

Management Presentation

Performance Highlights Q3 and 9M FY12



RURAL ELECTRIFICATION CORPORATION LIMITED

A Navratna PSU

HIGHLIGHTS

(9M FY12 VS. 9M FY11)



Balance Sheet

- ▶ Total Assets (net of current liabilities) increased by 26% from ₹75,772 Crores to ₹95,322 Crores.
- ▶ Outstanding Borrowings increased by 28% from ₹63,225 Crores to ₹81,053 Crores.
- ▶ Net worth increased by 14% from ₹12,547 Crores to ₹14,269 Crores.

Income Statement

- ▶ Total Income increased in 9M by 24% from ₹6,160 Crores to ₹7,642 Crores.
- ▶ NII in 9M increased by 19% from ₹2,404 Crores to ₹2,864 Crores.
- ▶ PBT in 9M increased by 9% from ₹2,530 Crores to ₹2,769 Crores.
- ▶ PAT in 9M increased by 10% from ₹1,870 Crores to ₹2,055 Crores.

Business

- ▶ Disbursements in 9M increased by 11% from ₹16,199 Crores to ₹17,944 Crores.
- ▶ Sanctions during 9M were ₹40,770 Crores against ₹43,861 Crores.

SANCTIONS - COMPOSITION



(₹ In Crores)

Sanctions	Q1 FY 12	Q1 FY 11	Q2 FY 12	Q2 FY 11	Q3 FY 12	Q3 FY 11	9M FY 12	9M FY 11	Q4 FY 11	12M FY 11	12M FY 10	12 M FY 09
Discipline-wise	Amount	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%	22,170 54%	22,298 51%	18,077 80%	40,375 61%	24,032 53%	21,708 53%
T & D (including RGGVY)	4,969 23%	11,205 49%	6,312 59%	4,492 43%	3,689 42%	3,266 31%	14,970 37%	18,963 43%	3,475 15%	22,438 34%	17,235 38%	16,938 42%
Short Term Loan	1,050 5%	500 2%	1,530 14%	1,100 11%	1,050 12%	1,000 9%	3,630 9%	2,600 6%	1,008 5%	3,608 5%	4,090 9%	2,100 5%
Total	21,190	22,882	10,768	10,388	8,812	10,591	40,770	43,861	22,560	66,421	45,357	40,746

DISBURSEMENTS - COMPOSITION



(₹ In Crores)

Disbursements	Q1 FY 12	Q1 FY 11	Q2 FY 12	Q2 FY 11	Q3 FY 12	Q3 FY 11	9M FY 12	9M FY 11	Q4 FY 11	12M FY 11	12M FY 10	12 M FY 09
Discipline-wise	Amount	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%	8,719 49%	8,183 51%	3,571 43%	11,754 48%	8,397 40%	7,850 46%
T & D (including RGGVY)	1,883 34%	1,205 26%	2,499 41%	1,988 36%	2,463 39%	2,523 42%	6,845 38%	5,716 35%	3,937 47%	9,653 39%	8,945 42%	7,267 42%
Short Term Loan	600 11%	200 4%	630 10%	800 14%	1,150 18%	1,300 22%	2,380 13%	2,300 14%	812 10%	3,112 13%	3,790 18%	2,040 12%
Total	5,481	4,644	6,121	5,547	6,342	6,008	17,944	16,199	8,320	24,519	21,132	17,157

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 11		12M FY 10		12M FY 09	
	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	68,092	83	55,574	84	43,303	85
Central PSUs	5,917	7	5,134	7	5,903	7	5,407	7	5,916	6	5,535	7	5,853	7	6,145	9	4,324	9
Private	9,227	11	4,578	7	10,144	11	4,822	7	11,396	12	6,899	7	7,780	10	4,260	7	3,026	6
Total	85,825	100	69,217	100	90,373	100	72,900	100	94,958	100	75,744	100	81,725	100	65,979	100	50,653	100
Generation	37,329	44	28,549	41	39,965	44	30,663	42	42,762	45	31,462	41	34,610	42	23,958	36	17,501	35
T & D	43,076	50	35,337	51	45,053	50	37,261	51	46,706	49	39,159	52	41,774	51	36,723	56	29,275	57
Others (including STL)	5,420	6	5,331	8	5,355	6	4,976	7	5,490	6	5,123	7	5,341	7	5,298	8	3,877	8
Weighted avg lending rate on O/s Loans (annualised)	11.76%		11.59%		11.86%		11.60%		11.95%		11.45%		11.68%		11.45%		11.34%	

(1) Excludes interest accrued and due.

