

Management Presentation

Performance Highlights

Q2 and H1 - FY 11



RURAL ELECTRIFICATION CORPORATION LIMITED

A Navratna PSU

HIGHLIGHTS

(Q2 & H1 FY11 VS. Q2 & H1 FY10)

Balance Sheet

- ▶ Total Assets (net of current liabilities & incl. DTA) increased by 21.75% from Rs. 59,724 Crores to Rs. 72,714 Crores.
- ▶ Outstanding Borrowings increased by 17.10% from Rs. 51,602 Crores to Rs. 60,428 Crores
- ▶ Net worth increased from 8,121 Crores to 12,286 Crores.

Income Statement

- ▶ Operating Income in H1 increased by 28.93% from Rs. 3,045 Crores to Rs. 3,926 Crores.
- ▶ NII increased by 33.33% from Rs. 1,167 Crores to Rs. 1,556 Crores.
- ▶ Profit before tax in H1 increased by 30.11% from Rs. 1,252 Crores to Rs. 1,629 Crores.
- ▶ PAT increased by 24.74% from Rs. 966 Crores to Rs. 1,205 Crores.

Business

- ▶ Disbursements increased by 11.72% from Rs. 9,122 Crores to Rs. 10,191 Crores.
- ▶ Sanctions increased by 5.70% from Rs. 31,476 Crores to Rs. 33,270 Crores.

SANCTIONS - COMPOSITION

(Rs. In Crores)

Particulars	Q1 FY 11	Q1 FY 10	Q2 FY 11	Q2 FY 10	H1 FY 11	H1 FY 10	Q3 FY 10	Q4 FY 10	12M FY 10	12 M FY 09	12 M FY 08
Discipline-wise	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Generation	11,177 49%	11,182 74%	4,796 46%	7,920 48%	15,973 48%	19,102 61%	4,344 41%	586 18%	24,032 53%	21,708 53%	27,337 58%
Trans. & Dist.	11,205 49%	3,365 22%	4,492 43%	6,769 41%	15,697 47%	10,134 32%	4,694 44%	2,407 73%	17,235 38%	16,938 42%	16,810 36%
Short Term Loan	500 2%	590 4%	1,100 11%	1,650 10%	1,600 5%	2,240 7%	1,550 15%	300 9%	4,090 9%	2,100 5%	2,685 6%
Total	22,882	15,137	10,388	16,339	33,270	31,476	10,588	3,269	45,357	40,746	46,832

DISBURSEMENTS - COMPOSITION



(Rs. In Crores)

Particulars	Q1 FY 11	Q1 FY 10	Q2 FY 11	Q2 FY 10	H1 FY 11	H1 FY 10	Q3 FY 10	Q4 FY 10	12M FY 10	12 M FY 09	12 M FY 08
Discipline - wise	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Generation	3,239 70%	1,993 55%	2,759 50%	2,029 37%	5,998 59%	4,022 44%	1,817 30%	2,510 42%	8,349 40%	7,850 46%	4,308 33%
Transmission & Distribution	1,205 26%	1,225 34%	1,988 36%	2,295 42%	3,193 31%	3,520 39%	2,297 38%	3,176 53%	8,993 43%	7,267 42%	7,063 55%
Short Term Loan	200 4%	400 11%	800 14%	1,180 21%	1,000 10%	1,580 17%	1,910 32%	300 5%	3,790 18%	2,040 12%	1,582 12%
Total	4,644	3,618	5,547	5,504	10,191	9,122	6,024	5,986	21,132	17,157	12,953

OUTSTANDING LOAN - COMPOSITION



(Rs. In Crores)

Loan Outstanding	Q1 FY 11		Q1 FY 10		Q2 / H1 FY 11		Q2 / H1 FY 10		Q3 FY 10		12M FY 10		12M FY 09		12M FY 08	
Discipline	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
State	59,505	86	45,279	85	62,671	86	48,574	84	52,889	84	55,574	84	43,303	85	34,422	89
Central PSUs	5,134	7	4,877	9	5,407	7	5,500	10	5,848	10	6,145	9	4,324	9	2,704	7
Private	4,578	7	3,374	6	4,822	7	3,820	6	4,054	6	4,260	7	3,026	6	1,489	4
Total	69,217	100	53,530	100	72,900	100	57,894	100	62,791	100	65,979	100	50,653	100	38,615	100
Generation	28,549	41	20,527	38	30,662	42	19,495	34	22,398	36	23,958	36	17,501	35	10,096	26
T & D	35,337	51	29,229	55	37,261	51	34,059	59	34,475	55	36,723	56	29,275	57	24,420	63
Others	5,331	8	3,774	7	4,976	7	4,340	7	5,918	9	5,298	8	3,877	8	4,099	11
Average rates on outstanding	11.59		11.44		11.60		11.48		11.44		11.45		11.34		10.10	

(1) Excludes interest accrued and due.

(2) Includes short-term loans, debt refinancing, bridge loans, loans to equipment manufacturers, equipment leasing finance.

