Management Presentation

Performance Highlights
Q4 and 12M FY12

असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

RURAL ELECTRIFICATION CORPORATION LIMITED

A Navratna PSU

HIGHLIGHTS
(12M FY12 VS. 12M FY11)

आरईसी REC
अनंत ऊर्जा, अनन्त संभावनाएं
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Balance Sheet

- Total Assets increased by 26% from ₹86,513 Crores to ₹1,08,729 Crores.
- Outstanding Borrowings increased by 29% from ₹70,004 Crores to ₹89,968 Crores.
- Net worth increased by 15% from ₹12,788 Crores to ₹14,745 Crores.

Income Statement

- Total Income increased in 12M by 24% from ₹8,495 Crores to ₹10,509 Crores.
- NII in 12M increased by 19% from ₹3,258 Crores to ₹3,885 Crores.
- PBT in 12M increased by 9% from ₹3,477 Crores to ₹3,793 Crores.
- PAT in 12M increased by 10% from ₹2,570 Crores to ₹2,817 Crores.

Business

- Disbursements in 12M increased by 13% from ₹24,519 Crores to ₹27,820 Crores.
- Sanctions during 12M were ₹50,836 Crores against ₹66,421 Crores.

SANCTIONS - COMPOSITION

(₹ In Crores)

Sanctions	Q1 FY 12	Q1 FY 11	Q2 FY 12	Q2 FY 11	Q3 FY 12	Q3 FY 11	Q4 FY 12	Q4 FY 11	12M FY 12	12M FY 11	12M FY 10
Discipline-wise	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Generation	15,171 72%	11,177 49%	2,926 27%	4,796 46%	4,073 46%	6,325 60%	1,006 10%	18,077 80%	23,176 46%	40,375 61%	24,032 53%
T & D (including RGGVY)	4,969 23%	11,205 49%	6,312 59%	4,492 43%	3,689 42%	3,266 31%	8,110 81%	3,475 15%	23,080 45%	22,438 34%	17,235 38%
Short Term Loan	1,050 5%	500 2%	1,530 14%	1,100 11%	1,050 12%	1,000 9%	950 9%	1,008 5%	4,580 9%	3,608 5%	4,090 9%
Total	21,190	22,882	10,768	10,388	8,812	10,591	10,066	22,560	50,836	66,421	45,357

DISBURSEMENTS - COMPOSITION

(₹ In Crores)

Disbursements	Q1 FY 12	Q1 FY 11	Q2 FY 12	Q2 FY 11	Q3 FY 12	Q3 FY 11	Q4 FY 12	Q4 FY 11	12M FY 12	12M FY 11	12M FY 10
Discipline-wise	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Generation	2,998 55%	3,239 70%	2,992 49%	2,759 50%	2,729 43%	2,185 36%	3,629 37%	3,571 43%	12,349 44%	11,754 48%	8,397 40%
T & D (including RGGVY)	1,883 34%	1,205 26%	2,499 41%	1,988 36%	2,463 39%	2,523 42%	4,867 49%	3,937 47%	11,711 42%	9,653 39%	8,945 42%
Short Term Loan	600 11%	200 4%	630 10%	800 14%	1,150 18%	1,300 22%	1,380 14%	812 10%	3,760 14%	3,112 13%	3,790 18%
Total	5,481	4,644	6,121	5,547	6,342	6,008	9,876	8,320	27,820	24,519	21,132

OUTSTANDING LOAN - COMPOSITION

(₹ In Crores)

