

Management Presentation

Performance Highlights

Q1 FY13



RURAL ELECTRIFICATION CORPORATION LIMITED

A Navratna PSU

HIGHLIGHTS

(Q1 FY13 VS. Q1 FY12)



Balance Sheet

- ▶ Total Assets increased by 23% from ₹88,734 Crores to ₹1,09,297 Crores.
- ▶ Outstanding Borrowings increased by 25% from ₹71,420 Crores to ₹89,565 Crores.
- ▶ Net worth increased by 16% from ₹13,451 Crores to ₹15,622 Crores.

Income Statement

- ▶ Total Income increased in Q1 by 30% from ₹2,373 Crores to ₹3,092 Crores.
- ▶ NII in Q1 increased by 28% from ₹910 Crores to ₹1,166 Crores.
- ▶ PBT in Q1 increased by 32% from ₹896 Crores to ₹1,178 Crores.
- ▶ PAT in Q1 increased by 32% from ₹662 Crores to ₹877 Crores.

Business

- ▶ Disbursements in Q1 increased by 25% from ₹5,481 Crores to ₹6,864 Crores.
- ▶ Sanctions in Q1 increased by 3% from ₹21,190 Crores to ₹21,789 Crores.

SANCTIONS - COMPOSITION



(₹ In Crores)

Sanctions	Q1 FY 13	Q1 FY 12	Q2 FY 12	Q3 FY 12	Q4 FY 12	12M FY 12	12M FY 11	12M FY 10
Discipline-wise	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Generation	9,130 42%	15,171 72%	2,926 27%	4,073 46%	1,006 10%	23,176 46%	40,375 61%	24,032 53%
T & D (including RGGVY)	10,569 48%	4,969 23%	6,312 59%	3,689 42%	8,110 81%	23,080 45%	22,438 34%	17,235 38%
Short Term Loan	2,090 10%	1,050 5%	1,530 14%	1,050 12%	950 9%	4,580 9%	3,608 5%	4,090 9%
Total	21,789	21,190	10,768	8,812	10,066	50,836	66,421	45,357

DISBURSEMENTS - COMPOSITION



(₹ In Crores)

Disbursements	Q1 FY 13	Q1 FY 12	Q2 FY 12	Q3 FY 12	Q4 FY 12	12M FY 12	12M FY 11	12M FY 10
Discipline-wise	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Generation	2,364 34%	2,998 55%	2,992 49%	2,729 43%	3,629 37%	12,349 44%	11,754 48%	8,397 40%
T & D (including RGGVY)	2,590 38%	1,883 34%	2,499 41%	2,463 39%	4,867 49%	11,711 42%	9,653 39%	8,945 42%
Short Term Loan	1,910 28%	600 11%	630 10%	1,150 18%	1,380 14%	3,760 14%	3,112 13%	3,790 18%
Total	6,864	5,481	6,121	6,342	9,876	27,820	24,519	21,132

OUTSTANDING LOAN - COMPOSITION



(₹ In Crores)

