

Rural Electrification Corporation Limited

A Navratna PSU

Management Presentation
Performance Highlights
Q1 FY 19

THE FUNDING PARTNER FOR POWER SECTOR

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Disclaimer :

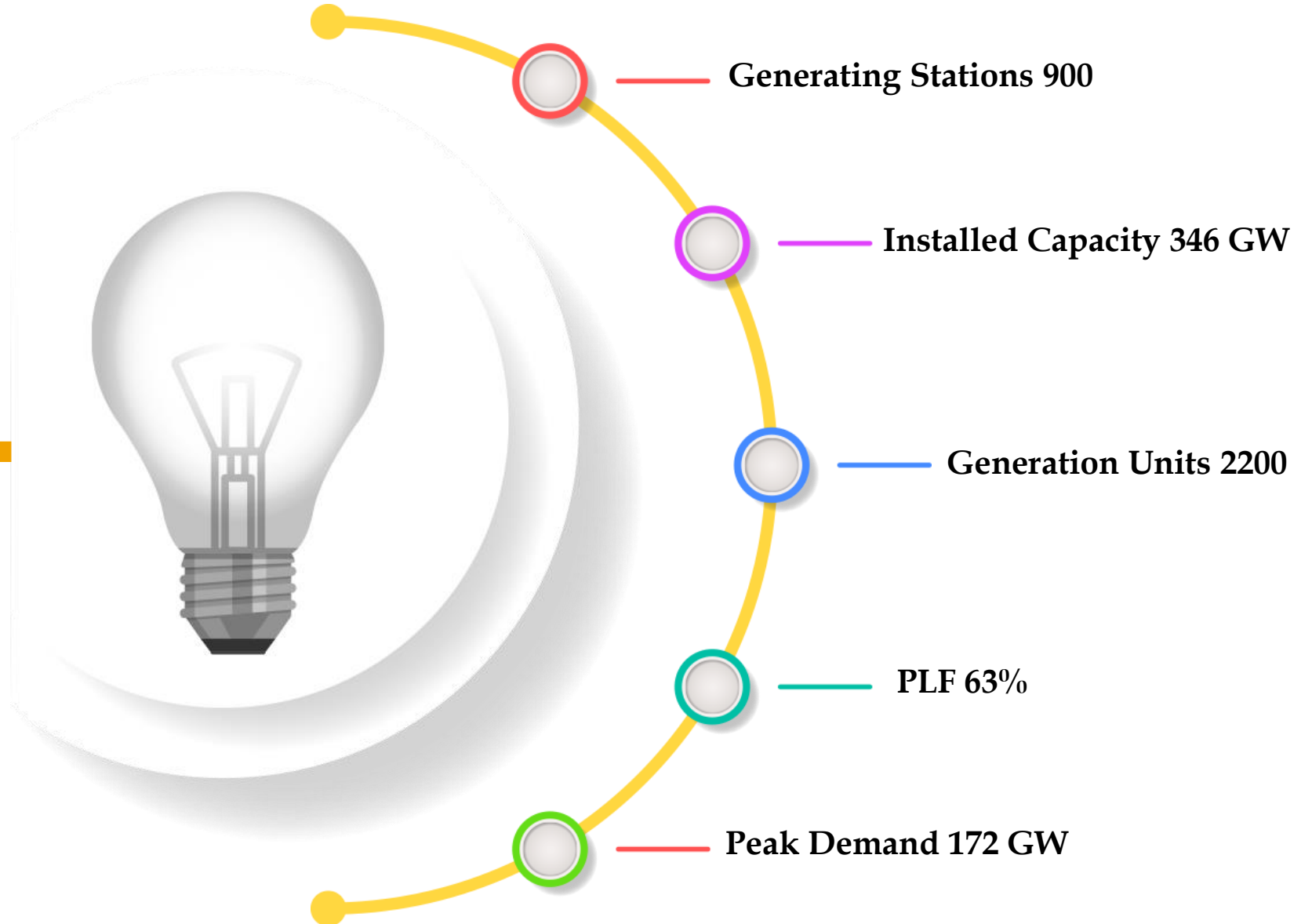
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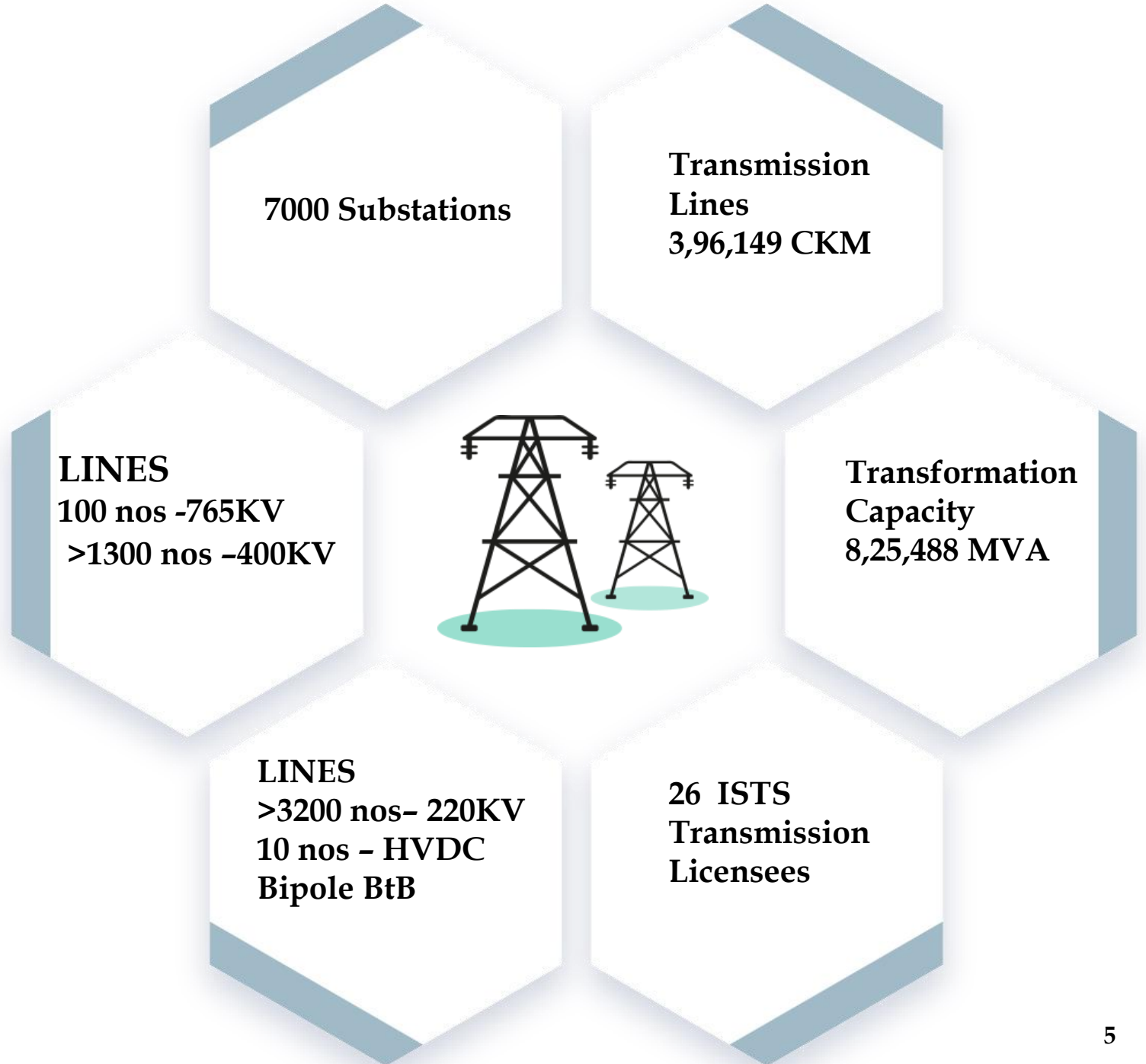
India Power Sector Empowering India



