

Management Presentation

Performance Highlights

Q3 & 9M FY13



RURAL ELECTRIFICATION CORPORATION LIMITED

A Navratna PSU

HIGHLIGHTS

(Q3 FY13 VS. Q3 FY12)



Balance Sheet

- ▶ Total Assets increased by 23% from ₹1,00,127 Crores to ₹1,23,117 Crores.
- ▶ Outstanding Borrowings increased by 25% from ₹81,126 Crores to ₹1,01,749 Crores.
- ▶ Net worth increased by 18% from ₹14,270 Crores to ₹16,828 Crores.

Income Statement

- ▶ Total Income increased in Q3 by 32% from ₹2,699 Crores to ₹3,552 Crores.
- ▶ NII in Q3 increased by 42% from ₹1,005 Crores to ₹1,430 Crores.
- ▶ PBT in Q3 increased by 33% from ₹1,039 Crores to ₹1,384 Crores.
- ▶ PAT in Q3 increased by 33% from ₹770 Crores to ₹1,027 Crores.

Business

- ▶ Sanctions in Q3 increased by 46% from ₹8,812 Crores to ₹12,866 Crores.
- ▶ Disbursements in Q3 increased by 64% from ₹6,342 Crores to ₹10,425 Crores.

SANCTIONS - COMPOSITION

(₹ In Crores)

Sanctions	Q1 FY 13	Q1 FY 12	Q2 FY 13	Q2 FY 12	Q3 FY 13	Q3 FY 12	9M FY 13	9M FY 12	Q4 FY 12	12M FY 12	12M FY 11	12M FY 10
Discipline-wise	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Generation	9,130 42%	15,171 72%	4,631 17%	2,926 27%	5,342 42%	4,073 46%	19,103 31%	22,170 54%	1,006 10%	23,176 46%	40,375 61%	24,032 53%
T & D (including RGGVY)	10,569 48%	4,969 23%	21,668 82%	6,312 59%	7,074 55%	3,689 42%	39,311 64%	14,970 37%	8,110 81%	23,080 45%	22,438 34%	17,235 38%
Short Term Loan	2,090 10%	1,050 5%	250 1%	1,530 14%	450 3%	1,050 12%	2,790 5%	3,630 9%	950 9%	4,580 9%	3,608 5%	4,090 9%
Total	21,789	21,190	26,549	10,768	12,866	8,812	61,204	40,770	10,066	50,836	66,421	45,357

DISBURSEMENTS - COMPOSITION



(₹ In Crores)

Disbursements	Q1 FY 13	Q1 FY 12	Q2 FY 13	Q2 FY 12	Q3 FY 13	Q3 FY 12	9M FY 13	9M FY 12	Q4 FY 12	12M FY 12	12M FY 11	12M FY 10
Discipline-wise	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Generation	2,364 34%	2,998 55%	3,375 44%	2,992 49%	2,544 25%	2,730 43%	8,284 33%	8,720 49%	3,629 37%	12,349 44%	11,754 48%	8,397 40%
T & D (including RGGVY)	2,590 38%	1,883 34%	3,854 51%	2,499 41%	7,331 70%	2,462 39%	13,774 55%	6,844 38%	4,867 49%	11,711 42%	9,653 39%	8,945 42%
Short Term Loan	1,910 28%	600 11%	400 5%	630 10%	550 5%	1,150 18%	2,860 12%	2,380 13%	1,380 14%	3,760 14%	3,112 13%	3,790 18%
Total	6,864	5,481	7,629	6,121	10,425	6,342	24,918	17,944	9,876	27,820	24,519	21,132

OUTSTANDING LOAN - COMPOSITION



(₹ In Crores)

Loan Outstanding	Q1 FY 13		Q1 FY 12		H1 FY 13		H1 FY 12		9M FY 13		9M FY 12		12M FY 12		12M FY 11		12M FY 10	
Discipline	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
State	89,627	84	70,681	82	92,990	83	74,326	82	98,086	83	77,646	82	85,036	84	68,092	83	55,574	84
Central PSUs	5,601	5	5,917	7	5,518	5	5,903	7	5,904	5	5,916	6	5,691	6	5,853	7	6,145	9
Private	11,468	11	9,227	11	13,457	12	10,144	11	14,700	12	11,396	12	10,699	10	7,780	10	4,260	7
Total	1,06,696	100	85,825	100	1,11,965	100	90,373	100	1,18,690	100	94,958	100	1,01,426	100	81,725	100	65,979	100
Generation	47,185	44	37,329	44	50,161	45	39,965	44	52,163	44	42,762	45	45,195	45	34,610	42	23,958	36
T & D	51,578	48	43,076	50	54,811	49	45,053	50	60,988	51	46,706	49	49,898	49	41,774	51	36,723	56
Others (including STL)	7,933	8	5,420	6	6,993	6	5,355	6	5,539	5	5,490	6	6,333	6	5,341	7	5,298	8
Weighted avg lending rate on O/s Loans (annualised)	12.22%		11.76%		12.38%		11.86%		12.53%		11.95%		12.10%		11.68%		11.45%	

(1) Excludes interest accrued and due.

