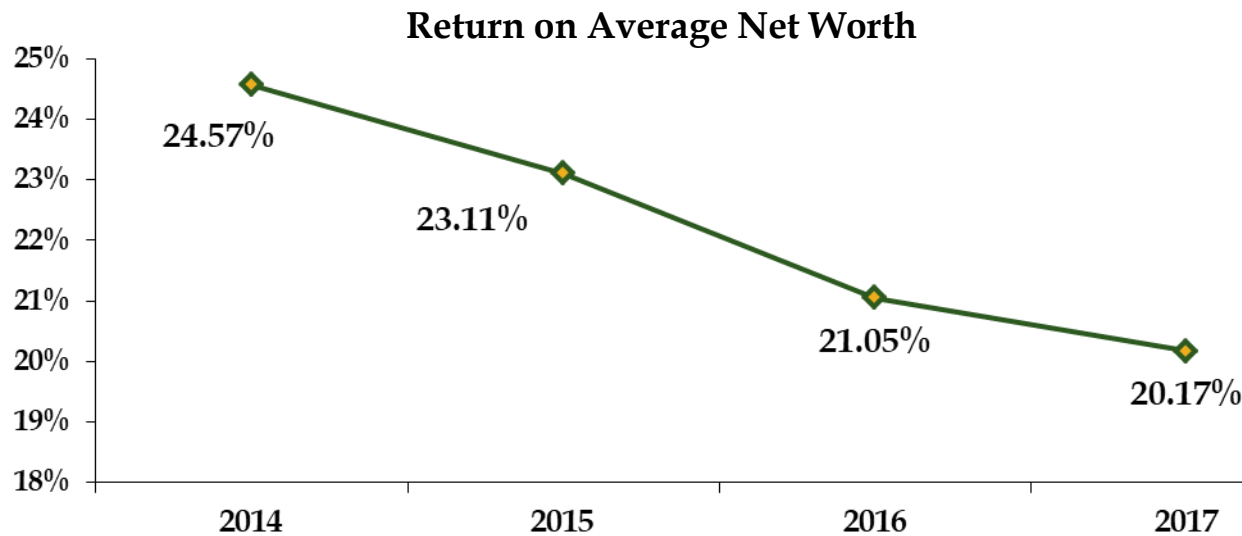
Debt Equity = Ratio of Total Borrowings to Net Worth

Key Financial Highlights



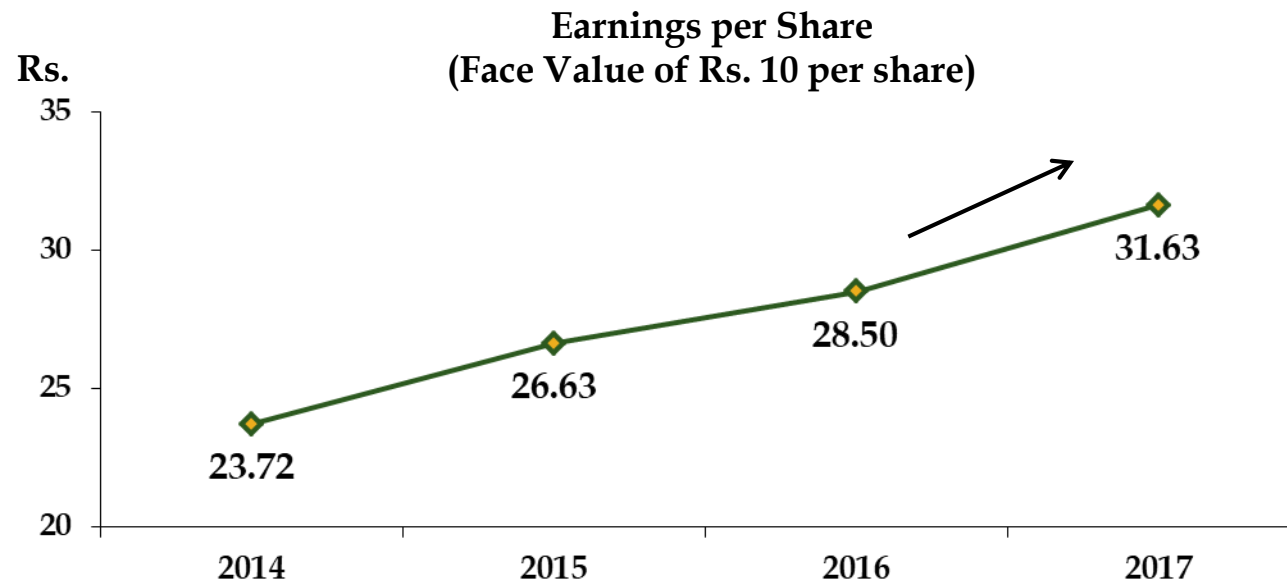
Minimum Requirement as per RBI Guidelines : 15%