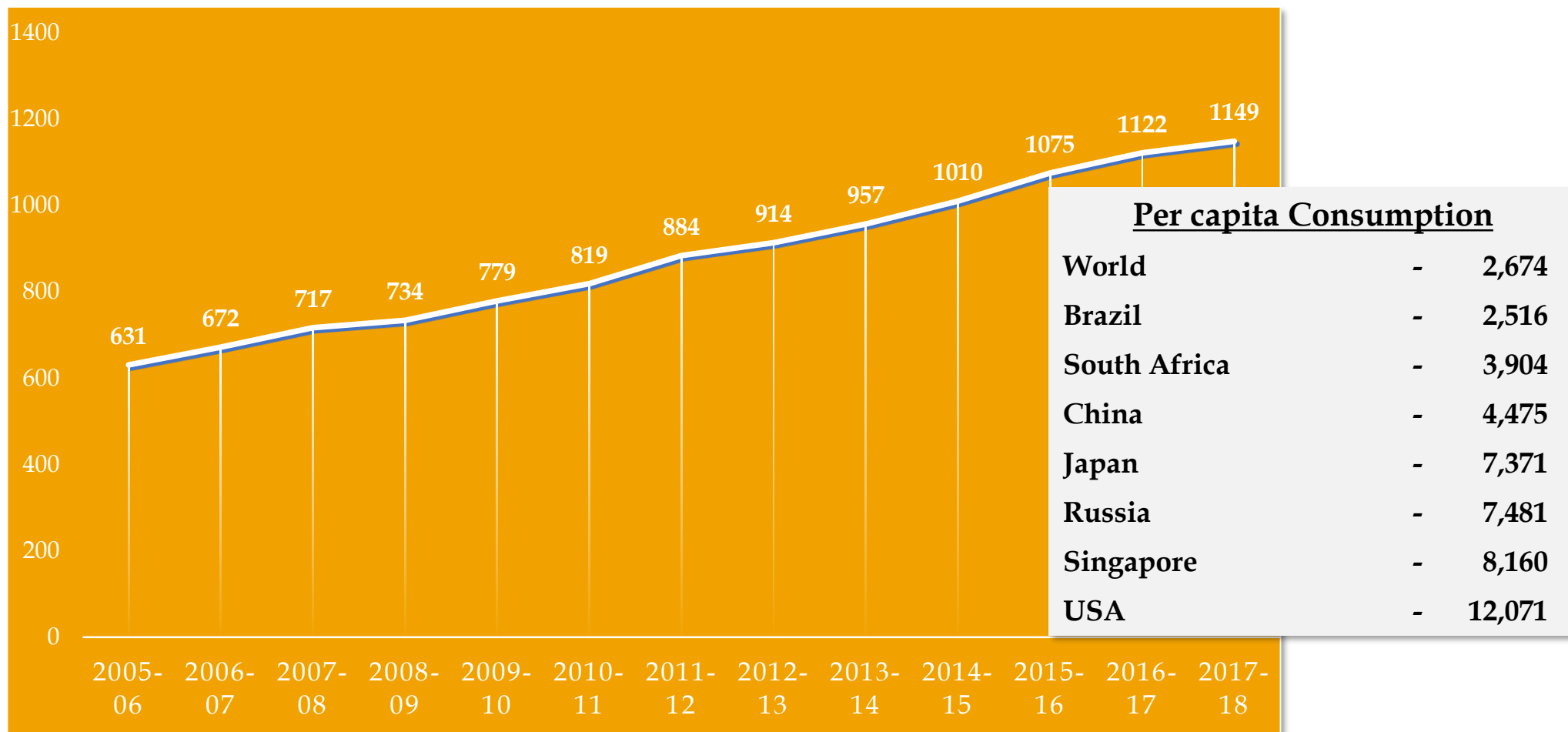
Generation



Transmission

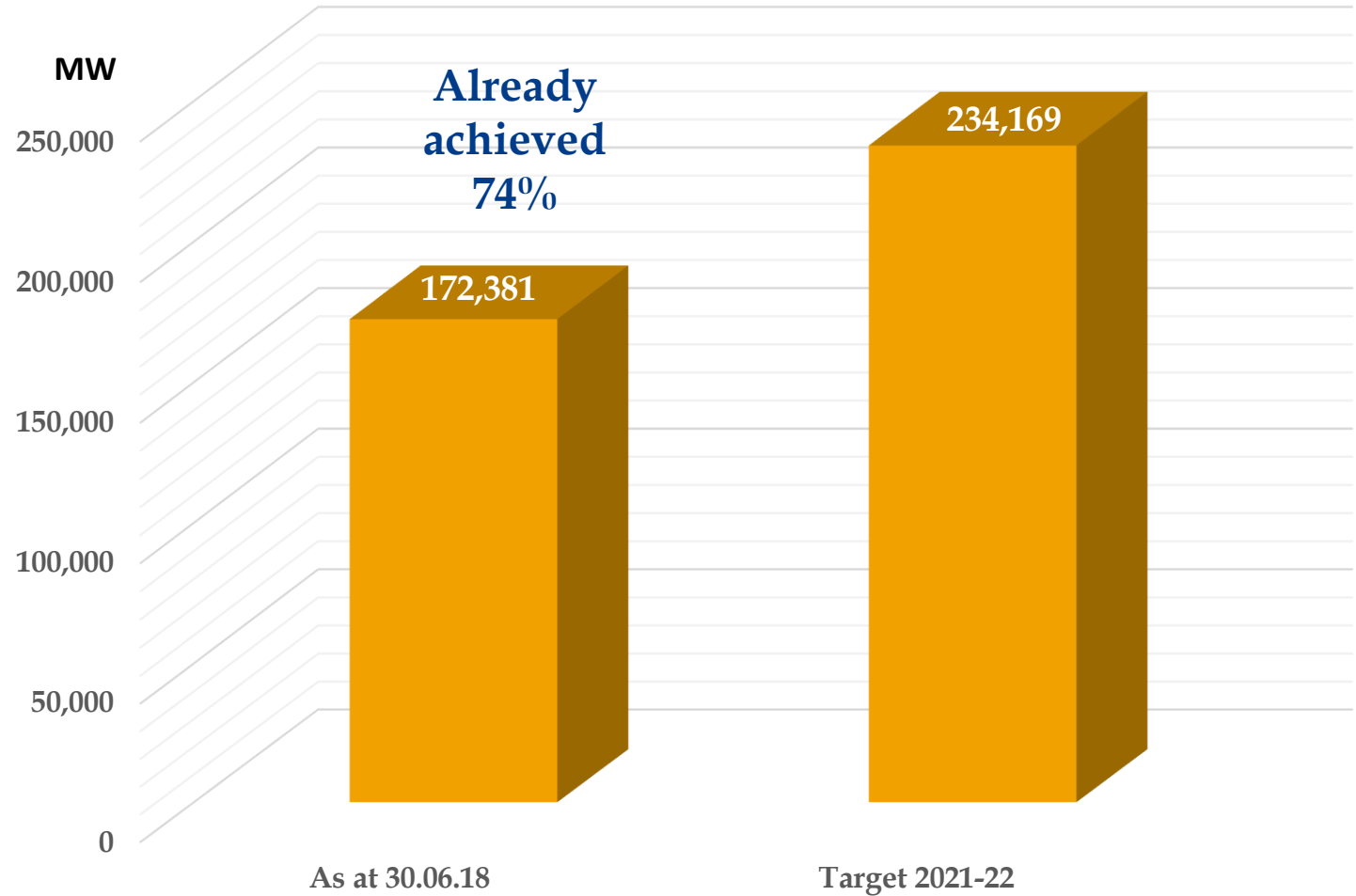


Annual Per Capita Consumption of Electricity (kwh)



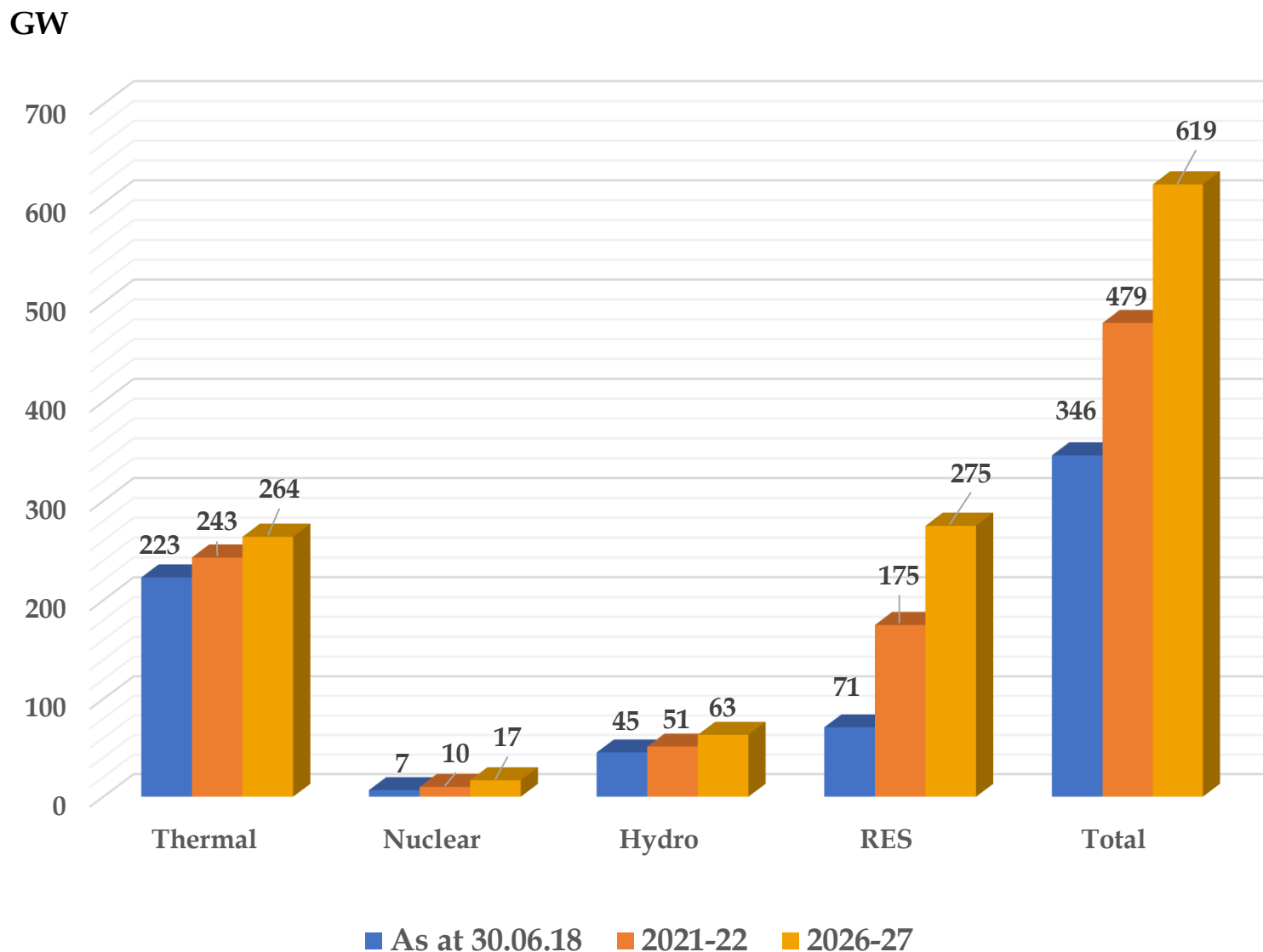
Source : CEA & Wikipedia

Estimated Demand by 2021-22 (MW)



