



# Management Presentation

## Performance Highlights Q2 & H1 FY 17

- ❖ Highest Domestic credit rating “AAA” from CRISIL, CARE, India Ratings & Research and ICRA
- ❖ International credit rating at par with sovereign rating of India “Baa3” from Moody’s & “BBB-” from FITCH



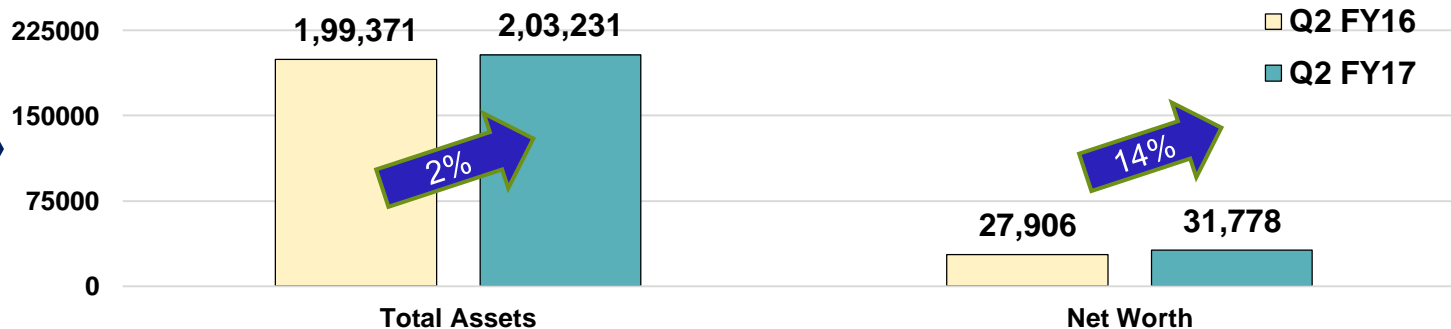
**RURAL ELECTRIFICATION CORPORATION LIMITED**  
**A Navratna PSU**

# Highlights – Q2 FY17 vs. Q2 FY16

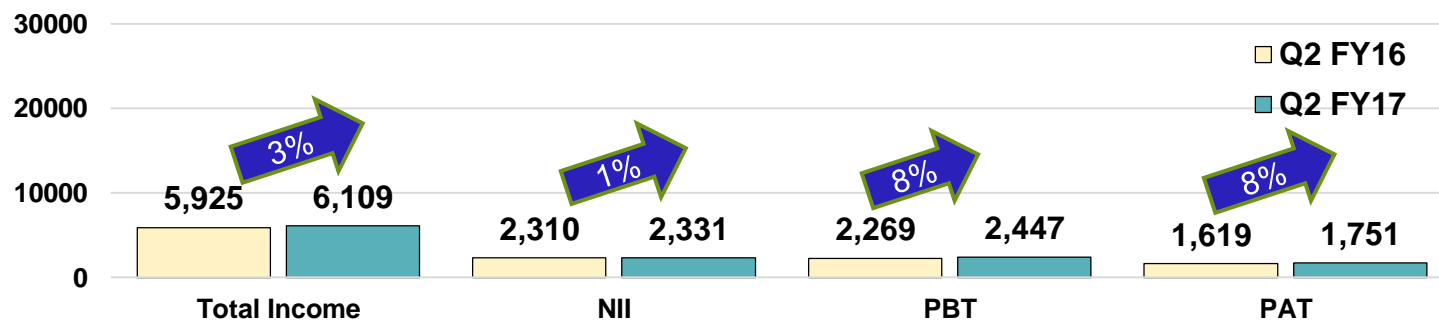


(Amounts in INR Crore)