(2) Others includes short-term loans, debt refinancing, bridge loans, loans to equipment manufacturers, equipment leasing finance.

LOAN QUALITY



(₹ In Crores)

Particulars	Q1 FY 13	Q1 FY 12	H1 FY 13	H1 FY 12	9M FY 13	9M FY 12	12M FY 12	12M FY 11	12M FY 10
Loan outstanding *	1,06,696	85,825	1,11,965	90,373	1,18,690	94,958	1,01,426	81,725	65,979
Gross NPA	490	270	490	270	490	493	490	20	20
Provision	64	43	64	43	89	67	64	18	18
Net NPA	426	227	426	227	401	426	426	2	2
% of Gross NPA to loan outstanding	0.46%	0.31%	0.44%	0.30%	0.41%	0.52%	0.48%	0.02%	0.03%
% of Net NPA to loan outstanding	0.399%	0.264%	0.380%	0.251%	0.338%	0.449%	0.420%	0.002%	0.003%

* Loan outstanding represents principal outstanding excluding interest accrued and due.

FUNDS RAISED DURING THE PERIOD



(₹ In Crores)

Category	Q1	Q1	Q2	Q2	Q3	Q3	9M	9M	Q4	12 M	12 M	12 M
	FY 13	FY 12	FY 13	FY 12	FY 13	FY 12	FY 13	FY 12	FY 12	FY 12	FY 11	FY 10
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Capital Gains Bonds	982 (6.00%)	1,053 (6.00%)	1,068 (6.00%)	1,122 (6.00%)	1,026 (6.00%)	1,164 (6.00%)	3,077 (6.00%)	3,338 (6.00%)	1,901 (6.00%)	5,239 (6.00%)	5,045 (6.00%)	3,058 (6.25%)
Infrastructure Bonds	- -	- -	- -	- -	- -	2 (9.05%)	- -	2 (9.05%)	156 (8.98%)	158 (8.98%)	217 (8.14%)	- -
Tax Free Bonds	- -	- -	- -	- -	2,517 (7.48%)	- -	2,517 (7.48%)	- -	3,000 (8.11%)	3,000 (8.11%)	- -	- -
Institutional Bonds & Zero Coupon Bonds	2,378 (9.35%)	1,925 (9.71%)	4,820 (9.34%)	7,678 (9.48%)	6,139 (8.92%)	6,362 (9.59%)	13,337 (9.15%)	15,966 (9.55%)	1,500 (7.36%) *	17,466 (9.36%)	10,170 (8.43%)	13,529 (8.19%)
Banks, FIs, CP, etc.	- -	- -	1,399 (9.20%)	- -	718 (8.67%)	- -	2117 (9.02%)	- -	- -	- -	4,725 (8.20%)	6,835 (6.04%)
Foreign Currency Borrowings	430 (2.51%)	59 (5.12%)	870 (7.31%)	1,380 (7.47%)	690 (2.33%)	504 (2.81%)	1990 (4.55%)	1,943 (6.28%)	1,904 (3.20%)	3,847 (4.79%)	5,698 (3.84%)	606 (6.88%)
Total	3,790 (7.71%)	3,037 (8.34%)	8,157 (8.67%)	10,180 (8.82%)	11,090 (7.89%)	8,032 (8.64%)	23,038 (8.14%)	21,249 (8.69%)	8,461 (6.41%)	29,710 (8.05%)	25,855 (6.90%)	24,028 (7.31%)

* Includes funds raised and swaps entered at 6M JPY LIBOR + 7.242%.

- (%) denotes average annualized cost of borrowing (post swaps, if any during the period).

- The figure above does not include WCDL raised during the period.

