

Management Presentation

Performance Highlights

Q2 and H1 FY12



RURAL ELECTRIFICATION CORPORATION LIMITED

A Navratna PSU

HIGHLIGHTS

(H1 FY12 VS. H1 FY11)



Balance Sheet

- ▶ Total Assets (net of current liabilities) increased by 23% from ₹72,714 Crores to ₹89,694 Crores.
- ▶ Outstanding Borrowings increased by 25% from ₹60,428 Crores to ₹75,620 Crores
- ▶ Net worth increased by 15% from ₹12,286 Crores to ₹14,074 Crores.

Income Statement

- ▶ Total Income increased in H1 by 24% from ₹3,984 Crores to ₹4,943 Crores.
- ▶ NII in H1 increased by 19% from ₹1,556 Crores to ₹1,859 Crores.
- ▶ PBT in H1 increased by 6% from ₹1,629 Crores to ₹1,730 Crores.
- ▶ PAT IN H1 increased by 7% from ₹1,205 Crores to ₹1,285 Crores.

Business

- ▶ Disbursements in H1 increased by 14% from ₹10,191 Crores to ₹11,602 Crores.
- ▶ Sanctions during H1 were ₹31,958 Crores against ₹33,270 Crores.

SANCTIONS - COMPOSITION

(₹ In Crores)