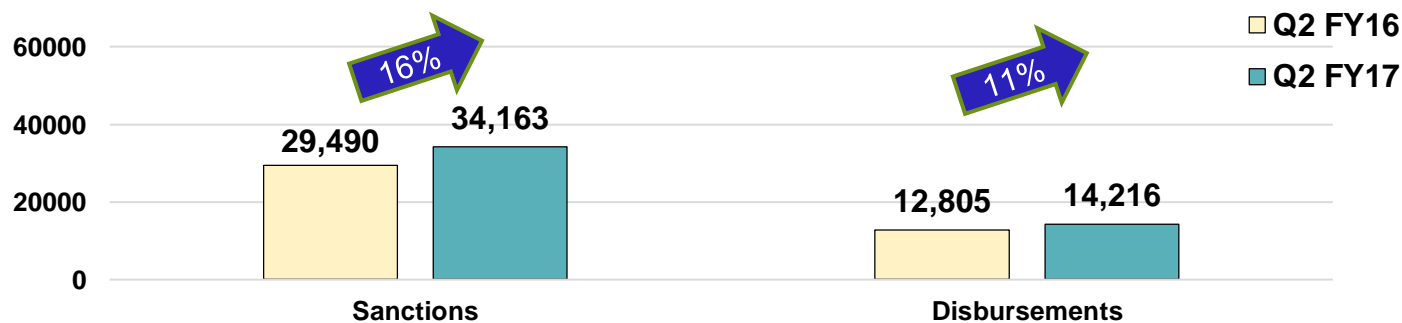
## Balance Sheet



## Income Statement



## Business



## Sanctions - Composition

(Amount in INR Crore)

Discipline-wise	Q2		Q1	H1		12M		
	FY 17	FY 16	FY 17	FY 17	FY 16	FY16	FY15	FY 14
Generation	20,374	16,617	8,544	28,918	17,729	30,794	24,326	29,019
	60%	56%	54%	58%	48%	47%	40%	41%
T & D (including RGGVY / DDUGJY) # ^	13,239	12,873	4,763	18,002	18,851	31,377	35,135	39,446
	38%	44%	30%	36%	51%	48%	57%	56%
Short Term Loan	550	-	2,575	3,125	500	3,300	1,960	2,275
	2%	-	16%	6%	1%	5%	3%	3%
Total	34,163	29,490	15,882	50,045	37,080	65,471	61,421	70,740

# Vide Ministry of Power notification dated 03.12.2014, the erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) scheme has been subsumed into Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

^ Includes Transitional Financing Loans (TFL) sanctioned as under:

Particulars	Q2 FY17	Q2 FY16	Q1 FY17	H1 FY17	H1 FY16	FY 16	FY 15	FY 14
TFL	-	4,100	-	-	4,100	4,100	6,394	3,038

## Disbursements - Composition



(Amount in INR Crore)

Discipline-wise	Q2		Q1	H1		12M		
	FY17	FY16	FY 17	FY17	FY16	FY 16	FY 15	FY 14
Generation	7,661	2,563	4,075	11,736	4,991	13,124	14,123	12,989
	54%	20%	35%	45%	23%	29%	33%	37%
Transmission	2,269	2,278	1,835	4,104	3,939	8,529	6,286	4,113
	16%	18%	16%	16%	18%	19%	15%	12%
Distribution (including RGGVY/ DDUGJY) *	2,836	7,464	3,657	6,493	12,682	22,173	20,159	16,855
	20%	58%	31%	25%	57%	47%	47%	47%
Total Transmission & Distribution	5,105	9,742	5,492	10,597	16,621	30,702	26,445	20,968
	36%	76%	47%	41%	75%	66%	62%	59%
Short Term Loans	1,450	500	2,125	3,575	500	2,200	2,250	1589
	10%	4%	18%	14%	2%	5%	5%	4%
Total	14,216	12,805	11,692	25,908	22,112	46,026	42,818	35,546

\* Includes Transitional Financing Loan (TFL) disbursed as under:

Particulars	Q2 FY17	Q2 FY16	Q1 FY17	H1 FY17	H1 FY16	FY 16	FY 15	FY 14
TFL	-	1,135	-	-	2,920	3,920	5,169	6,018

## Outstanding Loan - Composition



(Amount in INR Crore)