LOAN QUALITY

(Rs. In Crores)

Particulars	Q1	Q1	Q2	Q2	Q3	12M	12 M	12 M
	FY 11	FY 10	FY 11	FY 10	FY 10	FY 10	FY 09	FY 08
Loan outstanding (1)	69,217	53,530	72,900	57,894	62,791	65,979	50,653	38,615
Gross NPA	20	32	20	21	20	20	69	322
Provision	18	30	18	19	18	18	48	82
Net NPA	2	2	2	2	2	2	21	240
% of Gross NPA to loan outstanding	0.03%	0.06%	0.03%	0.04%	0.03%	0.03%	0.14%	0.83%
% of Net NPA to loan outstanding	0.003%	0.004%	0.003%	0.003%	0.003%	0.003%	0.041%	0.622%

Loan outstanding represents principal outstanding excluding interest accrued and due.

FUNDS RAISED DURING THE PERIOD



(Rs. In Crores)

Category	Q1	Q1	Q2	Q2	H1	H1	Q3	Q4	12 M	12M	12 M
	FY 11	FY 10	FY 11	FY 10	FY 11	FY 10	FY 10	FY 10	FY 10	FY 09	FY 08
	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount	Amount
Capital Gain Bonds	925	508	1,093	526	2,018	1034	666	1,358	3,058	2,525	3,220
	6.00%	6.25%	6.00%	6.25%	6.00%	6.25%	6.25%	6.25%	6.25%	6.01%	5.50%
Taxable Bonds	1,250	927	2,000	8,209	3,250	9,136	1,939	2,454	13,529	8,930	2,570
	6.92%	7.19%	7.82%	8.28%	7.48%	8.18%	8.29%	8.19%	8.19%	10.67%	9.49%
Banks, FIs, CP, etc.	900	1,430	2,200	1,741	3,100	3,171	1,505	2,159	6,835	2,983	2,226
	5.12%	6.42%	8.13%	6.61%	7.36%	6.53%	6.59%	6.35%	6.04%	8.85%	8.84%
Foreign Currency Loan	100	70	1,942	119	2,042	189	207	210	606	457	178
	6.12%	7.62%	6.95%	6.72%	6.92%	6.80%	6.59%	7.01%	6.88%	7.74%	6.55%
Total	3,175	2,935	7,235	10,595	10,410	13,530	4,317	6,181	24,028	14,895	8,194
	6.12%	6.66%	7.41%	7.89%	7.05%	7.62%	6.55%	7.17%	7.31%	9.30%	7.69%

(%) Denotes Average cost of borrowing

BORROWING PROFILE AS AT END OF THE PERIOD



(Rs. In Crores)

Particulars	Q1 FY 11		Q1 FY 10		Q2 & H1 FY 11		Q2 & H1 FY 10		Q3 FY 10		12 M FY 10		12 M FY 09		12 M FY 08	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Capital Gains	10,839	19	14,528	31	10,265	17	11,225	22	11,650	21	9,949	18	14,394	32	14,707	43
Institutional Bonds	31,930	56	19,158	41	33,880	56	26,938	52	28,813	53	30,909	55	18,237	41	9,383	27
Banks, FIs, etc.	10,270	18	9,291	20	10,764	18	9,961	19	9,686	18	10,564	19	9,517	21	9,145	27
Foreign Currency	2,154	3	1,565	3	4,069	7	1,683	3	1,867	3	2,076	4	1,493	3	1,048	3
Commercial paper	2300	4	2,295	5	1,450	2	1,795	4	2,575	5	2,450	4	1,233	3	-	-
Grand Total	57,493	100	46,837	100	60,428	100	51,602	100	54,591	100	55,948	100	44,874	100	34,283	100
Average annualized borrowing Cost	7.76		7.61		* Q2 - 7.96 H1 - 7.82		Q2 - 7.66 H1 - 7.52		7.71		7.75		7.70		6.87	

* The Borrowing cost is without taking into account one time arrangers fee of Rs. 34.66 crore paid during Q2 FY 11 for raising of 5 years External Commercial Syndicated Loan of Rs. 1,823.63 crores equivalent to USD 400 million.

BALANCE SHEET

(Rs. In Crores)

Particulars	Q1	Q1	H1	H1	Q3	12M	FY 09	FY 08
	FY 11	FY 10	FY 11	FY 10	FY 10	FY 10		
<u>Liabilities</u>								
Shareholders Funds	11,668	6,662	12,286	8,122	8,294	11,080	6,190	5,368
Borrowings	57,493	46,838	60,428	51,602	55,153	55,948	44,936	34,283
Deferred Tax Liability/ (-) Asset	-7	956	-8	-7	-7	-7	957	817
Total Liabilities	69,154	54,456	72,706	59,717	63,440	67,021	52,083	40,468
<u>Assets</u>								
Loan Assets (including interest accrued)	69,791	54,248	73,543	58,665	63,631	66,452	51,381	39,317
Investments	933	1,004	1,032	1,004	957	910	1,005	1,147
Fixed Assets (Net)	89	81	89	86	89	90	81	78
Current Assets (Net)	-1,659	-877	-1,958	-38	-1,237	-431	-384	-74
Total Assets	69,154	54,456	72,706	59,717	63,440	67,021	52,083	40,468