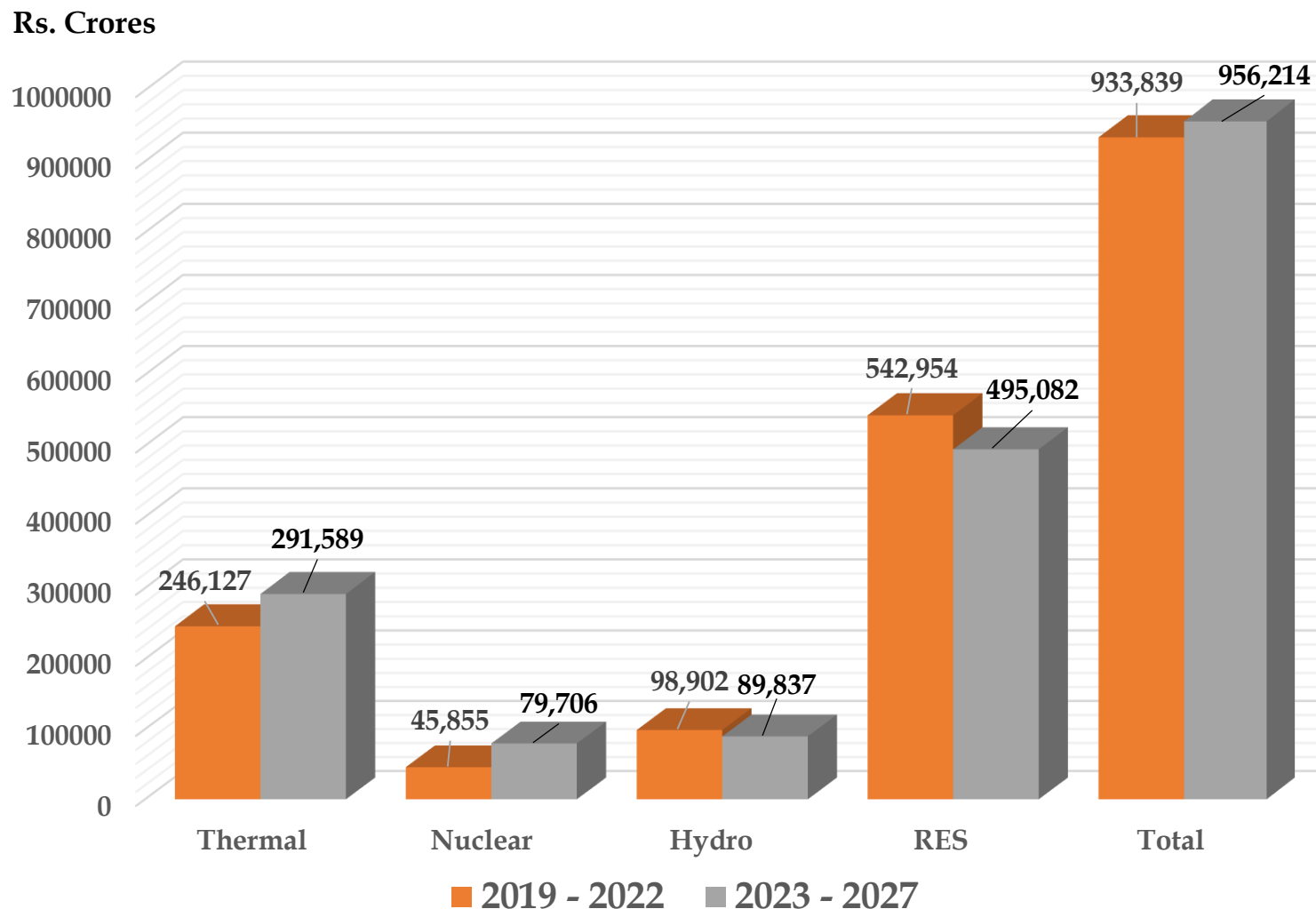
Source : CEA

Generation Capacity by 2026-27 (GW)



Source : CEA, National Electricity Policy

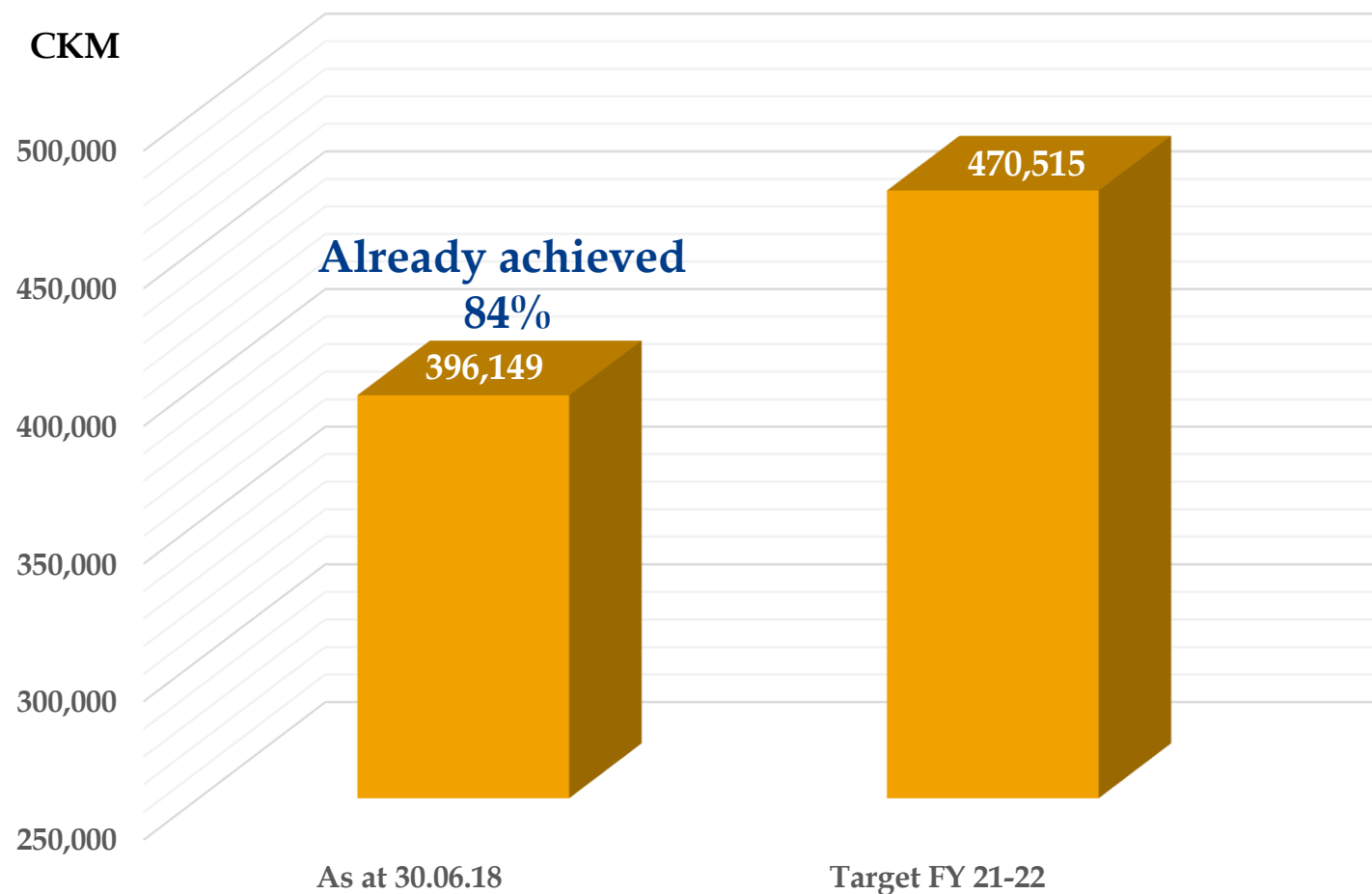
Fund Requirement (Generation) by 2026-27 (Rs. Crores)



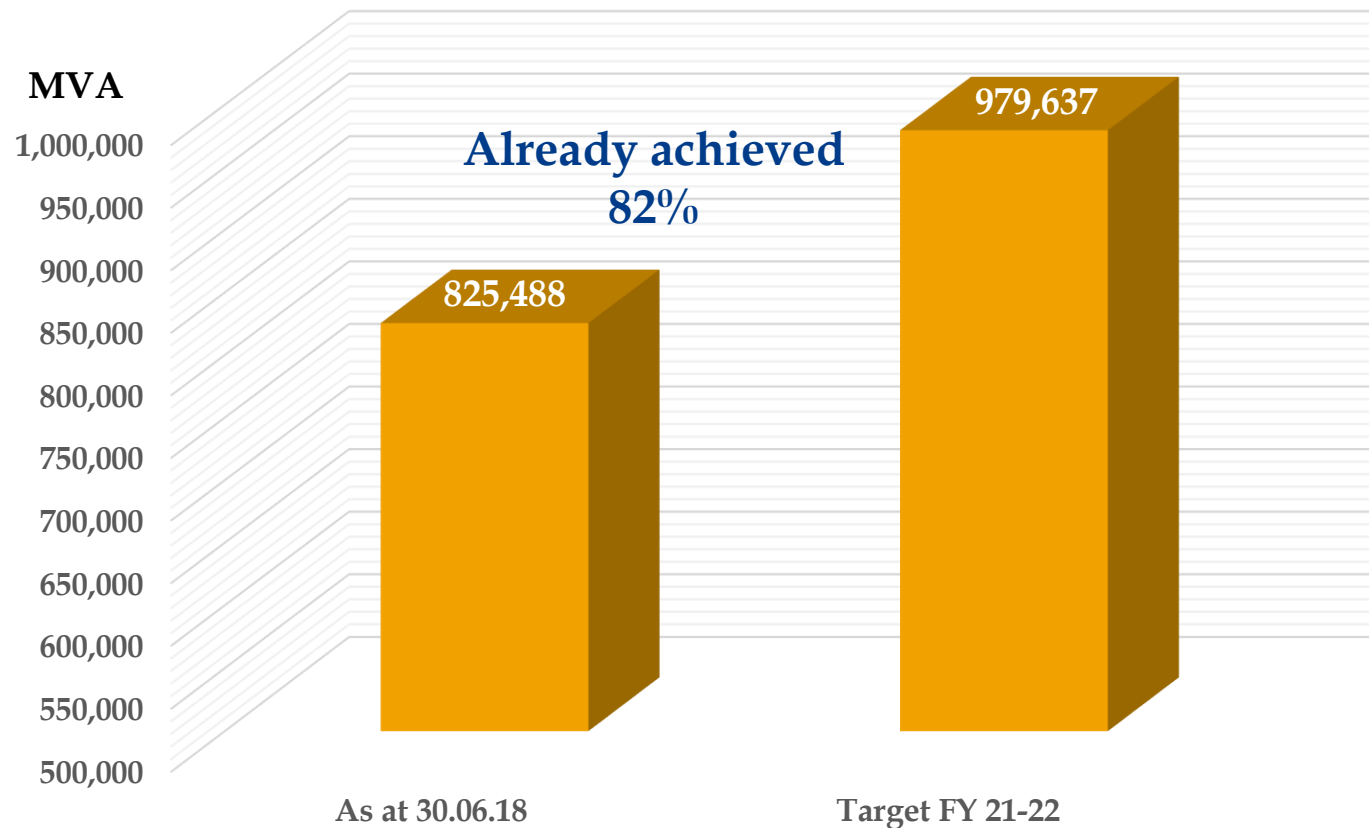
Estimated fund requirement for generation capacity
 addition – **INR 18,90,053 Crores** from 2018-19 to 2026-27

Source : CEA, National Electricity Policy

Transmission Line Capacity by 2021-22 (CKM)



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**

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		

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

Particulars	Installed Capacity 31.03.2018	Installed Capacity 30.06.2018	Target 2022		Expected 2027 (NEP)	
Solar >1 MW	21,651	23,023	100,000	57%	1,50,000	55%
Wind	34,046	34,293	60,000	24%	1,00,000	36%
Small Hydro Power	4,486	4,494	5,000	3%	8,000	3%
Biomass/Other	8,839	8,839	10,000	6%	17,000	6%
Total Installed Capacity (MW)	69,022	70,649	175,000	100%	2,75,000	100%