Discipline-wise	Q2 & H1				Q1		Q4 & 12M					
	FY 17		FY 16		FY 17		FY 16		FY 15		FY 14	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
State	1,48,637	75	1,50,270	77	1,39,394	74	1,53,941	77	1,33,712	75	1,11,179	75
Joint	15,106	8	15,303	8	17,770	9	16,808	8	14,629	8	13,302	9
Private	32,909	17	29,075	15	31,671	17	30,529	15	31,306	17	24,160	16
Total	1,96,652	100	1,94,648	100	1,88,835	100	2,01,278	100	1,79,647	100	1,48,641	100
Generation	90,323	46	80,423	41	83,625	44	83,417	41	76,388	42	65,417	44
T & D	1,01,446	52	1,13,467	58	1,01,329	54	1,15,939	58	1,02,162	57	82,100	55
Short Term Loans	4,883	2	758	1	3,881	2	1,922	1	1,097	1	1,124	1

Average maturity period of outstanding loans as at Q2 & H1 FY17 is approx. 5.80 years

# Loan Quality



(Amount in INR Crore)

Particulars	Q2 & H1		Q1	Q4 & 12M		
	FY 17	FY 16	FY 17	FY 16	FY 15	FY 14
Loan outstanding *	1,96,652	1,94,648	1,88,835	2,01,278	1,79,647	1,48,641
Gross NPA	4,824 **	2,088	4,816 **	4,243**	1,335	490
Provision <sup>(1)</sup>	1,267 **	441	1,266 **	1,013**	365	137
Net NPA	3,557	1,647	3,550	3,230	970	353
% of Gross NPA to loan outstanding	2.45%	1.07%	2.55%	2.11%	0.74%	0.33%
% of Net NPA to loan outstanding	1.81%	0.85%	1.88%	1.60%	0.54%	0.24%

## Total Provisions against Outstanding Loan assets

Provision for Bad and Doubtful Debts as at <sup>(1)</sup> above	1,267	441	1,266	1,013	365	137
Contingent Provision against Standard Loan Assets	618	480	590	543	491	370
Provision against Restructured Standard Loans ***	971	640	879	821	452	-
Reserve for Bad & Doubtful Debts	2,205	1,827	2,089	2,012	1,622	1,269
<b>Total</b>	<b>5,061</b>	<b>3,388</b>	<b>4,824</b>	<b>4,389</b>	<b>2,930</b>	<b>1,776</b>

\* Loans outstanding are after pre-payments under UDAY amounting to INR 30,053 crores (Q4 FY16 – INR 9,015 crores and Q1 FY17 – INR 21,038 crores)

\*\* Includes an amount of INR 811 crores in respect of Restructured Sub-Standard Assets which have fallen into category of NPA on account of extension of CoD, provision standing against them being INR 81 crores

\*\*\* No new loans have been Restructured during Q2 & H1 FY17 except for fresh disbursements in the existing Restructured Loans (Restructured loans comprise of loans to Public Sector INR 13,360 crores + loans to Private Sector INR 9,799 crores, totaling INR 23,159 crores).

## Borrower wise - Incremental Provision against Bad and Doubtful Debts created during Q2 FY17

Borrower (Fresh NPA during Q2 FY17)	Loan O/s	Provisioning
Srikanth Energy Pvt Ltd	8.54	0.85
<b>Total</b>	<b>8.54</b>	<b>0.85</b>

## Funds Raised During The Period



(Amount in INR Crore)

Category	Q2		Q1	H1		12 M		
	FY 17	FY 16	FY 17	FY17	FY16	FY16	FY15	FY 14
<b>(A) Long Term</b>								
Capital Gains Bonds	1,920	1,469	1,626	3,546	2,650	6,477	5,338	5,350
	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Tax Free Bonds	-	300	-	-	300	1,000	-	6,000
	-	7.17%	-	-	7.17%	7.20%	-	8.48%
Institutional Bonds/ Subordinate Debt	-	5,425	-	-	7,821	15,526	29,200	17,403
	-	8.36%	-	-	8.34%	8.25%	8.81%	9.12%
Banks, FIs, etc.	-	-	-	-	-	-	-	1,195
	-	-	-	-	-	-	-	10.47%
Foreign Currency Borrowings	-	2,908	-	-	3,004	8,252	6,652	2,000
	-	5.87%	-	-	5.74%	5.44%	6.48%	7.50%
Total (A)	1,920	10,102	1,626	3,546	13,775	31,255	41,190	31,948
	6.00%	7.26%	6.00%	6.00%	7.30%	7.01%	8.07%	8.43%
<b>(B) Short Term</b>								
Funds raised through Commercial papers	7,772	492	6,057	13,829	4,684	20,772	5,894	4,986
Total (A + B)	9,692	10,594	7,683	17,375	18,459	52,027	47,084	36,934

% denotes average annualized cost of borrowings mobilized.

