



Management Presentation

Performance Highlights – Q4 & 12M FY14



RURAL ELECTRIFICATION CORPORATION LIMITED

A Navratna PSU

Powering India.... Transforming Lives.... Moving Forward

Highlights - (Q4 FY14 vs. Q4 FY13)

Balance Sheet

- ▶ Total Assets increased by 17% from INR 1,30,507 Crore to INR 1,52,853 Crore
- ▶ Outstanding Borrowings increased by 17% from INR 1,07,791 Crore to INR 1,26,240 Crore
- ▶ Net worth increased by 18% from INR 17,454 Crore to INR 20,669 Crore

Income Statement

- ▶ Total Income in Q4 increased by 23% from INR 3,641 Crore to INR 4,489 Crore
- ▶ NII in Q4 increased by 26% from INR 1,405 Crore to INR 1,773 Crore
- ▶ PBT in Q4 increased by 25% from INR 1,321 Crore to INR 1,648 Crore
- ▶ PAT in Q4 increased by 24% from INR 960 Crore to INR 1,192 Crore

Business

- ▶ Sanctions in Q4 were INR 18,324 Crore as against INR 14,846 Crore and for the FY14 INR 79,528 crore as against INR 70,740 Crore. The change was mainly due to Transitional Financing sanctioned in last year of INR 16,630 crore.
- ▶ Disbursements in Q4 were INR 9,875 Crore as against INR 14,374 Crore

Sanctions - Composition

(Amount in INR Crore)

Discipline-wise	Q1		Q2		Q3		Q4		12M		
	FY 14	FY 13	FY 14	FY 13	FY14	FY 13	FY14	FY 13	FY 14	FY 13	FY 12
Generation	14,939	9,130	10,356	4,631	677	5,342	3,047	8,389	29,019	27,492	23,176
	63%	42%	57%	17%	5%	42%	21%	46%	41%	35%	46%
T & D	7,558	10,569	7,539	21,668	13,150	7,074	11,199	8,535	39,446	47,846	23,080
(including RGGVY)	32%	49%	41%	82%	94%	55%	75%	47%	56%	60%	45%
Short Term Loan	1,150	2,090	425	250	100	450	600	1,400	2,275	4,190	4,580
	5%	10%	2%	1%	1%	3%	4%	8%	3%	5%	9%
Total	23,647	21,789	18,320	26,549	13,927	12,866	14,846	18,324	70,740	79,528	50,836

Disbursements - Composition

(Amount in INR Crore)

Discipline-wise	Q1		Q2		Q3		Q4		12M		
	FY 14	FY 13	FY 14	FY 13	FY 14	FY 13	FY14	FY13	FY 14	FY 13	FY 12
Generation	2,922	2,364	3,855	3,376	2,432	2,519	3,780	4,238	12,989	12,497	12,349
	35%	34%	47%	44%	27%	24%	38%	29%	37%	32%	44%
T & D	4,306	2,590	4,221	3,853	6,403	7,339	6,038	8,577	20,968	22,359	11,711
(including RGGVY)*	52%	38%	51%	51%	70%	71%	61%	60%	59%	57%	42%
Short Term Loan	1,064	1,910	188	400	280	550	57	1,559	1,589	4,419	3,760
	13%	28%	2%	5%	3%	5%	1%	11%	4%	11%	14%
Total	8,292	6,864	8,264	7,629	9,115	10,408	9,875	14,374	35,546	39,275	27,820

* Includes disbursements under Transitional Financing Loan (TFL), 12M FY14 INR 4,518 Crore (12M FY13 INR 9,570 Crore)

Outstanding Loan - Composition

(Amount in INR Crore)

