



Investor Presentation

Performance Highlights

Q2 FY 16



RURAL ELECTRIFICATION CORPORATION LIMITED

A Navratna PSU

Powering India.... transforming lives.... towards sustainable development

Highlights - (Q2 FY16 vs. Q2 FY15)



Balance Sheet

- ❑ Total Assets increased by 17% from INR 1,70,510 Crore to INR 1,99,380 Crore
- ❑ Loan Assets increased by 20% from INR 1,62,421 Crore to INR 1,94,648 Crore
- ❑ Outstanding Borrowings increased by 17% from INR 1,39,056 Crore to INR 1,62,673 Crore
- ❑ Net worth increased by 19% from INR 23,543 Crore to INR 27,906 Crore

Income Statement

- ❑ Total Income increased by 17% from INR 5,066 Crore to INR 5,925 Crore
- ❑ NII increased by 14% from INR 2,032 Crore to INR 2,310 Crore
- ❑ PBT increased by 11% from INR 2,041 Crore to INR 2,269 Crore
- ❑ PAT increased by 8% from INR 1,504 Crore to INR 1,619 Crore

Business

- ❑ Sanctions increased by 147% from INR 11,950 Crore to INR 29,490 Crore
- ❑ Disbursements increased by 28% from INR 9,996 Crore to INR 12,805 Crore

Sanctions - Composition



(Amount in INR Crore)

Discipline-wise	Q1		Q2		H1		Q3	Q4	12M		
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 15	FY 15	FY15	FY 14	FY 13
Generation	1,112	2,753	16,617	6,949	17,729	9,702	11,877	2,747	24,326	29,019	27,492
	15%	17%	56%	58%	48%	34%	64%	19%	40%	41%	35%
T & D (including RGGVY/ DDUGJY) # ^	5,978	13,107	12,873	4,451	18,851	17,558	6,194	11,383	35,135	39,446	47,846
	79%	78%	44%	37%	51%	61%	33%	81%	57%	56%	60%
Short Term Loan	500	850	-	550	500	1,400	560	-	1,960	2,275	4,190
	6%	5%	0%	5%	1%	5%	3%	0%	3%	3%	5%
Total	7,590	16,710	29,490	11,950	37,080	28,660	18,631	14,130	61,421	70,740	79,528

Vide Ministry of Power notification dated 03.12.2014, the erstwhile Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) scheme has been subsumed into Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

^ Includes Transitional Financing (TFL) sanctioned during H1 FY16 INR 4,100 crore (Q1 FY16 Nil, Q2 FY16 INR 4,100 crore) 12M FY15 INR 6,394 crore, 12M FY14 INR 3,038 crore, 12M FY13 INR 16,630 crore.

Total amount sanctioned upto Q2 FY16 - INR 30,162 crore

Disbursements - Composition



(Amount in INR Crore)

Discipline-wise	Q1		Q2		H1		Q3	Q4	12M		
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 15	FY 15	FY 15	FY 14	FY 13
Generation	2,428	3,790	2,563	3,864	4,991	7,654	2,453	4,016	14,123	12,989	12,497
	26%	45%	20%	39%	23%	41%	25%	27%	33%	37%	32%
<i>Transmission</i>	1,661	1,579	2,278	1,435	3,939	3,014	1,392	1,880	6,286	4,113	5,297
	18%	19%	18%	14%	18%	16%	15%	13%	15%	12%	13%
<i>Distribution * (including RGGVY/ DDUGJY)</i>	5,218	2,496	7,464	3,947	12,682	6,443	4,945	8,771	20,159	16,855	17,062
	56%	29%	58%	40%	57%	35%	51%	60%	47%	47%	44%
Total Transmission & Distribution	6,879	4,075	9,742	5,382	16,621	9,457	6,337	10,651	26,445	20,968	22,359
	74%	48%	76%	54%	75%	51%	66%	73%	62%	59%	57%
Short Term Loan	0	600	500	750	500	1,350	900	0	2,250	1,589	4,419
	0%	7%	4%	7%	2%	7%	9%	0%	5%	4%	11%
Total	9,307	8,465	12,805	9,996	22,112	18,461	9,690	14,667	42,818	35,546	39,275

* Includes Transitional Financing Loan (TFL) disbursed during H1 FY16 INR 2,920 crore (Q1 FY16 INR 1,785 crore & Q2 FY16 INR 1,135 crore), 12M FY15 INR 5,169 crore, 12M FY14 INR 6,018 crore, 12M FY13 INR 9,570 crore.
Total amount disbursed upto Q2 FY16 INR 23,677 crore

Outstanding Loan - Composition



(Amount in INR Crore)