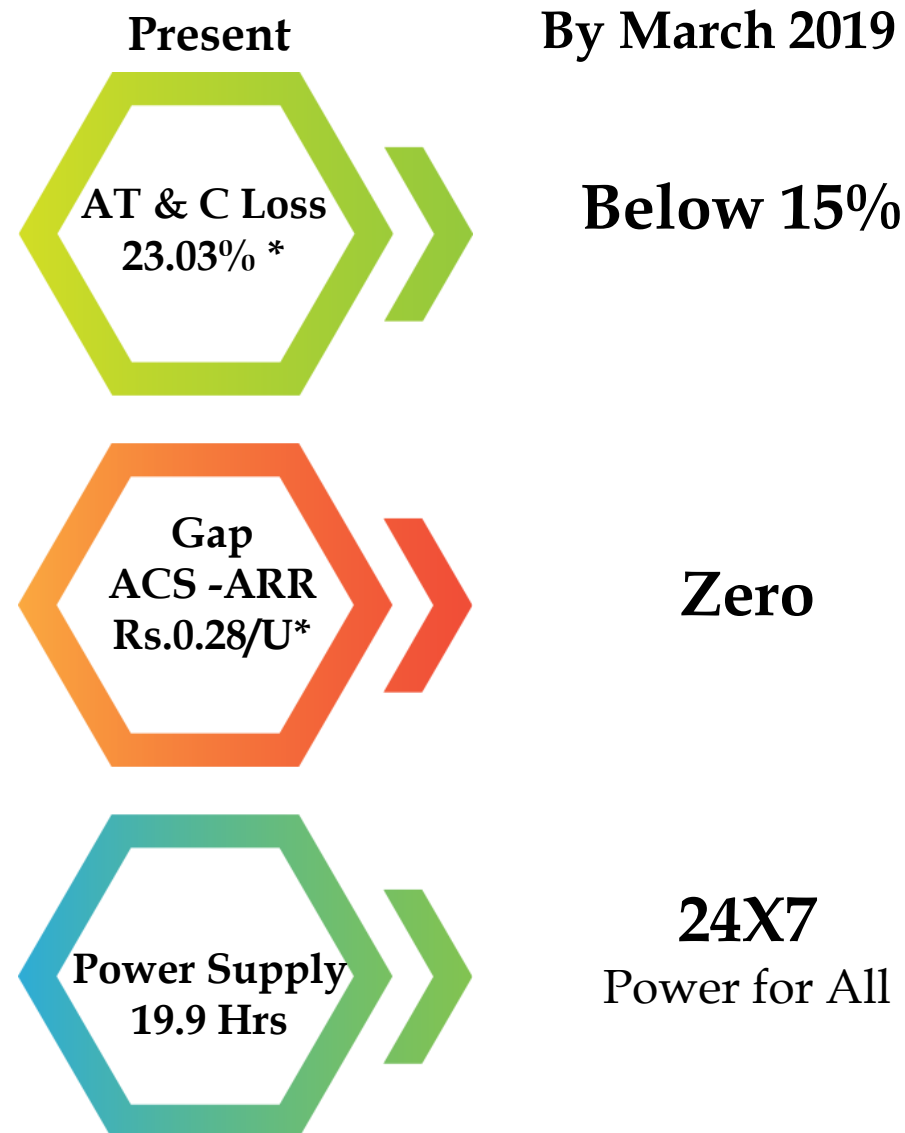
**Target 2022 of 175 GW
< 20% of total potential
and estimated 2027
< 30% of total potential**



Distribution Modernization by 2019

Does not include data of Mizoram, Nagaland, Andaman and Nicobar Islands, Lakshadweep

* Source : <https://www.uday.gov.in>



Overview

- W.e.f 11th October 2017, Govt. of India launched Rs. 16,350 crores household electrification scheme named Pradhan Mantri Sahaj Bijli Har Ghar Yojana (translated as the Prime Minister's Programme to provide easy electricity access to all households), or 'Saubhagya')
- Objective of the 'Saubhagya' is to provide energy access to all by last mile connectivity and electricity connections to all remaining un-electrified households in rural as well as urban areas estimated to be around 3.96 crores households.
- Projects under the scheme are sanctioned based on the Detailed Project Reports to be submitted by the States, prepared by the State DISCOMs / Power Department and sanctioned by an inter-ministerial Monitoring Committee headed by the Secretary (Power), Government of India
- Considering an average load of 1 KW per household and average uses of load for 8 hours in a day, estimated rise in demand for power after inclusion of all households will be about 28,000 MW. With the enhancement of income and habit of using electricity, the demand of electricity is bound to increase
- Access to electricity is also expected to boost power-based ancillary economic and business activities, which will further increase the demand for power

Financial Support under the Saubhagya Scheme

Agency	Nature of Support	Quantum of Support (% of Project Cost)	
		Other than Special Category States	Special Category States
Government of India	Grant	60%	85%
Utility / State Contribution	Own Fund	10%	5%
Loan (FIs/Banks)	Loan	30%	10%
Additional Grant from GoI on achievement of prescribed milestones	Grant	50% of loan component	50% of loan component
Maximum Grant by GoI (including additional grant on achievement of prescribed milestones)	Grant	75%	90%

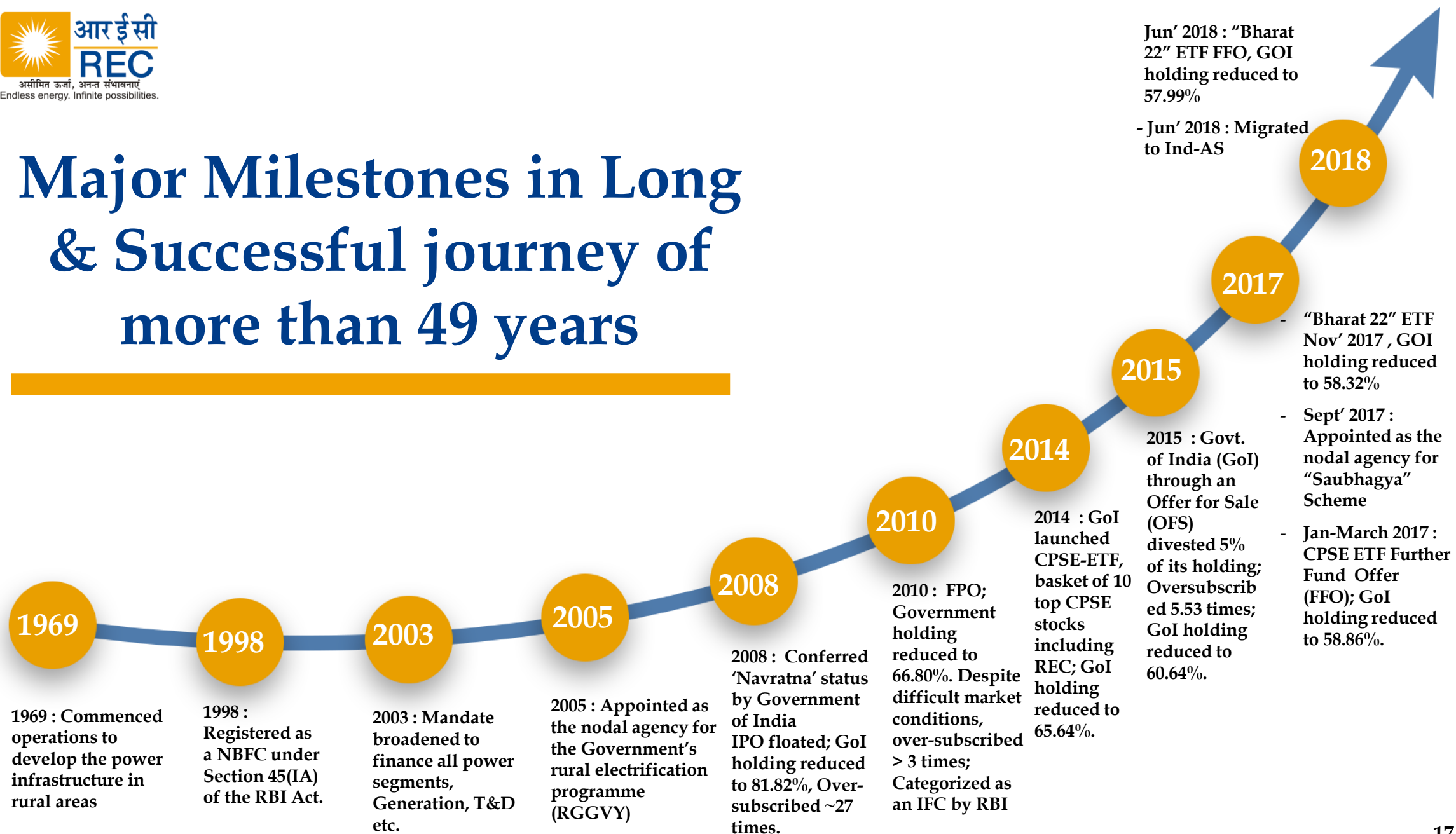
REC Overview



Key Strengths



Major Milestones in Long & Successful journey of more than 49 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 > 33 years

- Was Principal Finance Secretary / Additional Chief Secretary and Development Commissioner to Government of Andhra Pradesh for five years.
- Substantial expertise & experience in development assistance management (Government, UNOPS, UNFPA, IFAD, World Bank, DFID, DANIDA, UNICEF, etc.), resource mobilisation, financial management; delivering high quality technical assistance (UNDP, UNICEF, UNCTAD, UNIDO, World Bank, DANIDA, DFID etc.); effective management of international procurement and efficient contract administration (World Bank, UNOPS, UNOIP, Government), and international development agencies, governments, financial institutions, corporate enterprises, NGOs, and research institutions.
- Held senior diplomatic assignments including, UNFPA Country Representative in Afghanistan; Director UNOPS; UNOPS / World Bank Senior Advisor; UNOPS / IFAD Senior Country Programme Manager; UNOPS Senior Portfolio Manager; Staff Officer in IFAD and UNOPS HQ; represented UNOPS in UNDG at New York and IFAD in consultative group meetings.
- Physician with distinction in medicine and surgery from CMC Vellore, Tamil Nadu, India.



Mr. Ajeet Kumar Agarwal
Director (Finance)

> 34 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.

Board of Directors

Experienced Team with sector experience



Mr. Sanjeev Kumar Gupta

Director (Technical)

> 34 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

JS(RE), MoP

>29 years of
administrative &
management experience

- 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 experience



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.

Board of Directors

Experienced Team with sector experience



Ms. Asha Swarup
Independent Director

IAS officer (1973 batch) Retd. with varied experience

- 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.