Discipline	Q1				Q2 & H1				Q3 & 9M				Q4 & 12M				12M	
	FY 14		FY 13		FY 14		FY 13		FY 14		FY 13		FY 14		FY 13		FY 12	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
State	1,10,069	83	89,627	84	1,13,421	82	92,990	83	1,16,161	81	98,086	83	1,20,875	81	1,04,662	82	85,036	84
Central PSUs	6,071	4	5,601	5	6,624	5	5,518	5	6,744	5	5,904	5	6,638	5	6,119	5	5,691	6
Private	16,775	13	11,468	11	18,430	13	13,457	12	19,612	14	14,700	12	21,128	14	16,575	13	10,699	10
Total *	1,32,915	100	1,06,696	100	1,38,475	100	1,11,965	100	1,42,517	100	1,18,690	100	1,48,641	100	1,27,356	100	1,01,426	100
Generation	57,208	43	47,185	44	60,481	44	50,161	45	62,303	44	52,163	44	65,417	44	55,478	44	45,195	45
T & D	71,040	53	51,578	48	74,193	53	54,811	49	78,097	55	60,988	51	82,100	55	65,296	51	49,898	49
Others **	4,667	4	7,933	8	3,801	3	6,993	6	2,117	1	5,539	5	1,124	1	6,582	5	6,333	6
Weighted average lending rate on O/S Loans (annualised)	12.75%		12.22%		12.85%		12.38%		12.92%		12.53%		13.04%		12.66%		12.10%	

* Total Loan represents Gross Loan outstanding before Provision for NPAs and excluding Income accrued & due on loans

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

Loan Quality

(Amount in INR Crore)

Particulars	Q1		Q2 & H1		Q 3 & 9M		Q4 & 12M		12M
	FY 14	FY 13	FY14	FY13	FY 14	FY 13	FY 14	FY 13	FY 12
Loan outstanding *	1,32,915	1,06,696	1,38,475	1,11,965	1,42,517	1,18,690	1,48,641	1,27,356	1,01,426
Gross NPA	490	490	490	490	490	490	490	490	490
Provision	112	64	112	64	137	89	137 **	89	64
Net NPA	378	426	378	426	353	401	353	401	426
% of Gross NPA to loan outstanding	0.37%	0.46%	0.35%	0.44%	0.34%	0.41%	0.33%	0.38%	0.48%
% of Net NPA to loan outstanding	0.28%	0.40%	0.27%	0.38%	0.25%	0.34%	0.24%	0.31%	0.42%

* Loan outstanding represents principal outstanding excluding interest accrued and due

** An additional 10% provisioning as per the company's Prudential norms of INR 25 crore and INR 22.32 crore, totalling INR 47.32 crore has been made during FY14 in respect of Shree Maheshwar Hydrel Power Corporation Limited and Konaseema Gas Power Limited respectively, existing NPAs

Funds Raised During The Period

(Amount in INR Crore)

Category	Q1		Q2		Q3		Q4		12 M		
	FY 14	FY 13	FY 14	FY 13	FY 14	FY 13	FY 14	FY 13	FY 14	FY 13	FY 12
Capital Gains Bonds	1,110 6.00%	982 6.00%	1,209 6.00%	1,068 6.00%	1,124 6.00%	1,026 6.00%	1,907 6.00%	1,827 6.00%	5,350 6.00%	4,903 6.00%	5,239 6.00%
Infrastructure Bonds	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -	158 8.98%
Tax Free Bonds	- -	- -	4,791 8.47%	- -	150 8.29%	2,517 7.48%	1,059 8.57%	131 7.23%	6,000 8.48%	2,648 7.46%	3,000 8.11%
Institutional Bonds, Subordinate debt & Zero Coupon Bonds	6,800 8.54%	2,378 9.35%	- -	4,820 9.34%	5,813 9.40%	6,139 8.92%	4,790 9.60%	3,042 8.79%	17,403 9.12%	16,379 9.08%	17,466 9.36%
Banks, Fls, CP, etc.	818 7.81%	- -	4,177 9.26%	1,399 9.20%	1,186 9.74%	718 8.67%	- 9.16%	- -	6,181 9.16%	2,117 9.02%	- -
Foreign Currency Borrowings	18 1.87%	430 2.51%	61 1.80%	870 7.31%	1,914 7.76% *	690 2.33%	7 0.65%	2,721 1.89%	2,000 7.50% *	4,712 3.01%	3,847 4.79%
Total	8,746 8.14%	3,790 7.71%	10,238 8.46%	8,157 8.67%	10,187 8.74%	11,090 7.89%	7,763 8.46%	7,721 5.67%	36,934 8.48%	30,759 7.52%	29,710 8.05%

- % denotes average annualized cost of borrowings mobilized.

