

Management Presentation

Performance Highlights

Q1 FY12



RURAL ELECTRIFICATION CORPORATION LIMITED

A Navratna PSU

HIGHLIGHTS (Q1 FY12 VS. Q1 FY11)



Balance Sheet

- ▶ Total Assets (net of current liabilities) increased by 23% from ₹ 69,154 Crores to ₹ 84,871 Crores.
- ▶ Outstanding Borrowings increased by 24% from ₹ 57,493 Crores to ₹ 71,420 Crores
- ▶ Net worth increased by 15% from ₹ 11,668 Crores to ₹ 13,451 Crores.

Income Statement

- ▶ Total Income increased by 23% from ₹ 1,929 Crores to ₹ 2,373 Crores.
- ▶ Profit before tax increased by 13% from ₹ 793 Crores to ₹ 896 Crores.
- ▶ PAT increased by 13% from ₹ 587 Crores to ₹ 662 Crores.

Business

- ▶ Disbursements increased by 18% from ₹ 4,644 Crores to ₹ 5,481 Crores.
- ▶ Sanctions during the quarter were ₹ 21,190 Crores against ₹ 22,882 Crores.

SANCTIONS - COMPOSITION

(₹ In Crores)

Sanctions	Q1 FY 12	Q1 FY 11	Q2 FY 11	Q3 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
Generation	15,171 72%	11,177 49%	4,796 46%	6,325 60%	18,077 80%	40,375 61%	24,032 53%	21,708 53%
Trans. & Dist.	4,969 23%	11,205 49%	4,492 43%	3,266 31%	3,475 15%	22,438 34%	17,235 38%	16,938 42%
Short Term Loan	1,050 5%	500 2%	1100 11%	1000 9%	1,008 5%	3,608 5%	4,090 9%	2,100 5%
Total	21,190	22,882	10,388	10,591	22,560	66,421	45,357	40,746

DISBURSEMENTS - COMPOSITION



(₹ In Crores)

Disbursements	Q1 FY 12	Q1 FY 11	Q2 FY 11	Q3 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
Generation	2,998 55%	3,239 70%	2,759 50%	2,185 36%	3,571 43%	11,754 48%	8,397 40%	7,850 46%
Transmission & Distribution	1,883 34%	1,205 26%	1,988 36%	2,523 42%	3,937 47%	9,653 39%	8,945 42%	7,267 42%
Short Term Loan	600 11%	200 4%	800 14%	1,300 22%	812 10%	3,112 13%	3,790 18%	2,040 12%
Total	5,481	4,644	5,547	6,008	8,320	24,519	21,132	17,157

OUTSTANDING LOAN - COMPOSITION



(₹ In Crores)