## Borrowing Profile as at end of the Period



(Amount in INR Crore)

Particulars	Q2 & H1				Q1		Q4 & 12M					
	FY 17		FY 16		FY 17		FY 16		FY 15		FY 14	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Institutional, Subordinate & Zero Coupon Bonds	1,02,698	64	1,04,730	64	1,09,698	65	1,09,678	65	97,068	64	75,289	60
Foreign Currency Borrowings *	21,280	13	24,560	15	23,698	14	21,924	13	24,028	16	17,621	14
Capital Gain Bonds	18,358	11	16,174	10	17,657	10	17,164	11	15,591	10	15,493	13
Tax Free Bonds	12,648	8	11,948	7	12,648	7	12,648	7	11,649	8	11,649	9
Commercial Papers	4,850	3	2,425	2	4,300	3	5,600	3	0	0	2,540	2
Banks, FIs, etc. **	2,001	1	2,460	2	2,260	1	1,850	1	2,312	2	3,272	2
Infra Bonds	242	0	376	0	242	0	242	0	376	0	376	0
Grand Total	1,62,077	100	1,62,673	100	1,70,503	100	1,69,106	100	1,51,024	100	1,26,240	100
Average annualized Cost of Funds	Q2 - 8.18%		Q2 - 8.41%		8.21%		8.50%		8.36%		8.31%	
	H1 – 8.32%		H1- 8.33%									

\* Approx. 80% of the foreign currency borrowings are hedged till maturity

\*\* Includes Short Term Working Capital Loan availed from Banks

Average maturity period of Borrowings outstanding as at Q2 & H1 FY17 is approx. 4.07 years



# Statement of Assets & Liabilities (Standalone)



(Amount in INR Crore)

Particulars	Q2 & H1		Q1	Q4 & 12 M		
	FY 17	FY 16	FY 17	FY 16	FY 15	FY 14
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Audited)	(Audited)
<b>Liabilities</b>						
Shareholders Funds	31,778	27,906	29,952	28,618	24,857	20,669
Borrowings	1,62,077	1,62,673	1,70,503	1,69,106	1,51,024	1,26,240
Deferred Tax Liabilities (Net)	5	124	15	50	107	174
Other Liabilities	9,371	8,668	8,988	8,579	7,187	5,770
<b>Total Liabilities</b>	<b>2,03,231</b>	<b>1,99,371</b>	<b>2,09,458</b>	<b>2,06,353</b>	<b>1,83,175</b>	<b>1,52,853</b>
<b>Assets</b>						
Fixed Assets (Net)	162	85	152	150	81	82
Investments	3,034	877	3,034	2,467	1,613	1708
Loan Assets (Net of Provisions)	1,95,385	1,94,207	1,87,569	2,00,265	1,79,282	1,48,504
Other Assets	4,650	4,202	18,703	3,471	2,199	2,559
<b>Total Assets</b>	<b>2,03,231</b>	<b>1,99,371</b>	<b>2,09,458</b>	<b>2,06,353</b>	<b>1,83,175</b>	<b>1,52,853</b>

Previous periods figures have been reclassified/ rearranged wherever necessary so as to make them comparable.