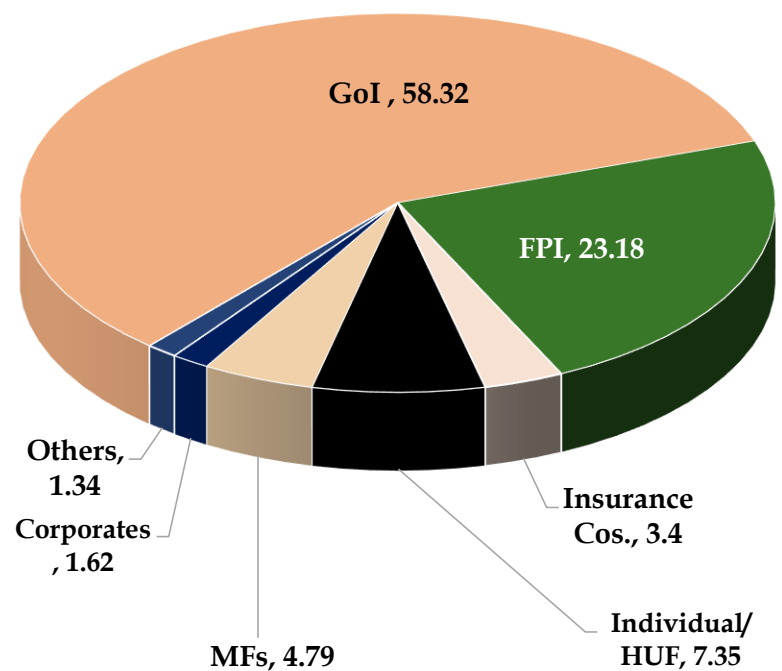
Dr. Bhagvat Kishanrao Karad

Independent Director
Medical practitioner with business acumen

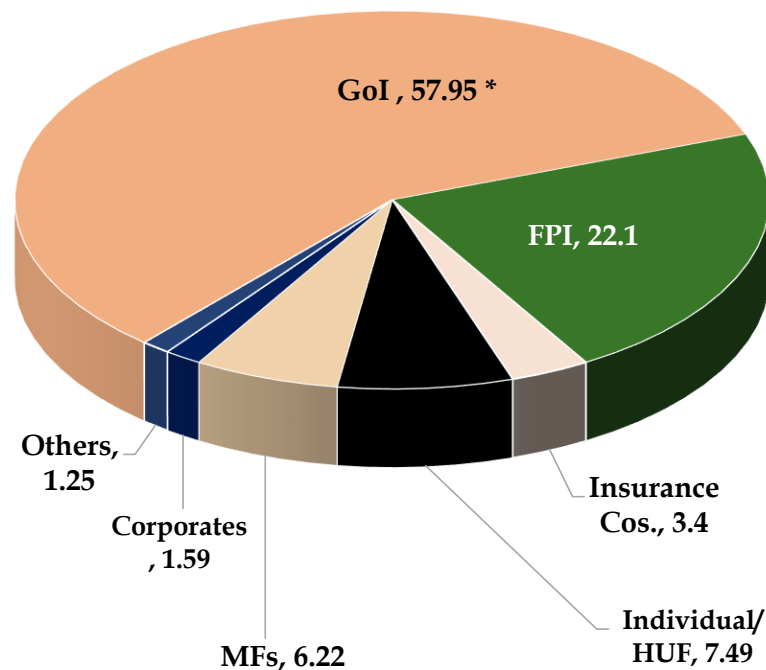
- Independent Director on the Board of REC since July 17, 2018.
- Has been on advisory Board of Wockhardt Foundation & Aurangabad Airport Authority and advisory member for the Govt Medical College and Hospital, Aurangabad. Has been Mayor of Aurangabad Municipal Corporation twice. Due to his business acumen to run commercial organizations and experience to handle various social responsibilities, especially in Rural Maharashtra, he has gained knack in addressing socio-economic issues and writing as well as recommending policies to the concerned departments in the State Government especially for projects related to rural India. Serving as acting Chairman of Marathwada Statutory Development Board (MSDB)
- Pediatric Surgeon (M.B.B.S, M.S in General Surgery and F.C.P.S. M.Ch. in Pediatric Surgery).

Shareholding Pattern

As at 31.03.2018



As at 30.06.2018



* During Q1 FY 19, President of India, acting through MoP has transferred 72,22,395 equity shares of the Company, in connection with Follow-on Fund offer of Bharat-22 ETF. However, 7,49,151 equity shares were transferred back to Govt. of India in July 2018. Accordingly, as on date, the shareholding of Govt. of India stands at 57.99%.

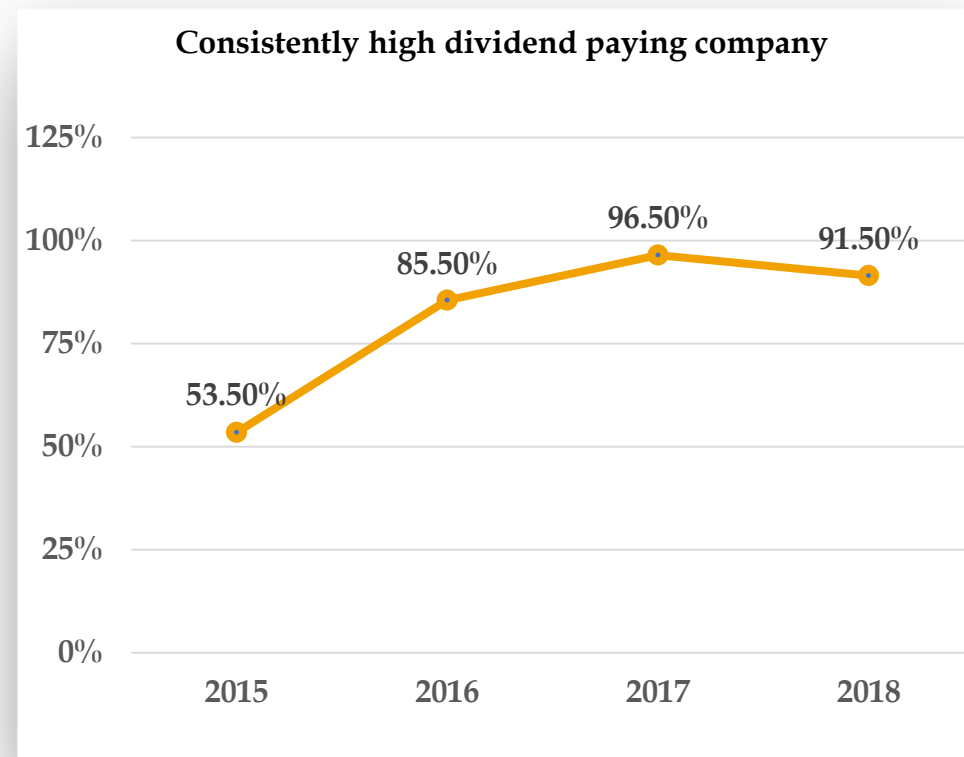
Shareholders Outlook

Top 10 Share holders as at June 30, 2018

Rank	Particulars	Shareholding (%)	Category
1	President of India	57.95	POI
2	Life Insurance Corporation of India	2.30	INS
3	The Prudential Assurance Company Limited	1.95	FPI
4	HDFC Trustee Company Limited - HDFC Prudence Fund	1.20	MUT
5	HDFC Trustee Company Limited - HDFC Equity Fund	0.99	MUT
6	Eastspring Investments - Developed and Emerging Asia Equity Fund	0.97	FPI
7	CPSE ETF	0.92	MUT
8	SBI Magnum Taxgain Scheme	0.61	MUT
9	Vanguard Emerging Markets Stock Index Fund	0.60	FPI
10	India Capital Fund Limited	0.58	FPI
	TOTAL	68.06	

POI = President of India; INS = Insurance Companies ; FPI = Foreign Portfolio Investors;
MUT = Mutual Fund

Dividend Payout as a % of Equity Share Capital



Dividend pay-out adjusted for bonus share issue of 1:1 in Sep'2016

RBI circular dated 31st May 2018 - Impact

RBI vide its circular dated 31st May 2018 withdrew the exemption available to Govt. NBFCs on applying Prudential Norms. REC is already complying with the norms and the position of the same is as below :

Particulars	RBI circular dated 31 st May 2018	Present Status of REC	Impact
Asset Classification	NPA recognition norms 120 days by March 31, 2019, 90 days by March 31, 2020	REC already implemented 90 days norm for asset classification w.e.f April 01, 2017.	No Impact
Capital adequacy	CRAR – 15% within minimum Tier-I of 10% by March 31 , 2022	REC being a NBFC-IFC is already following RBI norms of 15% (minimum Tier-I of 10%). REC's Capital adequacy as at June 30, 2018 is 16.66% (Tier - I being 14.35%).	No Impact.
Concentration of credit/ investment	Credit Concentration norms - For Govt. NBFCs as per specific approval given by RBI	RBI has exempted REC from applicability of RBI's concentration of Credit/ Investment norms, in respect of its exposure to Central/ State Government entities up to 31st March, 2022.	No Impact
Section 45 IC of RBI Act 1934	By March 31, 2019 NBFC to transfer 20% of its net profit every year as disclosed in the profit and loss account and before any dividend is declared to Reserve Fund, in compliance of Section 45IC of RBI Act 1934.	Complied. Section 45IC reserve fund created starting from quarter ended June 30, 2018 amounting to Rs. 294 cr.	Complied

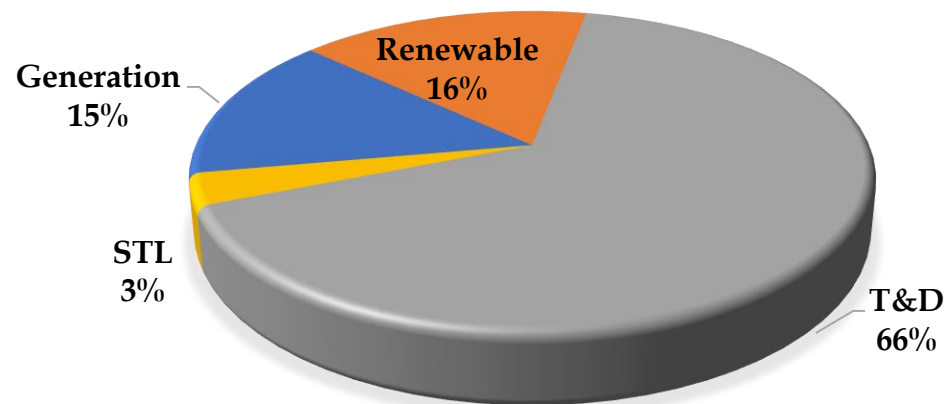
**No impact on REC of RBI circular dated 31st May 2018.
Even complying with the RBI directions, suo moto, well before the deadline.**