Discipline-wise	Q1				Q2 & H1				Q3 & 9M		Q4 & 12M					
	FY 16		FY 15		FY 16		FY 15		FY 15		FY 15		FY 14		FY 13	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
State	1,47,422	79	1,24,600	80	1,59,146	82	1,27,542	79	1,33,015	79	1,41,966	79	1,17,843	79	1,02,292	80
Central PSUs	6,287	3	6,585	4	6,427	3	6,596	4	6,596	4	6,375	4	6,638	5	6,119	5
Private	32,711	18	24,049	16	29,075	15	28,283	17	29,360	17	31,306	17	24,160	16	18,945	15
Total *	1,86,420	100	1,55,234	100	1,94,648	100	1,62,421	100	1,68,971	100	1,79,647	100	1,48,641	100	1,27,356	100
Generation	78,150	42	69,148	44	80,423	41	71,659	44	73,515	43	76,388	42	65,417	44	55,478	44
T & D	1,07,552	57	84,865	55	1,13,467	58	89,227	55	93,824	56	1,02,162	57	82,100	55	65,296	51
Others **	718	1	1,221	1	758	1	1,535	1	1,632	1	1,097	1	1,124	1	6,582	5
Weighted average lending rate on O/S Loans (annualised)	13.00%		13.05%		12.93%		13.05%		13.07%		13.02%		13.04%		12.66%	

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

** Others includes short-term loans, debt refinancing and bridge loans

Average maturity period of outstanding loans as at Q2 & H1 FY16 is approx. 5.69 years

Loan Quality



(Amount in INR Crore)

Particulars	Q1		Q2 & H1		Q3 & 9M	Q4 & 12M		
	FY 16	FY 15	FY 16	FY 15	FY 15	FY 15	FY 14	FY 13
Loan outstanding	1,86,420	1,55,234	1,94,648	1,62,421	1,68,971	1,79,647	1,48,641	1,27,356
Gross NPA	1,577	1,335	2,088	1,335	1,335	1,335	490	490
Provision (1)	390	243	441	243	243	365	137	89
Net NPA	1,187	1,092	1,647	1,092	1,092	970	353	401
% of Gross NPA to loan outstanding	0.85%	0.86%	1.07%	0.82%	0.79%	0.74%	0.33%	0.38%
% of Net NPA to loan outstanding	0.64%	0.70%	0.85%	0.67%	0.65%	0.54%	0.24%	0.31%

Total Provisions against Outstanding Loan assets

Provision against NPAs as at (1) above	268	243	319	243	243	243	137	89
Additional Provision created against NPAs as at (1) above	122	-	122	-	-	122	-	-
Contingent allowance against standard assets *	524	385	480 #	403	395	491 #	370	106
Allowance against restructured standard assets	591	-	640	-	196	452	-	3
Reserve for Bad & Doubtful Debts	1,717	1,349	1,827	1,439	1,526	1,622	1,269	981
Total	3,222	1,977	3,388	2,085	2,360	2,930	1,776	1,179

Includes reversal of 100% allowance created for Funded Interest Term Loan (FITL) in Q4 FY15 of INR 86.42 crores, reversed in Q2 & H1 FY16 on receipt of clarification from RBI

* In line with RBI Notification dated 10.11.14 REC has made incremental allowance over and above 0.25% already existing as on 31.03.15 on standard assets as on that date so as to make it equal to 0.30% by the end of 31.03.16 in a phased manner and on incremental standard loan assets @ 0.30% in full, totaling to additional provision of INR 23.85 crores during Q2 FY16 & INR 46.61 crores during H1 FY16

During Q2 & H1 FY16, Provision has been created against NPA, Facor Power Limited, Loan O/S INR 511 crore, provisioning @10% INR 51 crore

Funds Raised During The Period



(Amount in INR Crore)

Category	Q1		Q2		H1		Q3	Q4	12 M		
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 15	FY15	FY15	FY 14	FY 13
Capital Gains Bonds	1,181	1,095	1,469	1,226	2,650	2,321	1,229	1,788	5,338	5,350	4,903
	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Tax Free Bonds	-	-	300	-	300	-	-	-	-	6,000	2,648
	0%	0%	7.17%	0%	7.17%	0%	0%	0%	0%	8.48%	7.46%
Institutional Bonds/ Subordinate Debt	2,396	1,700	5,425	11,765	7,821	13,465	8,500	7,235	29,200	17,403	16,379
	8.30%	9.02%	8.36%	9.18%	8.34%	9.16%	8.71%	8.29%	8.81%	9.12%	9.08%
Banks, FIs, etc.	-	-	-	-	-	-	-	-	-	1,195	-
	0%	0%	0%	0%	0%	0%	0%	0%	0%	10.47%	0%
Foreign Currency Borrowings	96	1,505	2,908	1,392	3,004	2,897	1,220	2,535	6,652	2,000	4,712
	1.66%	6.22%	5.87%	6.20%	5.74%	6.21%	6.56%	5.26%	6.48%	7.50%	3.01%
Total	3,673	4,300	10,102	14,383	13,775	18,683	10,949	11,558	41,190	31,948	28,642
	7.39%	7.27%	7.26%	8.62%	7.30%	8.31%	8.17%	7.27%	8.07%	8.43%	7.40%