- The figures for borrowings mobilized above do not include WCDL raised during the period

* ECB of USD 285 mio (INR 1,780 Crore) raised during Q3 & 9M FY 14 has been hedged (POS) for the entire loan tenure of 5 years

Borrowing Profile as at end of the Period

(Amount in INR Crore)

Particulars	Q1				Q2 &H1				Q3 & 9M				Q4 & 12M				12 M	
	FY 14		FY 13		FY 14		FY 13		FY 14		FY 13		FY 14		FY 13		FY 12	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Capital Gains, Tax Free & Infra Bonds	21,378	19	17,183	19	26,271	22	17,726	19	26,423	21	20,596	20	27,517	20	21,211	20	16,716	18
Institutional, Subordinate Bonds & Zero Coupon Bonds	68,632	62	54,699	61	67,145	57	58,483	61	70,666	58	62,230	61	75,290	59	64,038	59	54,655	61
Banks, FIs, etc.	4,322	4	6,294	7	5,507	5	5,374	6	5,155	4	4,838	5	3,272	6	6,324	6	7,986	9
Foreign Currency Borrowings	15,792	14	11,405	13	16,098	14	12,039	13	17,881	15	12,715	13	17,621	14	15,238	14	10,699	12
Commercial Papers	980	1	-	-	2,770	2	1,470	1	2,540	2	1,370	1	2,540	1	980	1	-	-
Grand Total	1,11,104	100	89,581	100	1,17,791	100	95,092	100	1,22,665	100	1,01,749	100	1,26,240	100	1,07,791	100	90,056	100
Average annualized Cost of Funds *	8.41%		8.32%		Q2 – 8.81%		Q2 – 8.55%		Q3 – 8.63%		Q3 – 8.51%		Q4 – 8.43%		Q4 – 8.20%		8.03%	
					H1 – 8.55%		H1 – 8.30%		9M – 8.58%		9M – 8.25%		12M – 8.58%		12M – 8.17%			

* The cost of funds have been calculated after taking into consideration foreign exchange fluctuation loss amortized during the relevant period. The figure for the foreign exchange fluctuation loss for Q4 FY14 is INR 78 Crore (Q4 FY13 INR 4 Crore) and for FY 14 is INR 312 crore (FY13 INR 78 Crore).

Statement of Assets & Liabilities

(Amount in INR Crore)

Particulars	Q1		Q2 & H1		Q3 & 9M		Q4 & 12 M		12M
	FY13	FY13	FY 14	FY13	FY14	FY13	FY14	FY13	FY12
<u>Liabilities</u>									
Shareholders Funds	18,076	15,144	18,939	16,311	19,435	16,548	20,669	17,454	14,563
Borrowings	1,11,104	89,581	1,17,791	95,092	1,22,665	1,01,749	1,26,240	1,07,791	90,056
Deferred Tax Liabilities (Net)	-	-	310	-	254	-	174	-	-
Other Liabilities	7,354	4,094	5,018	3,928	5,192	4,540	5,770	5,262	3,928
Total Liabilities	1,36,534	1,08,819	1,42,058	1,15,331	1,47,546	1,22,837	1,52,853	1,30,507	1,08,547
<u>Assets</u>									
Fixed Assets (Net)	80	79	84	79	83	82	82	80	78
Investments	661	758	661	907	1,755	710	1708	661	758
Loan Assets (Net of Provisions)	1,32,803	1,06,632	1,38,363	1,11,900	1,42,380	1,18,601	1,48,504	1,27,266	1,01,362
Deferred Tax Assets (Net)	9	9	-	9	-	9	-	10	10
Other Assets	2,981	1,341	2,950	2,436	3,328	3,435	2,559	2,490	6,339
Total Assets	1,36,534	1,08,819	1,42,058	1,15,331	1,47,546	1,22,837	1,52,853	1,30,507	1,08,547

Income Statement

(Amount in INR Crore)