(2) 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 11	12M FY 10	12 M FY 09
Loan outstanding *	85,825	69,217	90,373	72,900	94,958	75,744	81,725	65,979	50,653
Gross NPA	270	20	270	20	493	20	20	20	69
Provision	43	18	43	18	67	18	18	18	48
Net NPA	227	2	227	2	426	2	2	2	21
% of Gross NPA to loan outstanding	0.31%	0.03%	0.30%	0.03%	0.52%	0.03%	0.02%	0.03%	0.14%
% of Net NPA to loan outstanding	0.264%	0.003%	0.251%	0.003%	0.449%	0.003%	0.002%	0.003%	0.041%

* 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	12M
	FY 12	FY 11	FY 12	FY 11	FY 12	FY 11	FY 12	FY 11	FY 11	FY 11	FY 10	FY 09
	Amount	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%)	3,338 (6.00%)	3,134 (6.00%)	1,911 (6.00%)	5,045 (6.00%)	3,058 (6.25%)	2,525 (6.01%)
Infrastructure Bonds	- -	- -	- -	- -	2 (9.05%)	- -	2 (9.05%)	- -	217 (8.14%)	217 (8.14%)	- -	- -
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%)	15,966 (9.55%)	7,054 (8.11%)	3,116 (9.16%)	10,170 (8.43%)	13,529 (8.19%)	8,930 (10.67%)
Banks, FIs, CP, etc.	- -	900 (5.12%)	- -	2,200 (8.13%)	- -	1,126 (8.52%)	- -	4,226 (7.99%)	500 (8.14%)	4,725 (8.20%)	6,835 (6.04%)	2,983 (8.85%)
Foreign Currency	59 (5.12%)	100 (6.12%)	1,380 (7.47%)	1,942 (6.95%)	504 (2.81%)	358 (3.00%)	1,943 (6.28%)	2,400 (4.66%)	3,298 (3.44%)	5,698 (3.84%)	606 (6.88%)	457 (7.74%)
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%)	21,249 (8.69%)	16,814 (7.20%)	9,042 (6.32%)	25,855 (6.90%)	24,028 (7.31%)	14,895 (9.30%)

- (%) 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 11		12 M FY 10		12 M FY 09	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Capital Gains & Infra Bonds	12,098	17	10,839	19	12,065	16	10,265	17	12,564	15	10,541	17	11316	16	9,949	18	14,394	32
Institutional Bonds & Zero Coupon Bonds	41,607	58	31,930	55	48,197	64	33,880	56	53,299	66	36,997	59	39879	57	30,909	55	18,218	41
Banks, FIs, etc.	10,087	14	10,270	18	6,262	8	10,764	18	5,501	7	11,035	17	11226	16	10,564	19	9,535	21
Foreign Currency	7,628	11	2,154	4	9,096	12	4,069	7	9,689	12	4,402	7	7583	11	2,076	4	1,494	3
Commercial paper	-	-	2,300	4	-	-	1,450	2	-	-	250	0	-	-	2,450	4	1,295	3
Grand Total	71,420	100	57,493	100	75,620	100	60,428	100	81,053	100	63,225	100	70,004	100	55,948	100	44,936	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 – 7.76% 12M – 7.62%		7.75%		7.70%	

- 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) totaling ₹ 43.11 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.

BALANCE SHEET



(₹ In Crores)

Particulars	FY12	FY11	FY12	FY11	FY12	FY11	FY11	FY10	FY09
	Q1	Q1	H1	H1	9M	9M	12M	12M	12M
Liabilities									
Shareholders Funds	13,451	11,668	14,074	12,286	14,269	12,547	12,788	11,080	6,190
Borrowings	71,420	57,493	75,620	60,428	81,053	63,225	70,004	55,948	44,936
Total Liabilities	84,871	69,161	89,694	72,714	95,322	75,772	82,792	67,028	51,126
Assets									
Fixed Assets (Net)	88	89	88	89	88	88	88	90	81
Investments	837	933	837	1,032	789	885	837	910	1,005
Loan Assets (including interest accrued)	86,247	69,791	90,936	73,543	95,264	76,455	82,132	66,452	51,381
Deferred Tax Assets/ (Liability)	13	7	14	8	15	7	13	7	-957
FCMITD Account	-	-	-	-	198	-	-	-	-
Current Assets (Net)	-2314	-1,659	-2,181	-1,958	-1,032	-1663	-278	-431	-384
Total Assets	84,871	69,161	89,694	72,714	95,322	75,772	82,792	67,028	51,126

INCOME STATEMENT



(₹ In Crores)