Loan Outstanding	Q1 FY 12		Q1 FY 11		Q2 FY 11		Q3 FY 11		Q4/12M FY 11		12M FY 10		12M FY 09	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
State	70,681	82	59,505	86	62,671	86	63,310	86	68,092	83	55,574	84	43,303	85
Central PSUs	5,917	7	5,134	7	5,407	7	5,535	7	5,853	7	6,145	9	4,324	9
Private	9,227	11	4,578	7	4,822	7	6,899	7	7,780	10	4,260	7	3,026	6
Total	85,825	100	69,217	100	72,900	100	75,744	100	81,725	100	65,979	100	50,653	100
Generation	37,329	44	28,549	41	30,663	42	31,462	41	34,610	42	23,958	36	17,501	35
T & D	43,076	50	35,337	51	37,261	51	39,159	52	41,774	51	36,723	56	29,275	57
Others	5,420	6	5,331	8	4,976	7	5,123	7	5,341	7	5,298	8	3,877	8
Average rates on outstanding (compounded annualised)	11.76		11.59		11.60		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	Q1	Q2	Q3	Q4/12M	12M	12 M
	FY 12	FY 11	FY 11	FY 11	FY 11	FY 10	FY 09
Loan outstanding *	85,825	69,217	72,900	75,744	81,725	65,979	50,653
Gross NPA	270	20	20	20	20	20	69
Provision	43	18	18	18	18	18	48
Net NPA	227	2	2	2	2	2	21
% of Gross NPA to loan outstanding	0.31%	0.03%	0.03%	0.03%	0.02%	0.03%	0.14%
% of Net NPA to loan outstanding	0.264%	0.003%	0.003%	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 FY 12	Q1 FY 11	Q2 FY 11	Q3 FY 11	Q4 FY 11	12 M FY 11	12 M FY 10	12M FY 09
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Capital Gains Bonds	1,053	925	1,093	1,116	1,911	5,045	3,058	2,525
	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.25%	6.01%
Infrastructure Bonds	-	-	-	-	217	217	-	-
	-	-	-	-	8.14%	8.14%	-	-
Taxable Bonds	1,925	1,250	2,000	3,804	3,116	10,170	13,529	8,930
	9.71%	6.92%	7.82%	8.65%	9.16%	8.43%	8.19%	10.67%
Banks, FIs, CP , etc.	-	900	2,200	1,126	500	4,725	6,835	2,983
	-	5.12%	8.13%	8.52%	8.14%	8.20%	6.04%	8.85%
Foreign Currency	59	100	1,942	358	3,298	5,698	606	457
	5.12%	6.12%	6.95%	3.00%	3.44%	3.84%	6.88%	7.74%
Total	3,037	3,175	7,235	6,404	9,042	25,855	24,028	14,895
	8.34%	6.12%	7.41%	7.84%	6.32%	6.90%	7.31%	9.30%

% denotes average annualized cost of borrowing.

BORROWING PROFILE AS AT END OF THE PERIOD



(₹ In Crores)

Particulars	Q1 FY 12		Q1 FY 11		Q2 & H1 FY 11		Q3 & 9M FY 11		Q4 & 12 M FY 11		12 M FY 10		12 M FY 09	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Capital Gains & Infra Bonds	12,098	17	10839	19	10265	17	10541	17	11316	16	9,949	18	14,394	32
Institutional Bonds & Zero Coupon Bonds	41,607	58	31930	55	33880	56	36997	59	39879	57	30,909	55	18,218	41
Banks, FIs, etc.	10,087	14	10270	18	10764	18	11035	17	11226	16	10,564	19	9,535	21
Foreign Currency	7,628	11	2154	4	4069	7	4402	7	7583	11	2,076	4	1,494	3
Commercial paper	0	0	2300	4	1450	2	250	0	-	-	2,450	4	1,295	3
Grand Total	71,420	100	57493	100	60428	100	63225	100	70,004	100	55,948	100	44,936	100
Average annualized borrowing cost	7.97		7.76		• Q2 – 7.96 H1 – 7.82		• Q3 – 8.00 9M – 7.85		• Q4 – 7.76 12M – 7.62		7.75		7.70	

* The Borrowing cost is without taking into account one time arrangers fee of ₹ 34.61 crore (Q2), ₹ 2.34 crore (Q3), ₹ 13.95 crore , totaling ₹ 50.90 crore paid during FY 11 for raising of 5 years External Commercial Syndicated Loans.

BALANCE SHEET



(₹ In Crores)

Particulars	2011-12	2010-11				FY 10 12M	FY 09 12M
	Q1	Q1	Q2 & H1	Q3 & 9M	12M		
<u>Liabilities</u>							
Shareholders Funds	13,451	11,668	12,286	12,547	12,788	11,080	6,190
Borrowings	71,420	57,493	60,428	63,225	70,004	55,948	44,936
Total Liabilities	84,871	69,161	72,714	75,772	82,792	67,028	51,126
<u>Assets</u>							
Fixed Assets (Net)	88	89	89	88	88	90	81
Investments	813	933	1,032	885	812	910	1,005
Loan Assets (including interest accrued)	86,247	69,791	73,543	76,455	82,132	66,452	51,381
Deferred Tax Assets/ (Liability)	13	7	8	7	13	7	-957
Current Assets (Net)	-2290	-1,659	-1,958	-1663	-253	-431	-384
Total Assets	84,871	69,161	72,714	75,772	82,792	67,028	51,126