Particulars	Q1		Q2		Q3		Q4		12M	12M	12M
	FY14	FY13	FY14	FY13	FY 14	FY13	FY 14	FY13	FY14	FY13	FY12
Interest Income	3,914	2,997	4,167	3,240	4,329	3,501	4,396	3,553	16,806	13,291	10,264
Finance Costs	2,302	1,868	2,519	1,974	2,594	2,093	2,623	2,148	10,039	8,083	6,432
Net Interest Income	1,612	1,129	1,648	1,266	1,735	1,408	1,773	1,405	6,767	5,208	3,832
Other Operating Income	74	79	43	58	47	37	46	73	212	246	172
Other Income	13	16	14	15	29	14	47	15	103	61	74
Operating costs	56	46	52	58	60	50	71	66	239	220	233
Allowance against Loans	55	-	34	-	75	25	147	106	312	131	52
Profit Before Tax	1,588	1,178	1,619	1,281	1,676	1,384	1,648	1,321	6,531	5,164	3,793
Current Tax	434	300	230	327	504	357	536	361	1,704	1,345	975
Deferred tax	-	1	265	-	-56	-	-80	-	129	1	3
Earlier Years/ (Refunds)	-	-	14	-	-	-	-	-	14	-	-2
Profit After Tax	1,154	877	1,110	954	1,228	1,027	1,192	960	4,684	3,818	2,817
Dividend (including interim)	-	-	-	-	765	667	173	148	938	815	741
Dividend Distribution Tax	-	-	-	-	130	108	29	25	159	133	120
Total (Dividend + Dividend Distribution Tax)	-	-	-	-	895	775	202	173	1,097	948	861

Previous periods figures have been reclassified/ rearranged wherever necessary.

Key Indicators

Particulars	Q1		Q2		Q3		Q4		12 M		
	FY14	FY13	FY14	FY13	FY14	FY13	FY 14	FY13	FY14	FY13	FY12
Yield on Loan (%) (Annualised)	12.03	11.52	12.28	11.86	12.32	12.14	12.08	11.55	12.18	11.62	11.21
Cost of Funds (%) (Annualised)	8.41	8.32	8.81	8.55	8.63	8.51	8.43	8.20	8.58	8.17	8.03
Interest Spread (%)	3.62	3.20	3.47	3.31	3.69	3.63	3.65	3.35	3.60	3.45	3.18
Net Interest Margin(%) (Annualised)	4.96	4.34	4.86	4.63	4.94	4.88	4.87	4.57	4.90	4.55	4.19
Interest Coverage Ratio (times)	1.69	1.63	1.64	1.65	1.65	1.66	1.63	1.62	1.65	1.64	1.59
Return on Average Net Worth (%) (Annualised)	25.98	23.61	24.00	24.26	25.59	25.00	23.78	22.59	24.57	23.85	20.60
Debt Equity Ratio (times)	6.15	5.92	6.22	5.83	6.31	6.15	6.11	6.18	6.11	6.18	6.18
Net Worth (INR Crore)	18,076	15,144	18,939	16,311	19,435	16,548	20,669	17,454	20,669	17,454	14,563
Book Value per Share of INR 10	183.06	153.36	191.80	165.18	196.82	167.58	209.31	176.76	209.31	176.76	147.48
EPS (Non-Annualised)	11.68	8.88	11.25	9.66	12.43	10.40	12.07	9.73	47.43	38.66	28.53

❖ Cost of Funds and Net Interest Margin have been calculated after taking into account foreign exchange fluctuation loss amortized during the relevant period

Shareholding Pattern

As on	31.03.14	31.12.13	30.09.13	30.06.13	31.03.13	31.12.12	30.09.12	30.06.12	31.03.12
Description	%	%	%	%	%	%	%	%	%
President of India	65.64 *	66.80	66.80	66.80	66.80	66.80	66.80	66.80	66.80
Foreign Institutional Investors	18.68	19.40	19.76	20.73	20.68	21.24	20.66	20.06	19.53
Resident Individual/HUF	2.86	2.91	3.04	3.06	3.21	3.20	3.37	3.52	3.47
Mutual Funds	3.46	2.25	2.15	2.16	2.09	1.66	1.60	1.36	1.71
Bodies Corporate	2.73	2.82	2.67	2.73	2.71	2.58	2.81	3.26	3.44
Insurance Companies	5.71	5.48	5.14	4.06	3.89	4.18	4.31	4.51	3.04
Banks/ Indian FI	0.69	0.22	0.24	0.22	0.21	0.21	0.21	0.20	1.65
Non Resident Indian	0.06	0.06	0.06	0.07	0.07	0.07	0.08	0.09	0.08
Clearing Members	0.14	0.03	0.11	0.14	0.31	0.04	0.12	0.15	0.23
Trust	0.03	0.03	0.03	0.03	0.03	0.02	0.04	0.05	0.05
Total	100	100	100	100	100	100	100	100	100

* GoI, as a part of its disinvestment programme, has launched a CPSE-ETF, a basket of 10 top CPSE stocks, of which REC is also a part. As a result, the GoI holding has reduced by 1.16% and stands at 65.64% as on date.

THANK YOU