Particular	FY12	FY11	FY12	FY11	FY12	FY11	FY12	FY11	FY11	FY11	FY 10	FY 09
	Q1	Q1	Q2	Q2	Q3	Q3	9M	9M	Q4	12 M	12M	12M
Interest Income	2,313	1,877	2,515	1,988	2,650	2,086	7,477	5,951	2,158	8,109	6,431	4,665
Interest Expenses	1,403	1,101	1,565	1,208	1,645	1,238	4,613	3,547	1,304	4,851	3,911	2,897
Net Interest Income	910	776	950	780	1,005	848	2,864	2,404	854	3,258	2,520	1,768
Other Operating Income	22	22	18	39	13	56	53	117	30	148	119	92
Other Income	38	29	38	28	36	33	112	91	62	153	158	163
Operating costs	42	34	46	38	78	39	165	111	56	167	148	112
Provisions for doubtful debts	25	-	-	-	24	-	49	-	-	-	-	2
Foreign Exchange Fluctuation Loss/Gain (-)	7	-	126	-27	-87	-3	46	-29	-56	-85	-	-11
Profit Before Tax	896	793	834	836	1,039	901	2,769	2,530	946	3,477	2,649	1,920
Current Tax	234	206	214	218	270	233	718	657	251	908	695	507
Deferred tax	-	-	-1	-	-1	-	-2	-	-5	-5	1	141
Earlier Years/ (Refunds)	-	-	-2	-	-	4	-2	3	-	4	-48	-
Profit After Tax	662	587	623	618	770	664	2,055	1,870	700	2,570	2,001	1,272
Reversal of Deferred Tax of earlier years	-	-	-	-	-	-	-	-	-	-	326	-
Profit after tax and available for appropriation	662	587	623	618	770	664	2,055	1,870	700	2,570	2,327	1,272
Dividend (inc. Interim)	-	-	-	-	494	346	494	346	395	741	603	386
Dividend Distribution Tax	-	-	-	-	80	57	80	57	64	121	101	66
Total (Dividend +Dividend Dist. Tax)	-	-	-	-	574	403	574	403	459	862	704	452

KEY INDICATORS



Key Indicators	Q1	Q1	Q2	Q2	Q3	Q3	9M	9M	Q4	12 M	12 M	12 M
	FY12	FY11	FY12	FY11	FY12	FY11	FY12	FY11	FY11	FY11	FY10	FY 09
Yield on Loan (%) (Annualised)	11.04	11.11	11.42	11.19	11.44	11.23	11.29	11.20	10.96	10.98	11.03	10.45
Cost of Funds (%) (Annualised)	7.89	7.76	8.33	7.96	8.40	7.99	8.07	7.85	7.75	7.62	7.75	7.31
Interest Spread (%) (Annualised)	3.15	3.35	3.09	3.23	3.04	3.24	3.22	3.35	3.21	3.36	3.28	3.14
Net Interest Margin (%) (Annualised)	4.39	4.59	4.47	4.58	4.34	4.58	4.39	4.59	4.41	4.48	4.32	3.96
Interest Coverage Ratio	1.64	1.72	1.53	1.69	1.63	1.73	1.60	1.71	1.73	1.72	1.68	1.66
Return on Avg. Net Worth (%) (Annualised)	20.18	20.64	18.10	20.64	21.72	21.39	20.25	21.10	22.11	21.53	23.17	22.01
Debt Equity Ratio (times)	5.31	4.93	5.37	4.92	5.68	5.04	5.68	5.04	5.47	5.47	5.05	7.26
Capital Adequacy Ratio (%)	18.38	21.18	18.09	20.61	17.44	20.21	17.44	20.21	19.09	19.09	16.05	13.41
Net Worth (₹ Crores)	13,451	11,668	14,074	12,286	14,269	12,547	14,269	12,547	12,789	12,789	11,080	6,190
Book Value per Share (in ₹)	136.22	118.16	142.53	124.42	144.50	127.06	144.50	127.06	129.51	129.51	112.21	72.09
EPS (in ₹) (Non-Annualised)	6.70	5.95	6.31	6.26	7.79	6.72	20.80	18.93	7.10	26.03	23.06	14.81

- 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) totaling ₹ 43.11 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. Contingent Liabilities have not been reassessed as on 31.12.2011.

SHAREHOLDING PATTERN



As on	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	As on 31.03.10
Description	%	%	%	%	%	%	%	%
President of India	66.80	66.80	66.80	66.80	66.80	66.80	66.80	66.80
Foreign Institutional Investors	17.93	18.51	19.00	20.77	21.22	20.40	19.33	17.83
Resident Individual/HUF	3.68	3.74	3.74	3.26	3.16	3.27	3.33	3.70
Mutual Funds	2.14	2.08	1.97	1.75	1.60	3.15	4.08	4.91
Bodies Corporate	4.29	4.11	4.96	4.38	4.58	4.29	4.12	4.71
Insurance Companies	4.09	3.68	2.50	2.41	2.17	1.79	1.72	1.77
Banks/ Indian FI	0.68	0.87	0.73	0.38	0.29	0.15	0.10	0.16
Non Resident Indian	0.09	0.09	0.09	0.07	0.06	0.05	0.05	0.06
Clearing Members	0.24	0.06	0.17	0.16	0.11	0.08	0.45	0.04
Trust	0.06	0.06	0.04	0.02	0.01	0.02	0.02	0.02
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

THANK YOU