INCOME STATEMENT

(₹ In Crores)

Particular	2011-12	2010-11				FY11	FY 10	FY 09
	Q1	Q1	Q2	Q3	Q4	12 M	12M	12M
Interest Income	2,313	1,877	1,988	2,086	2,158	8109	6,431	4,665
Interest Expenses	1,403	1,101	1208	1238	1,304	4851	3,911	2,897
Net Interest Income	910	776	780	848	854	3258	2,520	1,768
Other Operating Income	22	22	39	56	30	148	119	92
Other Income	38	29	55	36	118	238	158	174
Operating costs	49	34	38	39	56	167	148	112
Provisions for doubtful debts	25	-	-	-	-	-	-	2
Profit Before Tax	896	793	836	901	946	3477	2,649	1,920
Current Tax	234	206	218	233	251	908	695	507
Deferred tax	-	-	-	-	-5	-5	1	141
Previous years (Tax Refunds)	-	-	-	4	-	4	-48	-
Profit After Tax	662	587	618	664	700	2570	2,001	1,272
Reversal of Deferred Tax of earlier years	-	-	-	-	-	-	326	-
Profit after tax and available for appropriation	662	587	618	664	700	2570	2,327	1,272
Dividend (inc. Interim)	-	-	-	346	395	741	603	386
Dividend Distribution Tax	-	-	-	57	64	121	101	66
Total (Dividend +Dividend Dist. Tax)	-	-	-	403	459	862	704	452

KEY INDICATORS

Key Indicators	Q1	Q1	Q2	Q3	Q4	12 M	12 M	12 M
	FY12	FY11	FY11	FY11	FY11	FY11	FY10	FY 09
Yield on Loan (%) (Annualised)	11.04	11.11	11.20	11.24	10.96	10.98	11.03	10.45
Cost of Borrowing (%) (Annualised)	7.94	7.76	7.96	7.80	7.76	7.62	7.76	7.32
Interest Spread (%) (Annualised)	3.10	3.35	3.24	3.44	3.20	3.36	3.27	3.13
Net Interest Margin (%) (Annualised)	4.34	4.59	4.39	4.56	4.34	4.41	4.32	3.96
Interest Coverage Ratio	1.64	1.72	1.69	1.73	1.73	1.72	1.68	1.66
Return on Avg. Net Worth (%) (Annualised)	20.18	20.64	20.64	21.39	22.11	21.53	23.17	22.01
Debt Equity Ratio (times)	5.31	4.93	4.92	5.04	5.47	5.47	5.05	7.26
Capital Adequacy Ratio (%)	18.38	21.18	20.61	20.21	19.09	19.09	16.05*	13.41*
Net Worth (₹ Crores)	13,451	11,668	12,286	12,547	12,789	12,789	11,080	6,190
Book Value per Share (in ₹)	136.22	118.16	124.42	127.06	129.51	129.51	112.21	72.09
EPS (in ₹)	6.70	5.95	6.26	6.72	7.10	26.03	23.06	14.81

* Assumed weightage of 100% on State Government Guaranteed Loans instead of 20% w.e.f. 29.06.2010.

SHAREHOLDING PATTERN

As on	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
Foreign Institutional Investors	19.00	20.77	21.22	20.40	19.33	17.83
Resident Individual/ HUF	3.74	3.26	3.16	3.27	3.33	3.70
Mutual Funds	1.97	1.75	1.60	3.15	4.08	4.91
Bodies Corporate	4.96	4.38	4.58	4.29	4.12	4.71
Insurance Companies	2.50	2.41	2.17	1.79	1.72	1.77
Banks/ Indian FI	0.73	0.38	0.29	0.15	0.10	0.16
Non Resident Indian	0.09	0.07	0.06	0.05	0.05	0.06
Clearing Members	0.17	0.16	0.11	0.08	0.45	0.04
Trust	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

THANK YOU