Note: The figures above do not include the funds raised for short term through Commercial paper

Funds raised through Commercial papers	4,192	2,551	492	3,343	4,684	5,894	-	-	5,894	4,986	2,117
-----------------------------------------------	-------	-------	-----	-------	-------	-------	---	---	-------	-------	-------

- % denotes average annualized cost of borrowings mobilized.
- The figures for borrowings mobilized above do not include WCDL raised during the period.

Borrowing Profile as at end of the Period



(Amount in INR Crore)

Particulars	Q1				Q2 & H1				Q3 & 9M		12M					
	FY 16		FY 15		FY 16		FY 15		FY 15		FY 15		FY 14		FY 13	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Capital Gain Bonds	15,771	10	15,524	12	16,174	10	15,613	11	15,677	11	15,591	10	15,493	13	15,187	14
Tax Free Bonds	11,649	7	11,649	9	11,948	7	11,649	9	11,649	9	11,649	8	11,649	9	5,648	6
Infra Bonds	376	0	376	0	376	0	376	0	376	0	376	0	376	0	376	-
Institutional, Subordinate & Zero Coupon Bonds	99,286	64	76,109	58	1,04,730	64	85,562	62	90,308	63	97,068	64	75,289	60	64,038	59
Banks, FIs, etc. *	1,452	1	3,865	3	2,460	2	1,940	1	1,590	1	2,312	2	3,272	2	6,324	6
Foreign Currency Borrowings	24,213	16	19,084	15	24,560	15	20,416	15	21,686	15	24,028	16	17,621	14	15,238	14
Commercial Papers	3,025	2	4,140	3	2,425	2	3,500	2	1,550	1	0	0	2,540	2	980	1
Grand Total	1,55,772	100	1,30,747	100	1,62,673	100	1,39,056	100	1,42,836	100	1,51,024	100	1,26,240	100	1,07,791	100
Average annualized Cost of Funds	8.31%		8.37%		Q2 - 8.41%		Q2 - 8.54%		Q3 - 8.36%		Q4 - 8.37%		8.31%		8.09%	
					H1 - 8.33%		H1 - 8.40%		9M - 8.44%		12M - 8.36%					

* Includes Short Term Working Capital Loan availed from Banks

Average maturity period of Borrowings outstanding as at Q2 & H1 FY 16 is approx. 4.48 years

Statement of Assets & Liabilities



(Amount in INR Crore)

Particulars	Q1		Q2 & H1		Q3 & 9M	Q4 & 12 M		
	FY 16	FY 15	FY 16	FY 15	FY 15	FY 15	FY 14	FY13
<u>Liabilities</u>								
Shareholders Funds	26,267	22,004	27,906	23,543	23,967	24,857	20,669	17,454
Borrowings	1,55,772	1,30,747	1,62,673	1,39,056	1,42,836	1,51,024	1,26,240	1,07,791
Deferred Tax Liabilities (Net)	131	155	124	143	144	107	174	-
Other Liabilities	9,080	5,992	8,677	7,768	6,842	7,187	5,770	5,262
Total Liabilities	1,91,250	1,58,898	1,99,380	1,70,510	1,73,789	1,83,175	1,52,853	1,30,507
<u>Assets</u>								
Fixed Assets (Net)	118	80	155	79	79	81	82	80
Investments	877	1,708	877	1,708	1661	1,613	1708	661
Loan Assets (Net of Provisions)	1,86,031	1,54,991	1,94,207	1,62,177	1,68,727	1,79,282	1,48,504	1,27,266
Deferred Tax Assets (Net)	-	-	-	-	-	-	-	10
Other Assets	4,224	2,119	4,141	6,546	3,322	2,199	2,559	2,490
Total Assets	1,91,250	1,58,898	1,99,380	1,70,510	1,73,789	1,83,175	1,52,853	1,30,507

Income Statement



(Amount in INR Crore)