Loan Outstanding	Q1 FY 13		Q1 FY 12		H1 FY 12		9M FY 12		12M FY 12		12M FY 11		12M FY 10	
Discipline	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
State	89,627	84	70,681	82	74,326	82	77,646	82	85,036	84	68,092	83	55,574	84
Central PSUs	5,601	5	5,917	7	5,903	7	5,916	6	5,691	6	5,853	7	6,145	9
Private	11,468	11	9,227	11	10,144	11	11,396	12	10,699	10	7,780	10	4,260	7
Total	1,06,696	100	85,825	100	90,373	100	94,958	100	1,01,426	100	81,725	100	65,979	100
Generation	47,185	44	37,329	44	39,965	44	42,762	45	45,195	45	34,610	42	23,958	36
T & D	51,578	48	43,076	50	45,053	50	46,706	49	49,898	49	41,774	51	36,723	56
Others (including STL)	7,933	8	5,420	6	5,355	6	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%		11.86%		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 12	9M FY 12	12M FY 12	12M FY 11	12M FY 10
Loan outstanding *	1,06,696	85,825	90,373	94,958	1,01,426	81,725	65,979
Gross NPA	490	270	270	493	490	20	20
Provision	64	43	43	67	64	18	18
Net NPA	426	227	227	426	426	2	2
% of Gross NPA to loan outstanding	0.46%	0.31%	0.30%	0.52%	0.48%	0.02%	0.03%
% of Net NPA to loan outstanding	0.399%	0.264%	0.251%	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	Q3	Q4	12 M	12 M	12 M
	FY 13	FY 12	FY 12	FY 12	FY 12	FY 12	FY 11	FY 10
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Capital Gains Bonds	982 (6.00%)	1,053 (6.00%)	1,122 (6.00%)	1,164 (6.00%)	1,901 (6.00%)	5,239 (6.00%)	5,045 (6.00%)	3,058 (6.25%)
Infrastructure Bonds	- -	- -	- -	2 (9.05%)	156 (8.98%)	158 (8.98%)	217 (8.14%)	- -
Tax Free Bonds	- -	- -	- -	- -	3,000 (8.11%)	3,000 (8.11%)	- -	- -
Institutional Bonds & Zero Coupon Bonds	2,378 (9.35%)	1,925 (9.71%)	7,678 (9.48%)	6,362 (9.59%)	1,500 (7.36%) *	17,466 (9.36%)	10,170 (8.43%)	13,529 (8.19%)
Banks, FIs, CP, etc.	- -	- -	- -	- -	- -	- -	4,725 (8.20%)	6,835 (6.04%)
Foreign Currency Borrowings	430 (2.51%)	59 (5.12%)	1,380 (7.47%)	504 (2.81%)	1,904 (3.20%)	3,847 (4.79%)	5,698 (3.84%)	606 (6.88%)
Total	3,790 (7.71%)	3,037 (8.34%)	10,180 (8.82%)	8,032 (8.64%)	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 12		9M FY 12		12 M FY 12		12 M FY 11		12 M FY 10	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Capital Gains, Tax Free & Infra Bonds	17,184	19	12,098	17	12,065	16	12,564	15	16,717	19	11,316	16	9,949	18
Institutional Bonds & Zero Coupon Bonds	54,699	61	41,607	58	48,197	64	53,299	66	54,585	61	39,879	57	30,909	55
Banks, FIs, etc.	6,294	7	10,087	14	6,262	8	5,501	7	7,986	9	11,226	16	10,564	19
Foreign Currency	11,388	13	7,628	11	9,096	12	9,689	12	10,680	12	7,583	11	2,076	4
Commercial Paper	-	-	-	-	-	-	-	-	-	-	-	-	2,450	4
Grand Total	89,565	100	71,420	100	75,620	100	81,053	100	89,968	100	70,004	100	55,948	100
Average annualized cost of funds	8.10%		7.89%		Q2 – 8.33% H1 – 8.03%		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 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.

STATEMENT OF ASSETS & LIABILITIES



(₹ In Crores)

Particulars	Q1 FY13	Q1 FY12	H1 FY12	9M FY12	12M FY12	12M FY11	12M FY10
<u>Liabilities</u>							
Shareholders Funds	15,622	13,451	14,074	14,269	14,745	12,788	11,080
Borrowings	89,565	71,420	75,620	81,053	89,968	70,004	55,948
Other Liabilities	4,110	3,863	3,394	4,787	4,016	3,721	2,515
Total Liabilities	1,09,297	88,734	93,088	1,00,109	1,08,729	86,513	69,543
<u>Assets</u>							
Fixed Assets (Net)	79	68	68	68	78	68	70
Investments	758	837	837	789	758	837	910
Loan Assets (Net of Provisions)	1,06,632	85,782	90,330	94,891	1,01,362	81,707	65,961
Deferred Tax Assets	9	13	14	15	10	13	7
FCMITD Account	478	-	-	198	182	-	-
Other Assets	1,341	2,034	1,839	4,148	6,339	3,888	2,595
Total Assets	1,09,297	88,734	93,088	1,00,109	1,08,729	86,513	69,543

INCOME STATEMENT



(₹ In Crores)