Loan Outstanding	Q1 FY 12		Q1 FY 11		H1 FY 12		H1 FY 11		9M FY 12		9M FY 11		12M FY 12		12M FY 11		12M FY 10	
Discipline	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
State	70,681	82	59,505	86	74,326	82	62,671	86	77,646	82	63,310	86	85,036	84	68,092	83	55,574	84
Central PSUs	5,917	7	5,134	7	5,903	7	5,407	7	5,916	6	5,535	7	5,691	6	5,853	7	6,145	9
Private	9,227	11	4,578	7	10,144	11	4,822	7	11,396	12	6,899	7	10,699	10	7,780	10	4,260	7
Total	85,825	100	69,217	100	90,373	100	72,900	100	94,958	100	75,744	100	1,01,426	100	81,725	100	65,979	100
Generation	37,329	44	28,549	41	39,965	44	30,663	42	42,762	45	31,462	41	45,195	45	34,610	42	23,958	36
T & D	43,076	50	35,337	51	45,053	50	37,261	51	46,706	49	39,159	52	49,898	49	41,774	51	36,723	56
Others (including STL)	5,420	6	5,331	8	5,355	6	4,976	7	5,490	6	5,123	7	6,333	6	5,341	7	5,298	8
Weighted avg lending rate on O/s Loans (annualised)	11.76%		11.59%		11.86%		11.60%		11.95%		11.45%		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 12	Q1 FY 11	H1 FY 12	H1 FY 11	9M FY 12	9M FY 11	12M FY 12	12M FY 11	12M FY 10
Loan outstanding *	85,825	69,217	90,373	72,900	94,958	75,744	1,01,426	81,725	65,979
Gross NPA	270	20	270	20	493	20	490	20	20
Provision	43	18	43	18	67	18	64	18	18
Net NPA	227	2	227	2	426	2	426	2	2
% of Gross NPA to loan outstanding	0.31%	0.03%	0.30%	0.03%	0.52%	0.03%	0.48%	0.02%	0.03%
% of Net NPA to loan outstanding	0.264%	0.003%	0.251%	0.003%	0.449%	0.003%	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 FY 12	Q1 FY 11	Q2 FY 12	Q2 FY 11	Q3 FY 12	Q3 FY 11	Q4 FY 12	Q4 FY 11	12 M FY 12	12 M FY 11	12 M FY 10
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Capital Gains Bonds	1,053 (6.00%)	925 (6.00%)	1,122 (6.00%)	1,093 (6.00%)	1,164 (6.00%)	1,116 (6.00%)	1,901 (6.00%)	1,911 (6.00%)	5,239 (6.00%)	5,045 (6.00%)	3,058 (6.25%)
Infrastructure Bonds	- -	- -	- -	- -	2 (9.05%)	- -	156 (8.98%)	217 (8.14%)	158 (8.98%)	217 (8.14%)	- -
Tax Free Bonds	- -	- -	- -	- -	- -	- -	3,000 (8.11%)	- -	3,000 (8.11%)	- -	- -
Institutional Bonds & Zero Coupon Bonds	1,925 (9.71%)	1,250 (6.92%)	7,678 (9.48%)	2,000 (7.82%)	6,362 (9.59%)	3,804 (8.65%)	1,500 (7.36%)	3,116 (9.16%)	17,466 (9.36%)	10,170 (8.43%)	13,529 (8.19%)
Banks, FIs, CP, etc.	- -	900 (5.12%)	- -	2,200 (8.13%)	- -	1,126 (8.52%)	- -	500 (8.14%)	- -	4,725 (8.20%)	6,835 (6.04%)
Foreign Currency Borrowings	59 (5.12%)	100 (6.12%)	1,380 (7.47%)	1,942 (6.95%)	504 (2.81%)	358 (3.00%)	1,904 (3.20%)	3,298 (3.44%)	3,847 (4.79%)	5,698 (3.84%)	606 (6.88%)
Total	3,037 (8.34%)	3,175 (6.12%)	10,180 (8.82%)	7,235 (7.41%)	8,032 (8.64%)	6,404 (7.84%)	8,461 (6.41%)	9,042 (6.32%)	29,710 (8.05%)	25,855 (6.90%)	24,028 (7.31%)

- (%) denotes average annualized cost of borrowing.
- The figure above does not include WCDL raised during the period.