Operational Performance



Sanctions - Composition

Sector-wise breakup of Sanctions in Q1 FY19

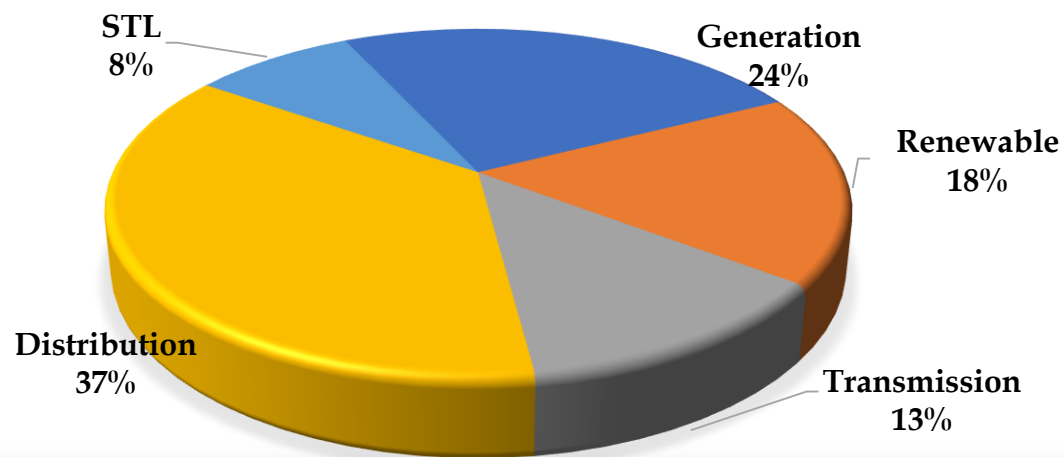


Consistent growth
in renewables

Discipline-wise	12M						Q1			
	FY15	%	FY16	%	FY17	%	FY 18	%	FY 19	%
Generation	23,778	39	27,828	43	28,209	34	53,224	49	2,739	15
Renewable Energy	548	1	2,966	5	2,090	2	7,034	7	3,041	16
Transmission & Distribution	35,135	57	31,377	47	49,047	59	40,541	38	12,387	66
Total Project Loans	59,461	97	62,171	95	79,346	95	100,799	94	18,167	97
<i>Growth</i>	-		5%		28%		27%			
Short Term Loan	1,960	3	3,300	5	4,525	5	6,735	6	600	3
Total Sanctions	61,421	100	65,471	100	83,871	100	107,534	100	18,767	100
<i>Growth</i>	-		7%		28%		28%			

Disbursements – Composition

Sector-wise breakup of Disbursements in Q1 FY19

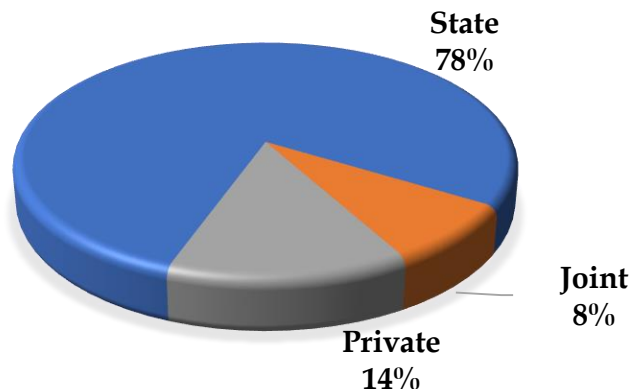


Renewables major driver of the growth

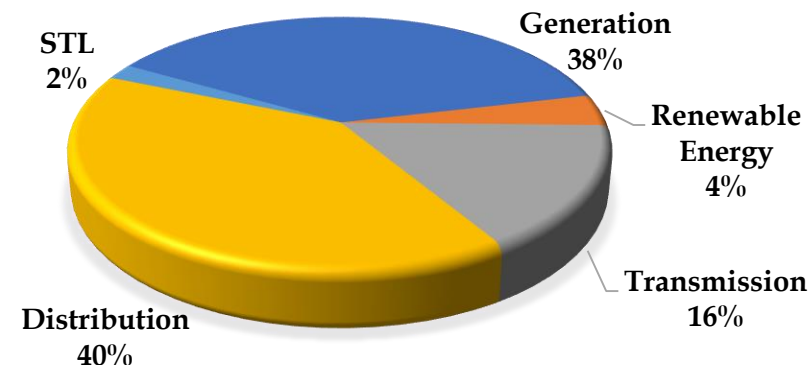
Discipline-wise	12M								Q1	
	FY 15	%	FY 16	%	FY 17	%	FY18	%	FY19	%
Generation	13,828	32	12,820	27	21,697	37	18,086	29	2,035	24
Renewable Energy	295	1	304	1	1,618	3	5,403	9	1,475	18
Transmission	6,286	15	8,529	19	10,520	18	6,668	11	1,053	13
Distribution	20,159	47	22,173	48	19,429	34	24,920	40	3,053	37
Total Transmission & Distribution	26,445	62	30,702	67	29,949	52	31,588	51	4,106	50
Total Project Loans	40,568	95	43,826	95	53,264	92	55,077	89	7,616	92
Growth	-		8%		22%		3%			
Short Term Loan	2,250	5	2,200	5	4,775	8	6,635	11	700	8
Total Disbursements	42,818	100	46,026	100	58,039	100	61,712	100	8,316	100
Growth	-		7%		26%		6%			

Outstanding Loans – Composition

**Customer-wise
breakup
of Loans as at
30.06.2018**



**Category-wise
breakup of
Loans as at
30.06.2018**



Discipline-wise	12M								Q1	
	FY 15		FY 16		FY 17		FY18		FY19	
	Amt	%	Amt	%	Amt	%	Amt	%	Amt	%
State	133,712	75	153,941	77	151,976	75	186,445	78	189,067	78
Joint	14,629	8	16,808	8	16,728	8	19,798	8	19,905	8
Private	31,306	17	30,529	15	33,225	17	33,206	14	32,941	14
Total	179,647	100	201,278	100	201,929	100	239,449	100	241,913	100
Growth			12%		0%		19%		1%	
Generation	75,632	41	86,980	43	100,441	50	108,442	46	94,207	38
Renewable Energy	756	1	1,000	1	2,447	1	7,506	3	8,503	4
Transmission	28,372	16	35,289	18	42,520	21	45,558	19	38,918	16
Distribution	73,790	41	76,087	37	52,933	26	72,295	30	95,746	40
Total T&D	102,162	57	111,376	55	95,453	47	117,853	49	134,664	56
Short Term Loans	1,097	1	1,922	1	3,588	2	5,648	2	4539	2

Outstanding Loans - Asset Diversification

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

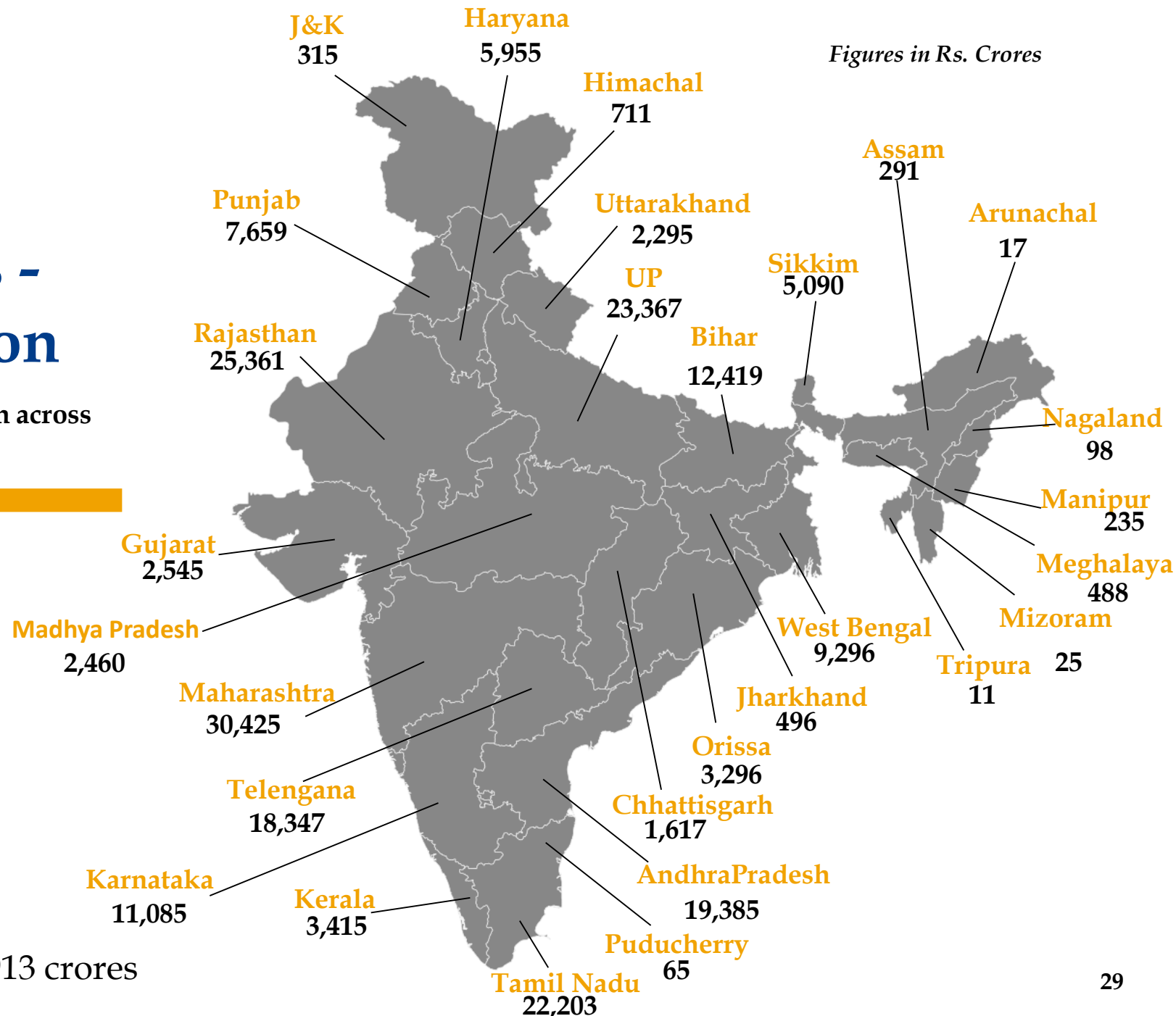
State Sector Borrowers

2,08,972

Private Sector Borrowers

32,941

Total Loan Outstanding – Rs. 2,41,913 crores



Outstanding Loans -Loan Concentration

Major Borrowers (as on June 30, 2018)

S.No.	Top Ten Borrowers	Amount Outstanding (Rs Cr.)	% of Total Loan Assets
1	Maharashtra State Electricity Distribution Company Limited	13,062	5.40%
2	Maharashtra State Power Generation Company Limited	12,532	5.18%
3	Rajasthan Rajya Vidyut Utpadan Nigam Limited	10,648	4.40%
4	Tamil Nadu Generation and Distribution Corporation	8,872	3.67%
5	Tamil Nadu Transmission Corporation (TANTRANSCO)	8,220	3.40%
6	Nabinagar Power Generating Co. Pvt Ltd	8,163	3.37%
7	Uttar Pradesh Power Transmission Corporation Limited	7,068	2.92%
8	Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL)	6,484	2.68%
9	Andhra Pradesh Power Generation Corporation (APGENCO)	6,385	2.64%
10	Uttar Pradesh Power Corporation Limited	5,788	2.39%
	Total	87,222	36.05%

Well diversified asset portfolio with Top 10 borrowers accounting for ~36% of current loans and no single borrower accounting for more than 6% of total loan book