Sanctions	Q1 FY 12	Q1 FY 11	Q2 FY 12	Q2 FY 11	H1 FY 12	H1 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	Amount	Amount	Amount
Generation	15,171 72%	11,177 49%	2,926 27%	4,796 46%	18,097 57%	15,973 48%	6,325 60%	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%	11,281 35%	15,697 47%	3,266 31%	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%	2,580 8%	1,600 5%	1,000 9%	1,008 5%	3,608 5%	4,090 9%	2,100 5%
Total	21,190	22,882	10,768	10,388	31,958	33,270	10,591	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	H1 FY 12	H1 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	Amount	Amount	Amount
Generation	2,998 55%	3,239 70%	2,992 49%	2,759 50%	5,990 52%	5,998 59%	2,185 36%	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%	4,382 38%	3,193 31%	2,523 42%	3,937 47%	9,653 39%	8,945 42%	7,267 42%
Short Term Loan	600 11%	200 4%	630 10%	800 14%	1230 10%	1,000 10%	1,300 22%	812 10%	3,112 13%	3,790 18%	2,040 12%
Total	5,481	4,644	6,121	5,547	11,602	10,191	6,008	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 11		12M FY 11		12M FY 10		12M FY 09	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Discipline																
State	70,681	82	59,505	86	74,326	82	62,671	86	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	5,535	7	5,853	7	6,145	9	4,324	9
Private	9,227	11	4,578	7	10,144	11	4,822	7	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	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	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	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	5,123	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%		11.45%		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	H1	H1	9M	12M	12M	12 M
	FY 12	FY 11	FY 12	FY 11	FY 11	FY 11	FY 10	FY 09
Loan outstanding *	85,825	69,217	90,373	72,900	75,744	81,725	65,979	50,653
Gross NPA	270	20	270	20	20	20	20	69
Provision	43	18	43	18	18	18	18	48
Net NPA	227	2	227	2	2	2	2	21
% of Gross NPA to loan outstanding	0.31%	0.03%	0.30%	0.03%	0.03%	0.02%	0.03%	0.14%
% of Net NPA to loan outstanding	0.264%	0.003%	0.251%	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 12	Q2 FY 11	H1 FY 12	H1 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	Amount	Amount	Amount
Capital Gains Bonds	1,053	925	1,122	1,093	2,175	2,018	1,116	1,911	5,045	3,058	2,525
	(6.00%)	(6.00%)	(6.00%)	(6.00%)	(6.00%)	(6.00%)	(6.00%)	(6.00%)	(6.00%)	(6.25%)	(6.01%)
Infrastructure Bonds	-	-	-	-	-	-	-	217	217	-	-
	-	-	-	-	-	-	-	(8.14%)	(8.14%)	-	-
Institutional Bonds & Zero Coupon Bonds	1,925	1,250	7,678	2,000	9,603	3,250	3,804	3,116	10,170	13,529	8,930
	(9.71%)	(6.92%)	(9.48%)	(7.82%)	(9.52%)	(7.48%)	(8.65%)	(9.16%)	(8.43%)	(8.19%)	(10.67%)
Banks, Fls, CP, etc.	-	900	-	2,200	-	3,100	1,126	500	4,725	6,835	2,983
	-	(5.12%)	-	(8.13%)	-	(7.36%)	(8.52%)	(8.14%)	(8.20%)	(6.04%)	(8.85%)
Foreign Currency	59	100	1,380	1,942	1,439	2,042	358	3,298	5,698	606	457
	(5.12%)	(6.12%)	(7.47%)	(6.95%)	(7.49%)	(6.92%)	(3.00%)	(3.44%)	(3.84%)	(6.88%)	(7.74%)
Total	3,037	3,175	10,180	7,235	13,217	10,410	6,404	9,042	25,855	24,028	14,895
	(8.34%)	(6.12%)	(8.82%)	(7.41%)	(8.72%)	(7.05%)	(7.84%)	(6.32%)	(6.90%)	(7.31%)	(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 11		12 M FY 11		12 M FY 10		12 M FY 09	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Capital Gains & Infra Bonds	12,098	17	10,839	19	12,065	16	10,265	17	10,541	17	11,316	16	9,949	18	14,394	32
Institutional Bonds & Zero Coupon Bonds	41,607	58	31,930	55	48,197	64	33,880	56	36,997	59	39,879	57	30,909	55	18,218	41
Banks, Fls, etc.	10,087	14	10,270	18	6,262	8	10,764	18	11,035	17	11,226	16	10,564	19	9,535	21
Foreign Currency	7,628	11	2,154	4	9,096	12	4,069	7	4,402	7	7,583	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	63,225	100	70,004	100	55,948	100	44,936	100
Average annualized cost of funds	7.97%		7.76%		• Q2 – 8.29% H1 – 8.00%		• Q2 – 7.96% H1 – 7.82%		• 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 Q1	FY11 Q1	FY12 H1	FY11 H1	FY11 9M	FY11 12M	FY 10 12M	FY 09 12M
<u>Liabilities</u>								
Shareholders Funds	13,451	11,668	14,074	12,286	12,547	12,788	11,080	6,190
Borrowings	71,420	57,493	75,620	60,428	63,225	70,004	55,948	44,936
Total Liabilities	84,871	69,161	89,694	72,714	75,772	82,792	67,028	51,126
<u>Assets</u>								
Fixed Assets (Net)	88	89	88	89	88	88	90	81
Investments	837	933	837	1,032	885	837	910	1,005
Loan Assets (including interest accrued)	86,247	69,791	90,936	73,543	76,455	82,132	66,452	51,381
Deferred Tax Assets/ (Liability)	13	7	14	8	7	13	7	-957
Current Assets (Net)	-2314	-1,659	-2,181	-1,958	-1663	-278	-431	-384
Total Assets	84,871	69,161	89,694	72,714	75,772	82,792	67,028	51,126

INCOME STATEMENT



(₹ In Crores)