BORROWING PROFILE AS AT END OF THE PERIOD

(₹ In Crores)

Particulars	Q1 FY 12		Q1 FY 11		H1 FY 12		H1 FY 11		9M FY 12		9M FY 11		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	12,098	17	10,839	19	12,065	16	10,265	17	12,564	15	10,541	17	16,717	18	11316	16	9,949	18
Institutional Bonds & Zero Coupon Bonds	41,607	58	31,930	55	48,197	64	33,880	56	53,299	66	36,997	59	54,585	61	39879	57	30,909	55
Banks, FIs, etc.	10,087	14	10,270	18	6,262	8	10,764	18	5,501	7	11,035	17	7,986	9	11,226	16	10,564	19
Foreign Currency	7,628	11	2,154	4	9,096	12	4,069	7	9,689	12	4,402	7	10,680	12	7,583	11	2,076	4
Commercial Paper	-	-	2,300	4	-	-	1,450	2	-	-	250	0	-	-	-	-	2,450	4
Grand Total	71,420	100	57,493	100	75,620	100	60,428	100	81,053	100	63,225	100	89,968	100	70,004	100	55,948	100
Average annualized cost of funds	7.97%		7.76%		Q2 – 8.33% H1 – 8.03%		Q2 – 7.96% H1 – 7.82%		Q3 – 8.40% 9M – 8.07%		Q3 – 7.99% 9M – 7.85%		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 ₹ 34.61 crore (Q2), ₹ 2.34 crore (Q3), ₹ 13.95 crore (Q4) , totaling ₹ 50.90 crore paid during FY 11 and ₹ 8.87 crore (Q1), ₹34.24 crore (Q2) and ₹24.03 crore (Q4) totaling ₹ 67.14 crore expensed during FY 12 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	FY12 Q1	FY11 Q1	FY12 H1	FY11 H1	FY12 9M	FY11 9M	FY12 12M	FY11 12M	FY10 12M
Liabilities									
Shareholders Funds	13,451	11,668	14,074	12,286	14,269	12,547	14,745	12,788	11,080
Borrowings	71,420	57,493	75,620	60,428	81,053	63,225	89,968	70,004	55,948
Other Liabilities	3,863	2,770	3,394	3,770	4,787	2,331	4,016	3,721	2,515
Total Liabilities	88,734	71,931	93,088	76,484	1,00,109	78,103	1,08,729	86,513	69,543
Assets									
Fixed Assets (Net)	68	69	68	69	68	68	78	68	70
Investments	837	933	837	1,032	789	885	758	837	910
Loan Assets	85,782	69,199	90,330	72,882	94,891	75,726	1,01,362	81,707	65,961
Deferred Tax Assets	13	7	14	8	15	7	10	13	7
FCMITD Account	-	-	-	-	198	-	182	-	-
Other Assets	2,034	1,723	1,839	2,493	4,148	1,417	6,339	3,888	2,595
Total Assets	88,734	71,931	93,088	76,484	1,00,109	78,103	1,08,729	86,513	69,543

INCOME STATEMENT

(₹ In Crores)

Particulars	FY12 Q1	FY11 Q1	FY12 Q2	FY11 Q2	FY12 Q3	FY11 Q3	FY12 Q4	FY11 Q4	FY12 12M	FY11 12M	FY 10 12M
Interest Income	2,313	1,877	2,515	1,988	2,650	2,086	2,787	2,158	10,264	8,109	6,431
Interest Expenses	1,403	1,101	1,565	1,208	1,645	1,238	1,766	1,304	6,379	4,851	3,911
Net Interest Income	910	776	950	780	1,005	848	1,021	854	3,885	3,258	2,520
Other Operating Income	22	22	18	39	13	56	21	30	74	148	119
Other Income	38	29	38	55	36	36	60	118	172	238	158
Operating costs	42	34	46	38	78	39	67	56	233	167	148
Allowance against Loans	25	-	-	-	24	-	3	-	52	-	-
Foreign Exchange Fluctuation Loss	7	-	126	-	-87	-	7	-	53		-
Profit Before Tax	896	793	834	836	1,039	901	1,025	946	3,793	3,477	2,649
Current Tax	234	206	214	218	270	233	257	251	975	908	695
Deferred tax	-	-	-1	-	-1	-	5	-5	3	-5	1
Earlier Years/ (Refunds)	-	-	-2	-	-	4	0	-	-2	4	-48
Profit After Tax	662	587	623	618	770	664	763	700	2,817	2,570	2,001
Reversal of Deferred Tax of earlier years	-	-	-	-	-	-	-	-	-	-	326
Profit after tax and available for appropriation	662	587	623	618	770	664	763	700	2,817	2,570	2,327
Dividend (inc. Interim)	-	-	-	-	494	346	247	395	741	741	603
Dividend Distribution Tax	-	-	-	-	80	57	40	64	120	121	101
Total (Dividend +Dividend Distribution Tax)	-	-	-	-	574	403	287	459	861	862	704