Transition to Ind-AS



IGAAP vs Ind-AS - Material accounting changes

S. No.	Particulars	Accounting under the earlier AS (IGAAP)	Accounting as per Ind-AS
1.	Loan-related fees based Income	Recognized as income on accrual basis	Recognized as per Effective Interest Rate (EIR) method, whereby fee is recognized along with the interest over the tenor of the loan.
2.	Provisioning on Loans	Made on the basis of RBI Master Directions, as per the classification of loans and ageing of the Non-Performing assets (NPAs)	Made on the basis of Expected Credit Loss (ECL) Model, which considers the probability of default and the expected loss to the Company.
3.	Fund-raising Costs	Charged as expense as and when the expense was incurred, except for discount on issue of bonds and one-time arrangement fee which was amortised over the period of such borrowings	Recognised as per Effective Interest Rate (EIR) method, whereby the fund raising costs are recognized along with the interest over the tenor of the loan.
4.	Foreign Exchange Fluctuation Differences	Amortised over the tenor of the long-term borrowings	For existing borrowings as on 01-04-18 - Amortized over the tenor of the long-term borrowings For fresh borrowings after 01-04-18 - Charged to Statement of Profit & Loss in the same period.
5.	Derivative Accounting on Forward Contracts	Restatement gains/ losses on derivatives were amortised over the period of such contracts, in line with the treatment adopted for underlying borrowings	Mark-to-Market gains and losses recognized in the Statement of Profit & Loss in the same period in which it occurs.
6.	Fair Value of Equity Instruments	Long term Equity Investments were recorded at cost. Further, provision for diminution was only done for permanent decline in the value. Current investments were recorded at cost or fair value, whichever is lower.	Changes in fair value of the equity investments is to be recognized in the Statement of Profit & Loss or Other Comprehensive Income (OCI).

Expected Credit Loss Model – Ind AS 109

REC is a NBFC and as per current regulatory developments, NBFCs need to comply with Ind-AS for financial reporting instead of RBI prudential norms.

Ind AS 109 introduces a new model of provisioning of credit losses, based on the concept of Expected Credit Losses (ECL), thus requiring future expected losses to be estimated using reasonable and supportable information about past events, current conditions and forecasts of future economic conditions.

Provision for impairment = Exposure at default (EAD) × Probability of default (PD) × Loss given default (LGD)

- EAD is balance outstanding for each loan asset as on reporting date
- PD is probability of whether borrowers will default in their obligations in the future..
- LGD is an estimate of the loss from a transaction given that a default occurs.

Expected Credit Loss Model – Ind AS 109

The period for which expected credit loss to be recognised depends on the type of loan assets which is classified in different stages as below:

Stage 1 – Loan assets with low credit risk or where credit risk has not increased significantly since initial recognition (Performing)

Stage 2 – Loan assets with significantly increased credit risk since initial recognition but do not have objective evidence of a credit loss event (Under-performing)

Stage 3 – Loan assets with objective evidence of impairment at the reporting date (Non-performing assets)

For Stage 1 assets, Losses from defaults expected in next 12 months from reporting date is provided.
For Stage 2 and Stage 3, Lifetime expected losses is provided

IMPACT:

Following this approach, loss allowance has been increased as previously LGD was considered as per RBI prudential norms though for application of ECL model, LGD is based on expected realisation for respective accounts.

Key impacts of transition to Ind AS

Ind-AS implemented from Financial Year 2018-19, with transition date as April 01, 2017.

Provision has been made in respect of all loans assets including credit impaired assets (NPAs) in accordance with the Expected Credit Loss (ECL) methodology, evaluation & calculation as per Ind-AS, undertaken by an independent agency IRR Advisory Service Pvt. Ltd., 100% subsidiary of Fitch Ratings group.

No Stage III Credit Impaired Assets (NPAs) in Government Sector.

Net Stage III Assets (NPA) dropped to 4.27% in Q1FY19 from 5.68% as per IGAAP in Q4FY18.

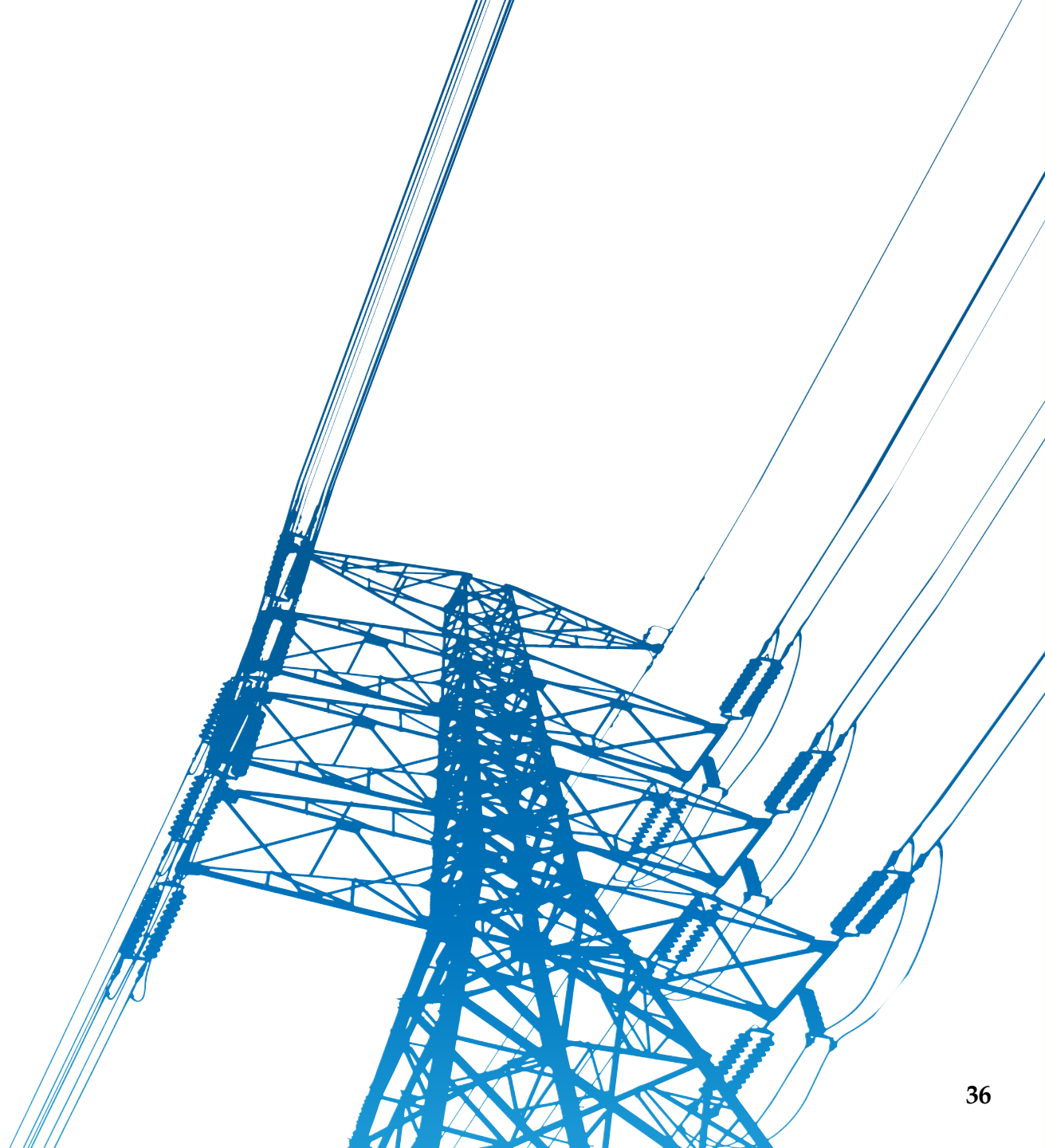
Provision Coverage Ratio against Credit impaired assets improved to 47.41% as at June 30, 2018

Provision of Rs. 2,090 crores, 0.94% created on the Standard Assets (Stage I and Stage II) higher than prescribed by RBI Prudential norms

Post implementation of Ind-AS Net worth stands at Rs. 32,478 crores as at June 30, 2018.

Capital Adequacy Ratio as at June 30, 2018 stands at 16.66% (Tier - I : 14.35%; Tier - II : 2.31%)

Asset Quality



Asset Quality & Provision Coverage

As at June 30, 2018

Figures : Rs. Crores

Utility	Total Loan Outstanding	Credit Impaired Assets (NPAs)			Standard Assets			Total Provision
		Outstanding	Provision	Provision coverage ratio (%)	Outstanding	Provision	Provision coverage ratio (%)	
State Sector								
- Gencos	66,625	-	-	-	66,625	107	0.16	107
- Renewables	5,270	-	-	-	5,270	9	0.16	9
- Transcos	36,792	-	-	-	36,792	12	0.03	12
- Discoms	100,285	-	-	-	100,285	261	0.26	261
Total State Sector	208,972	-	-	-	208,972	389	0.19	389
Private Sector								
- Genco	27,582	18,483	9,012	48.76	9,099	1,332	14.64	10,344
- Transcos	2,126	1,112	278	25.00	1,014	332	32.74	610
- Renewables	3,233	56	26	46.43	3,177	37	1.16	63
Total Private Sector	32,941	19,651	9,316	47.41	13,290	1,701	12.80	11,017
Grand Total	241,913	19,651	9,316	47.41	222,262	2,090	0.94	11,406

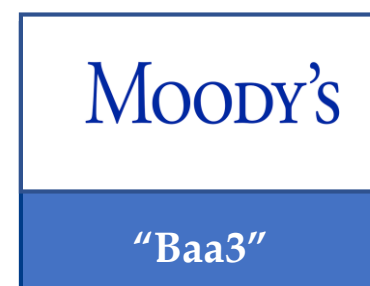
NPAs	Value	%
Gross	19,651	8.12
Net	10,335	4.27