## Income Statement (Standalone)

(Amount in INR Crore)

Particulars	Q2		Q1	H1		12M		
	FY 17	FY 16	FY 17	FY 17	FY 16	FY16	FY15	FY14
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	(Audited)	(Audited)	(Audited)
Interest Income	5,756	5,827	5,890	11,646	11,468	23,471	20,072	16,806
Less: Finance Costs	3,425	3,517	3,553	6,978	6,823	14,283	11,845	10,039
Net Interest Income	2,331	2,310	2,337	4,668	4,645	9,188	8,227	6,767
Other Operating Income	201	66	64	265	88	168	157	212
Other Income	152	32	97	249	79	118	159	103
Operating costs	79	49	51	130	101	210	210	201
Corporate Social Responsibility Expenses	37	34	37	74	66	129	103	38
Provision for Diminution in Investments	-	-	-	-	-	16	-	-
(A) Provision for Bad & Doubtful debts								
- New	1	51	57	58	75	1,074	803	312
- Existing	-	-	196	196	-			
Sub Total	1	51	253	254	75			
(B) Provision for restructured Standard Loans	92	49	58	150	189			
(C) Provision for Standard Loans	28	-44	46	74	-12			
Total Provision against loans (A+B+C)	121	56	357	478	252	1,074	803	312
Profit Before Tax	2,447	2,269	2,053	4,500	4,393	8,045	7,427	6,531
Current Tax	705	662	621	1,326	1,284	2,478	2,232	1,704
Deferred tax Liability/ (Asset)	-10	-7	11	1	16	-58	-66	129
Earlier Years Tax Expense/ (Refunds)	1	-5	-	1	-5	-3	1	14
Profit After Tax	1,751	1,619	1,421	3,172	3,098	5,628	5,260	4,684
Dividend (incl. interim)	-	-	-	-	-	1,689	1,057	938
Dividend Distribution Tax	-	-	-	-	-	341	212	159
Total (Dividend + Dividend Distribution Tax)	-	-	-	-	-	2,030	1,269	1097

Previous periods figures have been reclassified/ rearranged wherever necessary so as to make them comparable.

## Key Indicators



Particulars	Q2		Q1	H1		12 M		
	FY 17	FY16	FY 17	FY 17	FY16	FY16	FY15	FY14
Yield on Loan (%) (Annualised)	11.95	12.23	12.08	11.71	12.26	12.32	12.23	12.18
Cost of Funds (%) (Annualised)	8.18	8.41	8.21	8.32	8.33	8.50	8.36	8.31
Interest Spread (%)	3.77	3.82	3.87	3.39	3.93	3.82	3.87	3.87
Net Interest Margin (%) (Annualised)	4.84	4.85	4.79	4.69	4.96	4.82	5.01	4.9
Interest Coverage Ratio (times)	1.71	1.65	1.58	1.64	1.64	1.56	1.63	1.65
Return on Average Net Worth (%) (Annualised)	22.70	23.91	19.41	21.01	23.48	21.05	23.11	24.57
Debt Equity Ratio (times)	5.10	5.83	5.69	5.10	5.83	5.91	6.08	6.11
Capital Adequacy ratio (%)	21.02	20.76	20.63	21.02	20.76	20.38	19.56	19.35
Net Worth (INR Crore)	31,778	27,906	29,952	31,778	27,906	28,618	24,857	20,669
Book Value in INR per Share of INR 10 *	160.91	141.30	151.66	160.91	141.30	144.91	125.86	104.66
Earning per Share (EPS) in INR (Non-Annualised) *	8.87	8.20	7.19	16.06	15.69	28.50	26.63	23.72

\* REC has allotted bonus shares in the ratio of one equity share of INR 10 each for one existing equity share of INR 10 each on 30th September, 2016. Accordingly, Book Value per share and EPS have been restated during the periods presented above.

# Shareholding Pattern

As on =>	30.09.16	30.06.16	31.03.16	31.03.15	31.03.14
Description	%	%	%	%	%
President of India	60.64	60.64	60.64	65.64	65.64
Foreign Portfolio Investors	16.55	18.25	21.37	20.86	18.68
Resident Individual/ HUF	7.58	6.10	4.46	3.00	2.86
Mutual Funds	2.50	2.74	2.1	3.19	3.46
Bodies Corporate	2.69	2.25	1.75	2.94	2.73
Insurance Companies	8.54	8.54	8.46	3.89	5.71
Banks/ Indian FI	0.76	0.89	0.85	0.28	0.69
Non Resident Indian	0.24	0.22	0.17	0.09	0.06
Clearing Members	0.34	0.21	0.07	0.06	0.14
Trust	0.16	0.16	0.13	0.05	0.03
Total	100	100	100	100	100

*Thank You*