Capital Adequacy ratio = Ratio of Owned Funds to Risk Weighted Assets

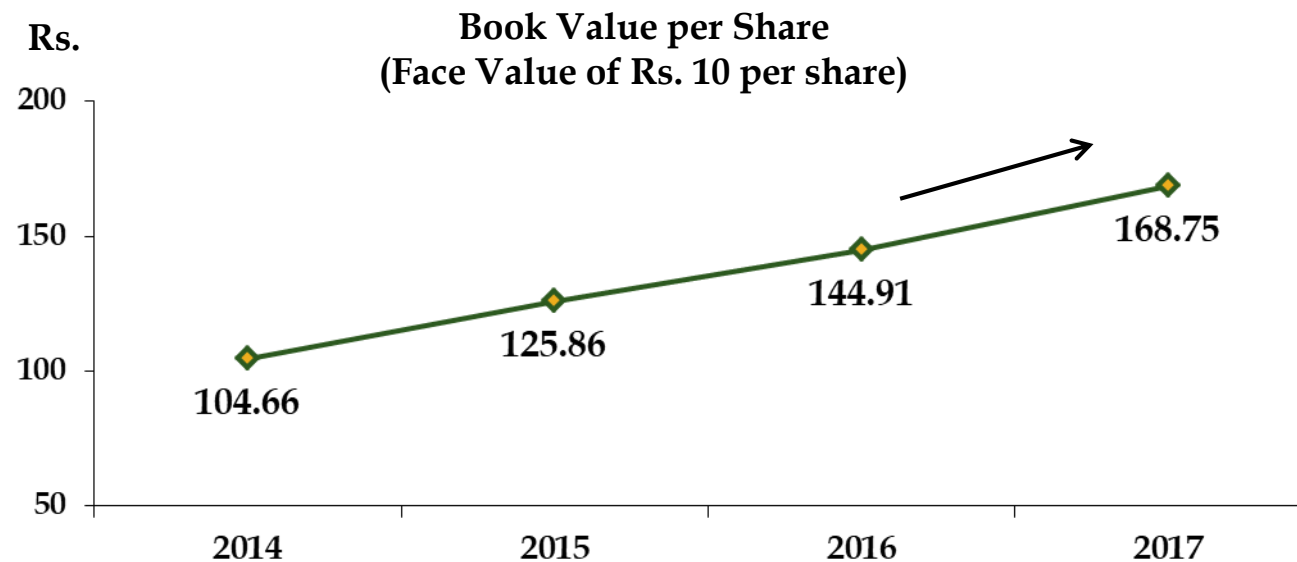


Return on Average Net worth = Ratio of PAT to average Net Worth

Key Financial Highlights



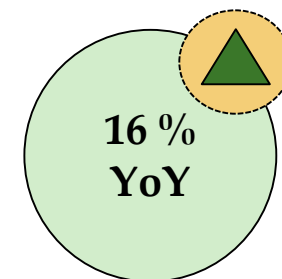
Earnings per Share = Ratio of PAT to outstanding Equity shares.