INCOME STATEMENT

(Rs. In Crores)

Particulars	Q1	Q1	Q2	Q2	H1	H1	Q3	Q4	12 M	FY 09	FY 08
	FY 11	FY 10	FY 11	FY 10	FY 11	FY 10	FY 10	FY 10	FY 10		
Interest Income	1,877	1,449	1,988	1,533	3,865	2,982	1,653	1,796	6,431	4,665	3,361
Interest Expenses	1,101	874	1,208	941	2,309	1,815	1,017	1,079	3,911	2,897	2,073
Net Interest Income	776	575	780	592	1,556	1,167	636	717	2,520	1,768	1,288
Other Operating Income	22	12	39	51	61	63	18	38	119	92	17
Other Income	29	48	55	39	84	87	35	36	158	174	159
Operating costs	34	30	38	35	72	65	45	38	148	112	112
Provisions for doubtful debts	-	-	-	-	-	-	-	-	-	2	40
Profit Before Tax	793	605	836	647	1629	1252	644	753	2,649	1,920	1,312
Current Tax	206	160	218	163	424	323	170	202	695	507	375
Deferred tax	-	-	-	1	-	1	-	-	1	141	77
Previous years	-	-26	-	-12	-	-38	-	-10	-48	-	-
Profit After Tax	587	471	618	495	1205	966	474	561	2,001	1,272	860
Reversal of Deferred Tax	-	-	-	326	-	326	-	-	326	-	-
Profit after tax and available for appropriation)	587	471	618	821	1205	1292	474	561	2,327	1,272	860
Dividend (inc. Interim)	-	-	-	-	-	-	-	-	604	386	258
Dividend Dist. Tax	-	-	-	-	-	-	-	-	101	66	44
Total (Dividend + Dividend dist. tax)	-	-	-	-	-	-	-	-	705	452	302

KEY INDICATORS

Key Indicators	Q1	Q1	Q2	Q2	H1	H1	Q3	Q4	12 M	12 M	12 M
	FY11	FY10	FY11	FY10	FY11	FY10	FY10	FY10	FY10	FY 09	FY 08
Yield on Loan (%) (Annualized)	11.11	11.13	11.20	11.01	11.14	10.99	10.96	11.16	11.03	10.45	9.62
Cost of Borrowing (%) (Annualized)	7.76	7.61	7.96	7.66	7.82	7.52	7.7	7.80	7.76	7.32	6.05
Interest Spread (%) (Annualized)	3.35	3.52	3.24	3.35	3.32	3.47	3.26	3.36	3.27	3.13	3.57
Net Interest Margin (%) (Annualized)	4.59	4.42	4.39	4.25	4.48	4.30	4.15	4.45	4.32	3.96	3.65
Interest Coverage Ratio	1.72	1.69	1.69	1.69	1.71	1.69	1.63	1.70	1.68	1.66	1.63
Return on Avg. Net worth (%) (Annualized)	20.64	29.32	20.64	26.73	20.65	27.00	23.1	23.17	23.17	22.01	18.33
Debt Equity Ratio	4.93	7.03	4.92	6.35	4.92	6.35	6.65	5.05	5.05	7.26	6.39
Net Worth (Rs. Crores)	11,668	6,662	12,286	8,122	12,286	8,122	8,294	11,080	11,080	6,190	5,368
EPS (in Rs.)	5.95	5.49	6.26	5.76	12.21	11.25	5.52	6.29	23.06	14.81	10.94

SHAREHOLDING PATTERN

As on	As on 30.09.10	As on 30.06.10	As on 31.03.10	As on 31.12.09	As on 30.09.09	As on 30.06.09	As on 31.03.09	As on 31.03.08
Description	%	%	%	%	%	%	%	%
President of India	66.80	66.80	66.80	81.82	81.82	81.82	81.82	81.82
Foreign Institutional Investors	20.40	19.33	17.83	6.04	5.91	4.59	3.43	7.39
Resident Individual/ HUF	3.27	3.33	3.70	3.48	3.74	3.98	4.82	5.24
Mutual Funds	3.15	4.08	4.91	4.23	4.96	7.19	7.24	2.75
Bodies Corporate	4.29	4.12	4.71	2.25	2.13	1.51	1.52	1.79
Insurance Companies	1.79	1.72	1.77	1.96	1.10	0.65	0.66	0.49
Banks/ Indian FI	0.15	0.10	0.16	0.12	0.15	0.15	0.40	0.38
Non Resident Indian	0.05	0.05	0.06	0.05	0.05	0.05	0.05	0.03
Clearing Members	0.08	0.45	0.04	0.04	0.13	0.05	0.05	0.10
Trust	0.02	0.02	0.02	0.01	0.01	0.01	0.01	0.01
Total	100	100	100	100	100	100	100	100

THANK YOU