Borrowing Profile

National Ratings



International Ratings



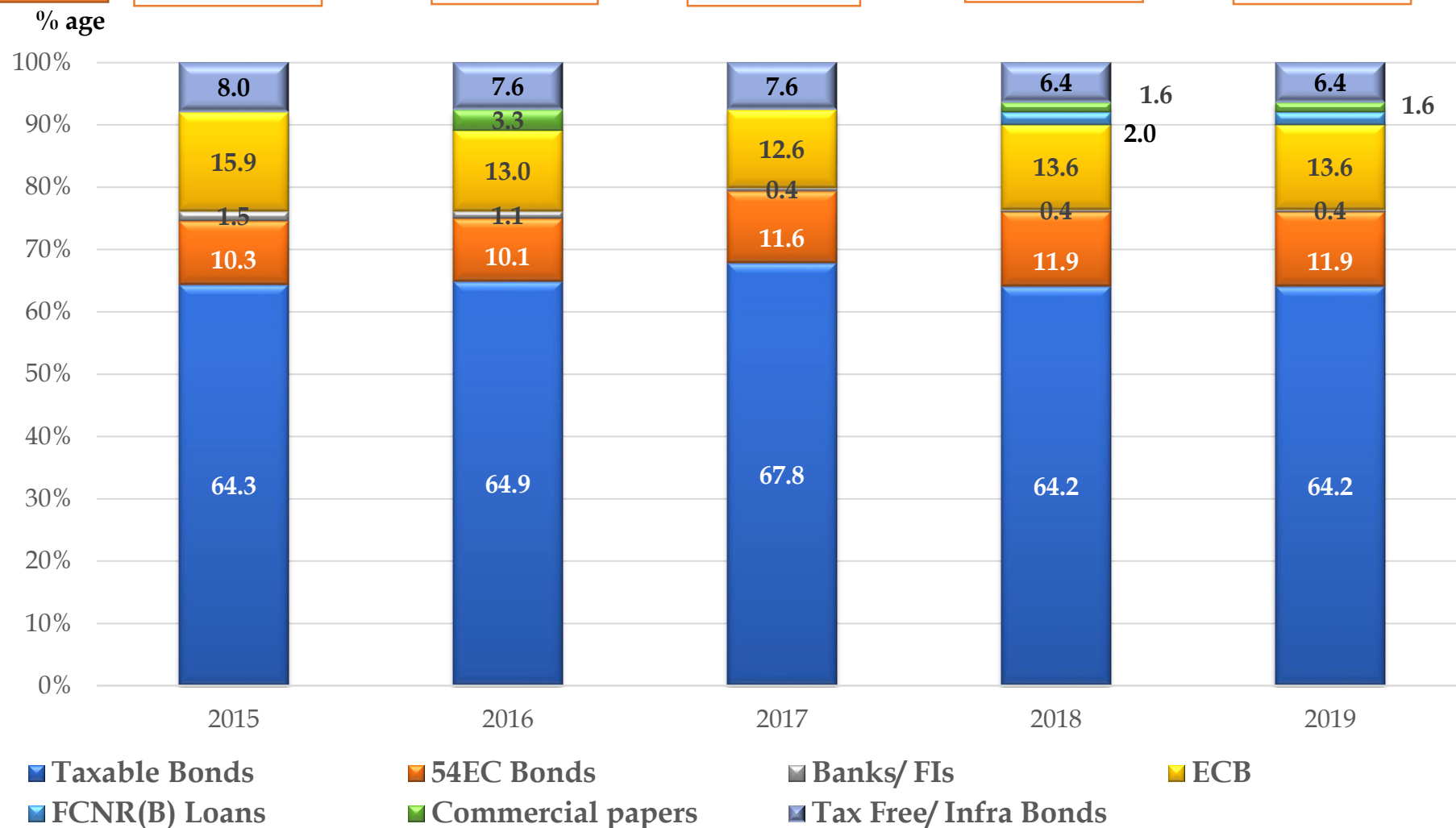
Outstanding Borrowings

Rs. Crores

Particulars	12M				Q1
	FY 15	FY 16	FY 17	FY 18	FY 19
Institutional, Subordinate & Zero Coupon Bonds	97,068	109,678	113,449	128,871	128,395
Foreign Currency Borrowings	24,028	21,924	21,081	25,996	27,242
FCNR (B) Loans	-	-	-	3,811	4,018
Capital Gain Bonds	15,591	17,164	19,477	23,705	23,746
Tax Free Bonds	11,649	12,648	12,648	12,648	12,648
Commercial Papers	-	5,600	-	3,250	3,250
Banks, FIs, etc.	2,312	1,850	750	400	816
Infra Bonds	376	242	112	110	110
Grand Total	151,024	169,106	167,517	198,791	200,225
Average annualized Cost of Funds	8.36%	8.50%	8.13%	7.53%	7.27%

Outstanding Borrowings

Total Borrowings (Rs. Cr.)	1,51,024	1,69,106	1,67,517	1,98,791	2,00,225
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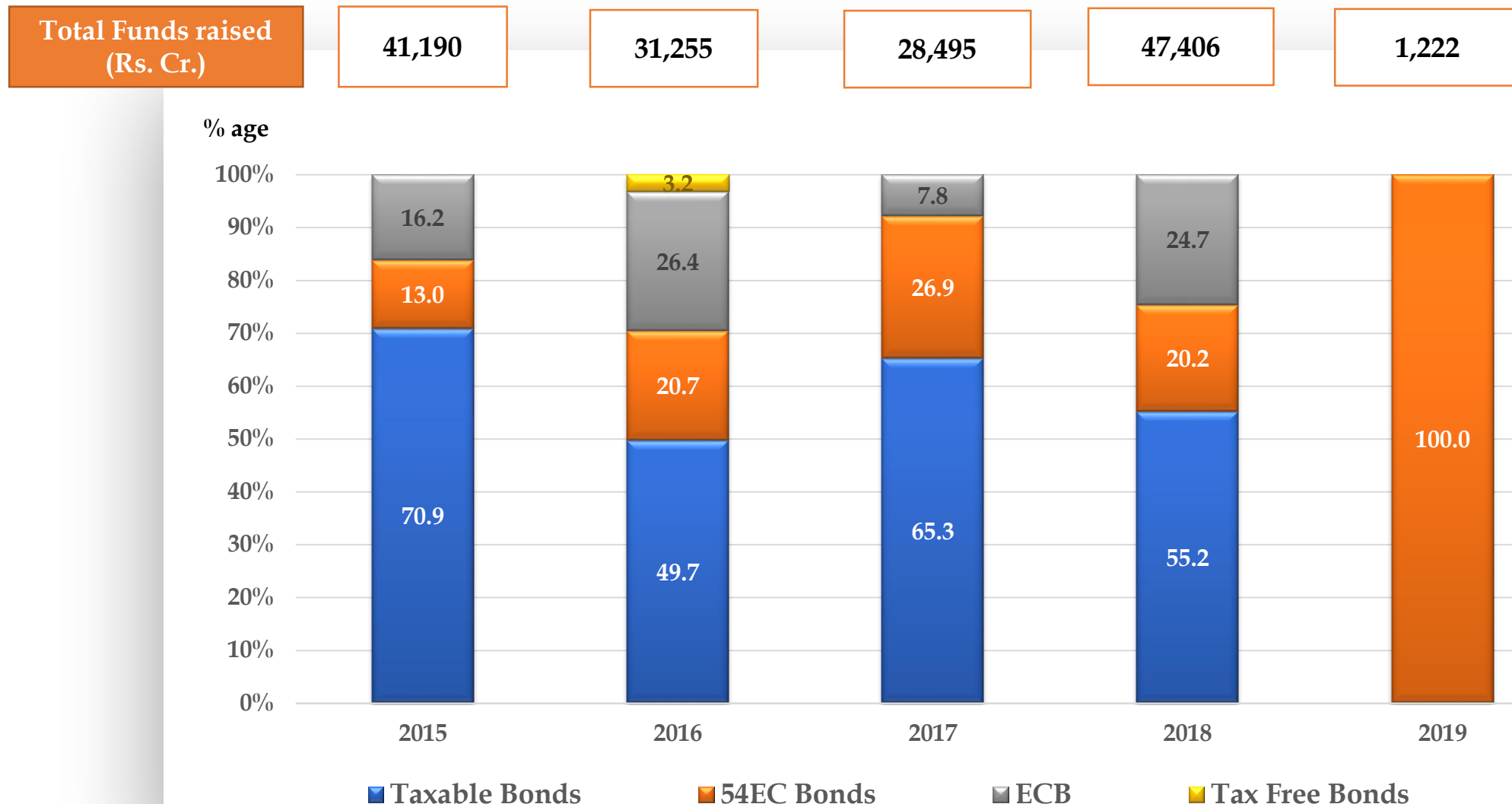
Funds Raised During The Period

Rs. Crores

Category	12M				Q1
	FY15	FY16	FY17	FY18	FY 19
(A) <u>Long Term</u>					
Capital Gains Bonds	5,338	6,477	7,663	9,565	1,222
Tax Free Bonds	-	1,000	-	-	-
Institutional Bonds/ Subordinate Debt	29,200	15,526	18,600	26,145	-
Foreign Currency Borrowings	6,652	8,252	2,232	11,696	-
Total (A)	41,190	31,255	28,495	47,406	1,222
	8.07%	7.01%	6.85%	6.17%	5.75%
(B) <u>Short Term</u>					
FCNR (B) Loan	-	-	-	3,759	-
Commercial papers	5,894	20,772	19,917	12,115	-
Total (B)	5,894	20,772	19,917	15,874	-
Total (A + B)	47,084	52,027	48,412	63,280	1,222

%age denotes annualized cost of borrowings mobilized

Funds Raised During The Period (Long Term)



Financial Highlights



Standalone Profit & Loss Statement

Rs. Crores

Particulars	Q1	
	FY 18	FY 19
Interest Income	5,467	5,669
Less: Finance Costs	3,187	3,628
Net Interest Income	2,280	2,041
Other Operating Income	160	70
Other Income	1	580
Total Income	5,628	6,319
Other costs *	317	448
Impairment loss on financial assets	723	132
Profit Before Tax	1,401	2,111
Tax Expense	325	642
Profit After Tax	1,076	1,469
Other Comprehensive Income/(Loss)	(15)	(72)

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

Key Ratios

Particulars	Q1	
	FY 18	FY 19
Yield on Loan Assets (%)	11.09	10.32
Cost of Funds (%)	7.59	7.27
Interest Spread (%)	3.50	3.05
Net Interest Margin (%)	4.63	3.72
Return on Net Worth (%)	13.85	18.15
Interest Coverage Ratio (Times)	1.44	1.58
Debt Equity Ratio (Times)	5.33	6.16
Earning per Share (Face Value Rs. 10 per share)	21.79	29.75
Book Value Per Share (Face Value Rs. 10 per share)	159.88	164.45

Yield = Ratio of interest income to average interest earning loan assets

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

Interest Spread = Yield minus Cost of Funds

Net Interest Margin = Ratio of net interest income, without foreign exchange fluctuation gain/loss amortized to average interest earning loan assets

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

Debt Equity = Ratio of Total Borrowings to Net Worth

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

Reconciliation of Net Profit for June 30, 2017

Particulars	Amount (in Rs. crores)
Profit under IGAAP for the period ended 30 June 2017	1,301.14
Adjustments under Ind AS	
Incremental provision on application of expected credit loss model	(400.10)
Adjustment on account of effective interest rate on financial liabilities and financial assets	(20.41)
Incremental impact of fair valuation of derivatives	(87.79)
Fair value of investments through OCI	19.61
Other adjustments	(0.11)
Tax impact on above adjustments	263.62
Total Ind-As Impact	(225.18)
Profit under Ind AS for the period ended 30 June 2017	1,075.96
Other comprehensive income, net of tax	(15.39)
Other comprehensive income under Ind AS for the period ended 30 June 2017	1,060.57



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