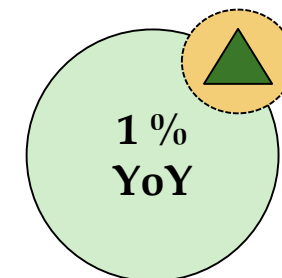
Book Value per share = Ratio of Net worth to outstanding Equity shares.

Standalone Balance Sheet (abridged)

Particulars	12M			
	FY 14	FY 15	FY 16	FY 17
<u>Liabilities</u>				
Shareholders Funds	20,669	24,857	28,618	33,326
Borrowings	1,26,240	1,51,024	1,69,106	1,67,517
Deferred Tax Liabilities (Net)	174	107	50	40
Other Liabilities	5,770	7,187	8,579	8,353
Total Liabilities	1,52,853	1,83,175	2,06,353	2,09,236
<u>Assets</u>				
Fixed Assets (Net)	82	81	150	181
Investments	1708	1,613	2,467	2696
Loan Assets (Net of Provisions)	1,48,504	1,79,282	2,00,265	2,00,377
Other Assets	2,559	2,199	3,471	5,982
Total Assets	1,52,853	1,83,175	2,06,353	2,09,236



Net Worth
Rs. 33,326 cr.



Total Assets
Rs. 2,09,237 cr.

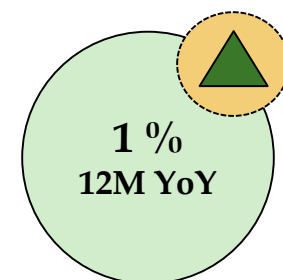
Previous year figures have been suitably rearranged, regrouped and reclassified so as to make them comparable

Standalone Profit & Loss Statement

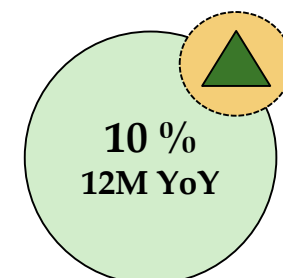
Particulars	12M				Q4	
	FY14	FY15	FY16	FY 17	FY 16	FY 17
Interest Income	16,806	20,072	23,471	22,936	6,015	5,717
Less: Finance Costs	10,039	11,845	14,283	13,775	3,753	3,423
Net Interest Income	6,767	8,227	9,188	9,161	2,262	2,294
Other Operating Income	212	157	168	415	49	77
Other Income	103	159	118	745	20	184
Other costs *	239	313	339	351	94	52
Provision for Bad & Doubtful debts					317	338
Provision for restructured Standard Loans	312	803	1,090	1109	121	326
Provision for Standard Loans					26	(48)
Profit Before Tax	6,531	7,427	8,045	8,861	1,773	1,887
Tax Expense	1,847	2,167	2,417	2,615	613	568
Profit After Tax	4,684	5,260	5,628	6,246	1,160	1,319
Dividend (incl. interim)	938	1,057	1,689	1,905	504	523
Dividend Distribution Tax	159	212	341	384	102	107
Total (Dividend + Dividend Distribution Tax)	1,097	1,269	2,030	2,289	606	630

During Q4 FY17, REC has declared a final dividend of Rs. 2.65 per equity share totaling to Rs. 523 crores.

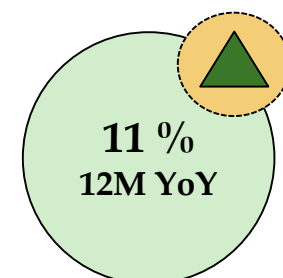
* Other Costs include Employee Benefit Expenses, Other Expenses, CSR Expenses and Depreciation & amortization expense



Total Income
Rs. 24,096 cr.



PBT
Rs. 8,861 cr.



PAT
Rs. 6,246 cr.

Thank You!

Any Question, Please?