KEY INDICATORS

Key Indicators	Q1 FY12	Q1 FY11	Q2 FY12	Q2 FY11	Q3 FY12	Q3 FY11	Q4 FY12	Q4 FY11	12 M FY12	12 M FY11	12 M FY10
Yield on Loan (%) (Annualised)	11.04	11.11	11.42	11.19	11.44	11.23	11.35	10.96	11.21	10.98	11.03
Cost of Funds (%) (Annualised)	7.89	7.76	8.33	7.96	8.40	7.99	8.14	7.75	7.89	7.62	7.75
Interest Spread (%) (Annualised)	3.15	3.35	3.09	3.23	3.04	3.24	3.21	3.21	3.32	3.36	3.28
Net Interest Margin (%) (Annualised)	4.39	4.59	4.47	4.58	4.34	4.58	4.26	4.41	4.32	4.48	4.32
Interest Coverage Ratio	1.64	1.72	1.53	1.69	1.63	1.73	1.58	1.73	1.59	1.72	1.68
Return on Average Net Worth (%) (Annualised)	20.18	20.64	18.10	20.64	21.72	21.39	21.03	22.11	20.46	21.53	23.17
Debt Equity Ratio (times)	5.31	4.93	5.37	4.92	5.68	5.04	6.11	5.47	6.11	5.47	5.05
Capital Adequacy Ratio (%)	18.38	21.18	18.09	20.61	17.44	20.21	16.00	19.09	16.00	19.09	16.05
Net Worth (₹ Crores)	13,451	11,668	14,074	12,286	14,269	12,547	14,745	12,788	14,745	12,788	11,080
Book Value per Share (in ₹)	136.22	118.16	142.53	124.42	144.50	127.06	149.32	129.51	149.32	129.51	112.21
EPS (in ₹) (Non-Annualised)	6.70	5.95	6.31	6.26	7.79	6.72	7.72	7.10	28.53	26.03	23.06

- *The cost of funds is without taking into account one time upfront fee of ₹ 34.61 crore (Q2), ₹ 2.34 crore (Q3), ₹ 13.95 crore (Q4) , totaling ₹ 50.90 crore paid during FY 11 and ₹ 8.87 crore (Q1), ₹34.24 crore (Q2) and ₹24.03 crore (Q4) totaling ₹ 67.14 crore expensed during FY 12 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.*
- *Assumed weightage of 20% on State Government Guaranteed Loans instead of 100% w.e.f. 29.06.2010 in Capital Adequacy Ratio.*

SHAREHOLDING PATTERN

As on	As on 31.03.12	As on 31.12.11	As on 30.09.11	As on 30.06.11	As on 31.03.11	As on 31.12.10	As on 30.09.10	As on 30.06.10
Description	%	%	%	%	%	%	%	%
President of India	66.80	66.80	66.80	66.80	66.80	66.80	66.80	66.80
Foreign Institutional Investors	19.53	17.93	18.51	19.00	20.77	21.22	20.40	19.33
Resident Individual/HUF	3.47	3.68	3.74	3.74	3.26	3.16	3.27	3.33
Mutual Funds	1.71	2.14	2.08	1.97	1.75	1.60	3.15	4.08
Bodies Corporate	3.44	4.29	4.11	4.96	4.38	4.58	4.29	4.12
Insurance Companies	3.04	4.09	3.68	2.50	2.41	2.17	1.79	1.72
Banks/ Indian FI	1.65	0.68	0.87	0.73	0.38	0.29	0.15	0.10
Non Resident Indian	0.08	0.09	0.09	0.09	0.07	0.06	0.05	0.05
Clearing Members	0.23	0.24	0.06	0.17	0.16	0.11	0.08	0.45
Trust	0.05	0.06	0.06	0.04	0.02	0.01	0.02	0.02
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

THANK YOU