BORROWING PROFILE AS AT END OF THE PERIOD



(₹ In Crores)

Particulars	Q1 FY 13		Q1 FY 12		H1 FY 13		H1 FY 12		9M FY 13		9M FY 12		12 M FY 12		12 M FY 11		12 M FY 10	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Capital Gains, Tax Free & Infra Bonds	17,183	19	12,097	17	17,726	19	12,064	16	20,596	20	12,563	15	16,716	18	11,315	16	9,948	18
Institutional Bonds & Zero Coupon Bonds	54,699	61	41,635	58	58,483	61	48,239	64	62,230	61	53,354	66	54,655	61	39,893	57	30,909	55
Banks, FIs, etc.	6,294	7	10,087	14	5,374	6	6,262	8	4,838	5	5,501	7	7,986	9	11,226	16	10,564	19
Foreign Currency	11,405	13	7,649	11	12,039	13	9,116	12	12,715	13	9,708	12	10,699	12	7,606	11	2,076	4
Commercial Paper	-	-	-	-	1,470	1	-	-	1,370	1	-	-	-	-	-	-	2,450	4
Grand Total	89,581	100	71,468	100	95,092	100	75,681	100	1,01,749	100	81,126	100	90,056	100	70,040	100	55,947	100
Average annualized cost of funds	8.10%		7.89%		Q2 – 8.40% H1 – 8.12%		Q2 – 8.33% H1 – 8.03%		Q3 – 8.36% 9M – 8.08%		Q3 – 8.40% 9M – 8.07%		Q4 – 8.14% 12M – 7.89%		Q4 – 7.76% 12M – 7.62%		7.75%	

- The cost of funds is without taking into account one time upfront fee of ₹ 50.90 crores paid during FY 11, ₹ 8.87 crores (Q1), ₹ 34.24 crores (Q2) and ₹ 24.03 crores (Q4) totaling ₹ 67.14 crores expensed during FY 12 and ₹ 12.49 crores (Q1), ₹ 20.50 crores (Q2), ₹ 15.58 crores (Q3) totaling ₹ 48.57 crores expensed during FY 13 for raising External Commercial Syndicated Loans. **8**
- The annualized cost of funds does not take into consideration the loss/(gain) on account of foreign exchange fluctuation.
- Borrowings have been reclassified to conform to presentation as per Revised Schedule VI.

STATEMENT OF ASSETS & LIABILITIES



(₹ In Crores)

Particulars	Q1 FY13	Q1 FY12	H1 FY13	H1 FY12	9M FY13	9M FY12	12M FY12	12M FY11	12M FY10
<u>Liabilities</u>									
Shareholders Funds	15,622	13,451	16,576	14,075	16,828	14,270	14,745	12,788	11,080
Borrowings	89,581	71,468	95,092	75,681	1,01,749	81,126	90,056	70,040	55,947
Other Liabilities	4,094	3,815	3,928	3,352	4,540	4,731	3,928	3,685	2,516
Total Liabilities	1,09,297	88,734	1,15,596	93,108	1,23,117	1,00,127	1,08,729	86,513	69,543
<u>Assets</u>									
Fixed Assets (Net)	79	68	79	68	82	68	78	68	70
Investments	758	837	907	837	710	789	758	837	910
Loan Assets (Net of Provisions)	1,06,632	85,782	1,11,900	90,330	1,18,601	94,891	1,01,362	81,707	65,961
Deferred Tax Assets	9	13	9	14	9	14	10	13	7
FCMITD Account	478	-	265	-	280	198	182	-	-
Other Assets	1,341	2,034	2,436	1,859	3,435	4,167	6,339	3,888	2,595
Total Assets	1,09,297	88,734	1,15,596	93,108	1,23,117	1,00,127	1,08,729	86,513	69,543

INCOME STATEMENT



(₹ In Crores)

Particulars	Q1 FY13	Q1 FY12	Q2 FY13	Q2 FY12	Q3 FY13	Q3 FY12	9M FY13	9M FY12	Q4 FY12	12M FY12	12M FY11	12M FY10
Interest Income	2,997	2,313	3,240	2,515	3,501	2,650	9,739	7,477	2,787	10,264	8,109	6,431
Interest Expenses	1,831	1,403	1,960	1,565	2,071	1,645	5,863	4,613	1,766	6,379	4,851	3,911
Net Interest Income	1,166	910	1,280	950	1,430	1,005	3,876	2,864	1,021	3,885	3,258	2,520
Other Operating Income	71	39	51	29	32	32	155	100	60	160	193	139
Other Income	24	21	22	27	19	17	65	65	21	86	193	138
Operating costs	46	42	58	44	50	78	155	164	70	233	167	148
Allowance against Loans	-	25	-	-	25	24	25	49	3	52	-	-
Foreign Exchange Fluctuation Loss	37	7	14	126	22	-87	73	46	7	53	-	-
Profit Before Tax	1,178	896	1,281	836	1,384	1,039	3,843	2,770	1,022	3,793	3,477	2,649
Current Tax	300	234	327	214	357	270	985	718	257	975	908	695
Deferred tax	-	-	-	-	-	-1	-	-1	4	3	-5	1
Earlier Years/ (Refunds)	1	-	-	-2	-	-	1	-2	0	-2	4	-48
Profit After Tax	877	662	954	624	1,027	770	2,857	2,055	761	2,817	2,570	2,001
Reversal of Deferred Tax of earlier years	-	-	-	-	-	-	-	-	-	-	-	326
Profit after tax and available for appropriation	877	662	954	624	1,027	770	2,857	2,055	761	2,817	2,570	2,327
Dividend (inc. Interim)	-	-	-	-	667	494	667	494	247	741	741	603
Dividend Distribution Tax	-	-	-	-	108	80	108	80	40	120	121	101
Total (Dividend+Dividend Distribution Tax)	-	-	-	-	775	574	775	574	287	861	862	704