Particular	FY12 Q1	FY11 Q1	FY12 Q2	FY11 Q2	FY12 H1	FY11 H1	FY11 Q3	FY11 Q4	FY11 12 M	FY 10 12M	FY 09 12M
Interest Income	2,313	1,877	2,515	1,988	4,827	3,865	2,086	2,158	8109	6,431	4,665
Interest Expenses	1,403	1,101	1,565	1208	2,968	2,309	1238	1,304	4851	3,911	2,897
Net Interest Income	910	776	950	780	1,859	1,556	848	854	3258	2,520	1,768
Other Operating Income	22	22	18	39	40	61	56	30	148	119	92
Other Income	38	29	38	28	76	58	33	62	153	158	163
Operating costs	42	34	46	38	87	73	39	56	167	148	112
Provisions for doubtful debts	25	-	-	-	25	-	-	-	-	-	2
Foreign Exchange Fluctuation Loss/Gain (-)	7	-	126	-27	133	-27	-3	-56	-85	-	-11
Profit Before Tax	896	793	834	836	1,730	1,629	901	946	3477	2,649	1,920
Current Tax	234	206	214	218	448	424	233	251	908	695	507
Deferred tax	-	-	-1	-	-1	-	-	-5	-5	1	141
Earlier Years/ (Refunds)	-	-	-2	-	-2	-	4	-	4	-48	-
Profit After Tax	662	587	623	618	1285	1205	664	700	2570	2,001	1,272
Reversal of Deferred Tax of earlier years	-	-	-	-	-	-	-	-	-	326	-
Profit after tax and available for appropriation	662	587	623	618	1285	1205	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	Q2	H1	H1	Q3	Q4	12 M	12 M	12 M
	FY12	FY11	FY12	FY11	FY12	FY11	FY11	FY11	FY11	FY10	FY 09
Yield on Loan (%) (Annualised)	11.04	11.11	11.50	11.19	11.31	11.13	11.23	10.96	10.98	11.03	10.45
Cost of Funds (%) (Annualised)	7.89	7.76	8.29	7.96	8.00	7.82	7.99	7.75	7.62	7.75	7.31
Interest Spread (%) (Annualised)	3.15	3.35	3.21	3.23	3.31	3.31	3.24	3.21	3.36	3.28	3.14
Net Interest Margin (%) (Annualised)	4.39	4.59	4.47	4.58	4.42	4.58	4.58	4.41	4.48	4.32	3.96
Interest Coverage Ratio	1.64	1.72	1.53	1.69	1.58	1.71	1.73	1.73	1.72	1.68	1.66
Return on Avg. Net Worth (%) (Annualised)	20.18	20.64	18.10	20.64	19.13	20.65	21.39	22.11	21.53	23.17	22.01
Debt Equity Ratio (times)	5.31	4.93	5.37	4.92	5.37	4.92	5.04	5.47	5.47	5.05	7.26
Capital Adequacy Ratio (%)	18.38	21.18	18.09	20.61	18.09	20.61	20.21	19.09	19.09	16.05	13.41
Net Worth (₹ Crores)	13,451	11,668	14,074	12,286	14,074	12,286	12,547	12,789	12,789	11,080	6,190
Book Value per Share (in ₹)	136.22	118.16	142.53	124.42	142.53	124.42	127.06	129.51	129.51	112.21	72.09
EPS (in ₹) (Non-Annualised)	6.70	5.95	6.31	6.26	13.01	12.21	6.72	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 30.09.2011.

SHAREHOLDING PATTERN



As on	As on	As on	As on	As on	As on	As on	As on
	30.09.11	30.06.11	31.03.11	31.12.10	30.09.10	30.06.10	31.03.10
Description	%	%	%	%	%	%	%
President of India	66.80	66.80	66.80	66.80	66.80	66.80	66.80
Foreign Institutional Investors	18.51	19.00	20.77	21.22	20.40	19.33	17.83
Resident Individual/ HUF	3.74	3.74	3.26	3.16	3.27	3.33	3.70
Mutual Funds	2.08	1.97	1.75	1.60	3.15	4.08	4.91
Bodies Corporate	4.11	4.96	4.38	4.58	4.29	4.12	4.71
Insurance Companies	3.68	2.50	2.41	2.17	1.79	1.72	1.77
Banks/ Indian FI	0.87	0.73	0.38	0.29	0.15	0.10	0.16
Non Resident Indian	0.09	0.09	0.07	0.06	0.05	0.05	0.06
Clearing Members	0.06	0.17	0.16	0.11	0.08	0.45	0.04
Trust	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

THANK YOU