Particulars	Q1		Q2		H1		Q3	Q4	12M		
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 15	FY15	FY15	FY14	FY13
Interest Income	5,641	4,648	5,827	4,986	11,468	9,634	5,145	5,293	20,072	16,806	13,291
Finance Costs	3,306	2,752	3,517	2,954	6,823	5,706	3,045	3,094	11,845	10,039	8,083
Net Interest Income	2,335	1,896	2,310	2,032	4,645	3,928	2,100	2,199	8,227	6,767	5,208
Other Operating Income	22	19	66	37	88	56	61	40	157	212	246
Other Income	47	40	32	43	79	83	38	38	159	103	61
Operating costs	51	54	49	49	100	103	51	56	210	201	202
Corporate Social Responsibility Expenses	32	5	34	4	66	9	5	89	103	38	18
Allowance against Loans	197	121	56	18	253	139	191	473	803	312	131
Profit Before Tax	2,124	1,775	2,269	2,041	4,393	3,816	1,952	1,659	7,427	6,531	5,164
Current Tax	622	511	662	548	1,284	1,059	574	599	2232	1,704	1,345
Deferred tax	23	-19	-7	-12	16	-31	2	-37	-66	129	1
Earlier Years/ (Refunds)	0	0	-5	1	-5	1	-1	1	1	14	0
Profit After Tax	1,479	1,283	1,619	1,504	3,098	2,787	1,377	1,096	5,260	4,684	3,818
Dividend (incl. interim)	0	0	0	0	0	0	790	267	1057	938	815
Dividend Distribution Tax	0	0	0	0	0	0	158	54	212	159	133
Total (Dividend + Dividend Distribution Tax)	0	0	0	0	0	0	948	321	1269	1097	948

Previous periods figures have been reclassified/ rearranged wherever necessary so as to make them comparable.

Key Indicators



Particulars	Q1		Q2		H1		Q3	Q4	12 M		
	FY 16	FY 15	FY 16	FY 15	FY 16	FY 15	FY 15	FY15	FY15	FY14	FY13
Yield on Loan (%) (Annualised)	12.33	12.24	12.23	12.56	12.26	12.39	12.42	12.15	12.23	12.18	11.62
Cost of Funds (%) (Annualised) *	8.31	8.37	8.41	8.54	8.33	8.40	8.36	8.37	8.36	8.31	8.09
Interest Spread (%)	4.02	3.87	3.82	4.02	3.93	3.99	4.06	3.78	3.87	3.87	3.53
Net Interest Margin (%) (Annualised)	5.10	4.99	4.85	5.12	4.96	5.05	5.07	5.05	5.01	4.90	4.55
Interest Coverage Ratio (times)	1.64	1.64	1.65	1.69	1.64	1.67	1.64	1.54	1.63	1.65	1.64
Return on Average Net Worth (%) (Annualised)	23.14	24.05	23.91	26.42	23.49	25.21	23.19	17.96	23.11	24.57	23.85
Debt Equity Ratio (times)	5.93	5.94	5.83	5.91	5.83	5.91	5.96	6.08	6.08	6.11	6.18
Capital Adequacy ratio	20.41	19.38	20.76	20.00	20.76	20.00	19.59	19.56	19.56	19.35	17.71
Net Worth (INR Crore)	26,267	22,004	27,906	23,543	27,906	23,543	23,967	24,857	24,857	20,669	17,454
Book Value per Share of INR 10	266.01	222.83	282.60	238.42	282.60	238.42	242.71	251.73	251.73	209.31	176.76
EPS (Non-Annualised)	14.97	12.99	16.40	15.23	31.37	28.22	13.94	11.10	53.27	47.43	38.66

* Cost of Funds is without considering the foreign exchange fluctuation loss amortized during the relevant period, but includes one-time upfront fee paid on External Commercial Borrowings raised during the relevant period.

Shareholding Pattern



As on =>	30.09.15	30.06.15	31.03.15	31.12.14	30.09.14	30.06.14	31.03.14	31.12.13	30.09.13	30.06.13	31.03.13
Description	%	%	%	%	%	%	%	%	%	%	%
President of India	60.64	60.64	65.64	65.64	65.64	65.64	65.64	66.80	66.80	66.80	66.80
Foreign Institutional Investors	21.42	21.65	20.86	20.08	19.88	19.24	18.68	19.40	19.76	20.73	20.68
Resident Individual/HUF	3.26	3.07	3.00	2.93	3.24	2.62	2.86	2.91	3.04	3.06	3.21
Mutual Funds	3.01	3.85	3.19	3.21	2.66	3.40	3.46	2.25	2.15	2.16	2.09
Bodies Corporate	2.21	2.83	2.94	3.00	2.93	3.04	2.73	2.82	2.67	2.73	2.71
Insurance Companies	8.39	7.04	3.89	4.70	5.09	5.21	5.71	5.48	5.14	4.06	3.89
Banks/ Indian FI	0.79	0.67	0.28	0.28	0.38	0.67	0.69	0.22	0.24	0.22	0.21
Non Resident Indian	0.10	0.10	0.09	0.08	0.08	0.06	0.06	0.06	0.06	0.07	0.07
Clearing Members	0.06	0.05	0.06	0.03	0.05	0.08	0.14	0.03	0.11	0.14	0.31
Trust	0.12	0.10	0.05	0.05	0.05	0.03	0.03	0.03	0.03	0.03	0.03
Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00