* Previous periods' figures have been reclassified/ rearranged wherever necessary.

KEY INDICATORS



Key Indicators	Q1	Q1	Q2	Q2	Q3	Q3	9M	9M	Q4	12 M	12 M	12 M
	FY13	FY12	FY13	FY12	FY13	FY12	FY13	FY12	FY12	FY12	FY11	FY10
Yield on Loan (%) (Annualised)	11.52	11.04	11.86	11.42	12.14	11.44	11.80	11.29	11.35	11.21	10.98	11.03
Cost of Funds (%) (Annualised)	8.10	7.89	8.40	8.33	8.36	8.40	8.08	8.07	8.14	7.89	7.62	7.75
Interest Spread (%) (Annualised)	3.42	3.15	3.46	3.09	3.78	3.04	3.72	3.22	3.21	3.32	3.36	3.28
Net Interest Margin (%) (Annualised)	4.53	4.39	4.76	4.47	5.01	4.34	4.75	4.39	4.26	4.32	4.48	4.32
Interest Coverage Ratio	1.64	1.64	1.65	1.53	1.67	1.63	1.66	1.60	1.58	1.59	1.72	1.68
Return on Average Net Worth (%) (Annualised)	23.10	20.18	23.70	18.14	24.59	21.72	24.13	20.26	21.03	20.46	21.53	23.17
Debt Equity Ratio (times)	5.73	5.31	5.74	5.38	6.05	5.68	6.05	5.68	6.11	6.11	5.47	5.05
Net Worth (₹ Crores)	15,622	13,451	16,576	14,075	16,828	14,270	16,828	14,270	14,745	14,745	12,788	11,080
Book Value per Share (in ₹)	158.20	136.22	167.86	142.54	170.42	144.51	170.42	144.51	149.32	149.32	129.51	112.21
EPS (in ₹) (Non-Annualised)	8.88	6.70	9.66	6.32	10.40	7.79	28.94	20.82	7.72	28.53	26.03	23.06

- The cost of funds is without taking into account one time upfront fee of ₹ 50.90 crores paid during FY 11, ₹ 8.87 crores (Q1), ₹34.24 crores (Q2) and ₹24.03 crores (Q4) totaling ₹ 67.14 crores expensed during FY 12 and ₹ 12.49 crores (Q1), ₹20.50 crores (Q2), ₹15.58 crores (Q3) totaling ₹ 47.58 crores expensed during FY 13 for raising External Commercial Syndicated Loans.
- The annualized cost of funds does not take into consideration the loss/(gain) on account of foreign exchange fluctuation.
- Borrowings have been reclassified to conform to presentation as per Revised Schedule VI.

SHAREHOLDING PATTERN



As on →	31.12.12	30.09.12	30.06.12	31.03.12	31.12.11	30.09.11	30.06.11	31.03.11
Description	%	%	%	%	%	%	%	%
President of India	66.80	66.80	66.80	66.80	66.80	66.80	66.80	66.80
Foreign Institutional Investors	21.24	20.66	20.06	19.53	17.93	18.51	19.00	20.77
Resident Individual/HUF	3.20	3.37	3.52	3.47	3.68	3.74	3.74	3.26
Mutual Funds	1.66	1.60	1.36	1.71	2.14	2.08	1.97	1.75
Bodies Corporate	2.58	2.81	3.26	3.44	4.29	4.11	4.96	4.38
Insurance Companies	4.18	4.31	4.51	3.04	4.09	3.68	2.50	2.41
Banks/ Indian FI	0.21	0.21	0.20	1.65	0.68	0.87	0.73	0.38
Non Resident Indian	0.07	0.08	0.09	0.08	0.09	0.09	0.09	0.07
Clearing Members	0.04	0.12	0.15	0.23	0.24	0.06	0.17	0.16
Trust	0.02	0.04	0.05	0.05	0.06	0.06	0.04	0.02
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

THANK YOU