Particulars	Q1 FY13	Q1 FY12	Q2 FY12	Q3 FY12	Q4 FY12	12M FY12	12M FY11	12M FY10
Interest Income	2,997	2,313	2,515	2,650	2,787	10,264	8,109	6,431
Interest Expenses	1,831	1,403	1,565	1,645	1,766	6,379	4,851	3,911
Net Interest Income	1,166	910	950	1,005	1,021	3,885	3,258	2,520
Other Operating Income	71	39	29	32	60	160	193	139
Other Income	24	21	27	17	21	86	193	138
Operating costs	46	42	46	78	67	233	167	148
Allowance against Loans	-	25	-	24	3	52	-	-
Foreign Exchange Fluctuation Loss	37	7	126	-87	7	53	-	-
Profit Before Tax	1,178	896	834	1,039	1,025	3,793	3,477	2,649
Current Tax	300	234	214	270	257	975	908	695
Deferred tax	-	-	-1	-1	5	3	-5	1
Earlier Years/ (Refunds)	1	-	-2	-	0	-2	4	-48
Profit After Tax	877	662	623	770	763	2,817	2,570	2,001
Reversal of Deferred Tax of earlier years	-	-	-	-	-	-	-	326
Profit after tax and available for appropriation	877	662	623	770	763	2,817	2,570	2,327
Dividend (inc. Interim)	-	-	-	494	247	741	741	603
Dividend Distribution Tax	-	-	-	80	40	120	121	101
Total (Dividend +Dividend Distribution Tax)	-	-	-	574	287	861	862	704

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

KEY INDICATORS



Key Indicators	Q1	Q1	Q2	Q3	Q4	12 M	12 M	12 M
	FY13	FY12	FY12	FY12	FY12	FY12	FY11	FY10
Yield on Loan (%) (Annualised)	11.52	11.04	11.42	11.44	11.35	11.21	10.98	11.03
Cost of Funds (%) (Annualised)	8.10	7.89	8.33	8.40	8.14	7.89	7.62	7.75
Interest Spread (%) (Annualised)	3.42	3.15	3.09	3.04	3.21	3.32	3.36	3.28
Net Interest Margin (%) (Annualised)	4.53	4.39	4.47	4.34	4.26	4.32	4.48	4.32
Interest Coverage Ratio	1.64	1.64	1.53	1.63	1.58	1.59	1.72	1.68
Return on Average Net Worth (%) (Annualised)	23.10	20.18	18.10	21.72	21.03	20.46	21.53	23.17
Debt Equity Ratio (times)	5.73	5.31	5.37	5.68	6.11	6.11	5.47	5.05
Net Worth (₹ Crores)	15,622	13,451	14,074	14,269	14,745	14,745	12,788	11,080
Book Value per Share (in ₹)	158.20	136.22	142.53	144.50	149.32	149.32	129.51	112.21
EPS (in ₹) (Non-Annualised)	8.88	6.70	6.31	7.79	7.72	28.53	26.03	23.06

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- The annualized cost of funds does not take into consideration the loss/(gain) on account of foreign exchange fluctuation.

SHAREHOLDING PATTERN



As on →	30.06.12	31.03.12	31.12.11	30.09.11	30.06.11	31.03.11	31.12.10	30.09.10
Description	%	%	%	%	%	%	%	%
President of India	66.80	66.80	66.80	66.80	66.80	66.80	66.80	66.80
Foreign Institutional Investors	20.06	19.53	17.93	18.51	19.00	20.77	21.22	20.40
Resident Individual/HUF	3.52	3.47	3.68	3.74	3.74	3.26	3.16	3.27
Mutual Funds	1.36	1.71	2.14	2.08	1.97	1.75	1.60	3.15
Bodies Corporate	3.26	3.44	4.29	4.11	4.96	4.38	4.58	4.29
Insurance Companies	4.51	3.04	4.09	3.68	2.50	2.41	2.17	1.79
Banks/ Indian FI	0.20	1.65	0.68	0.87	0.73	0.38	0.29	0.15
Non Resident Indian	0.09	0.08	0.09	0.09	0.09	0.07	0.06	0.05
Clearing Members	0.15	0.23	0.24	0.06	0.17	0.16	0.11	0.08
Trust	0.05	0.05	0.06	0.06	0.04	0.02	0.01	0.02
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

THANK YOU