



REC Limited
A Navratna Company

Investor Presentation
Performance Highlights
Q1 FY 23



**More than Five Decades of
RELENTLESS GROWTH**

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- *This presentation is for information purposes only and is not to be construed as an offer or invitation or recommendation to buy or sell any securities of REC Limited ("REC"), nor shall part, or all, of this presentation form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities of REC.*
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- *The information in this presentation is being provided by REC relying on information obtained from sources believed to be reliable but does not guarantee its accuracy or completeness.*



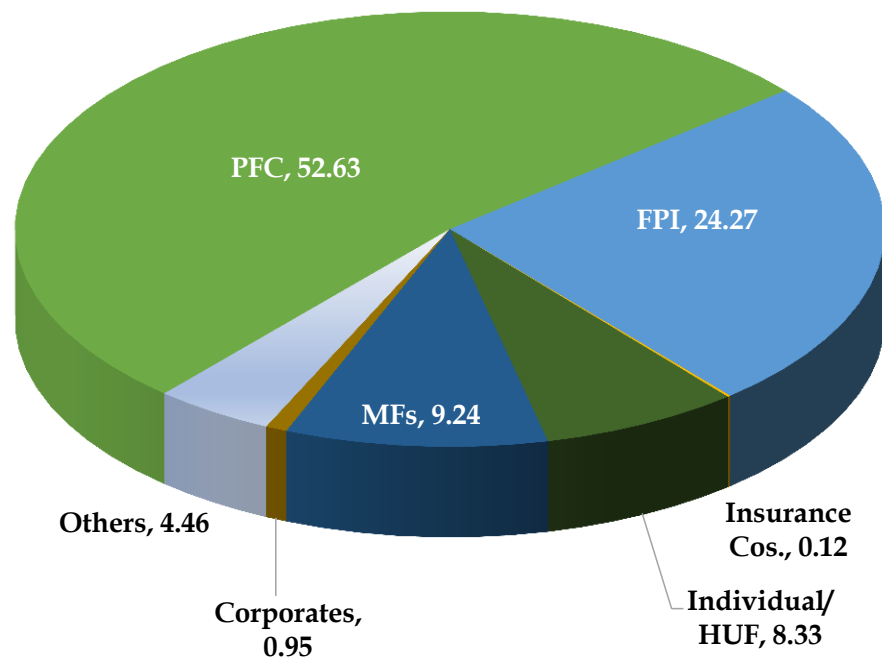
REC Overview



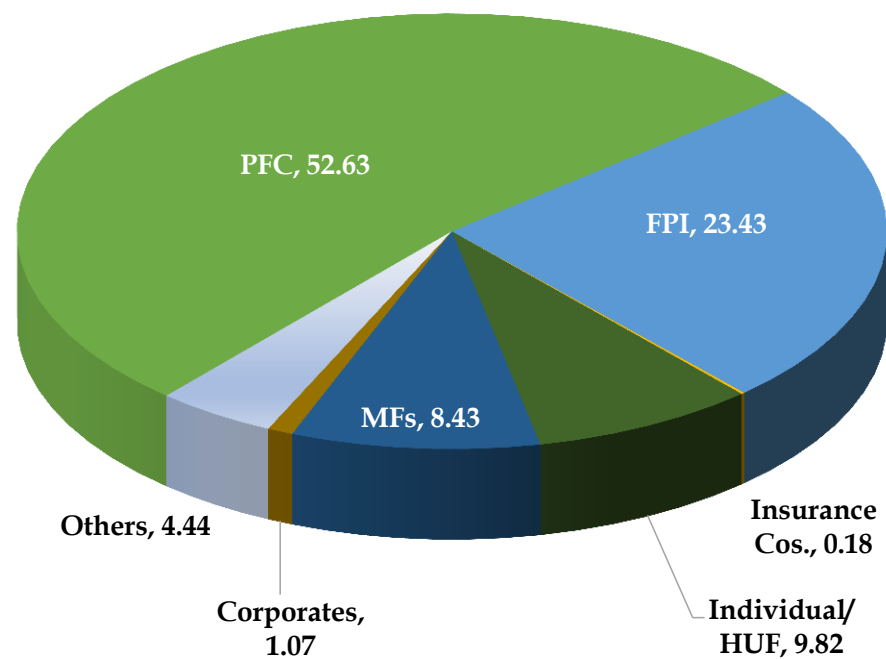


Shareholding Pattern

As at 31.03.2022



As at 30.06.2022



Foreign Portfolio Investors (FPIs) have stayed invested in REC and consistently held more than 20% of REC's equity shares.

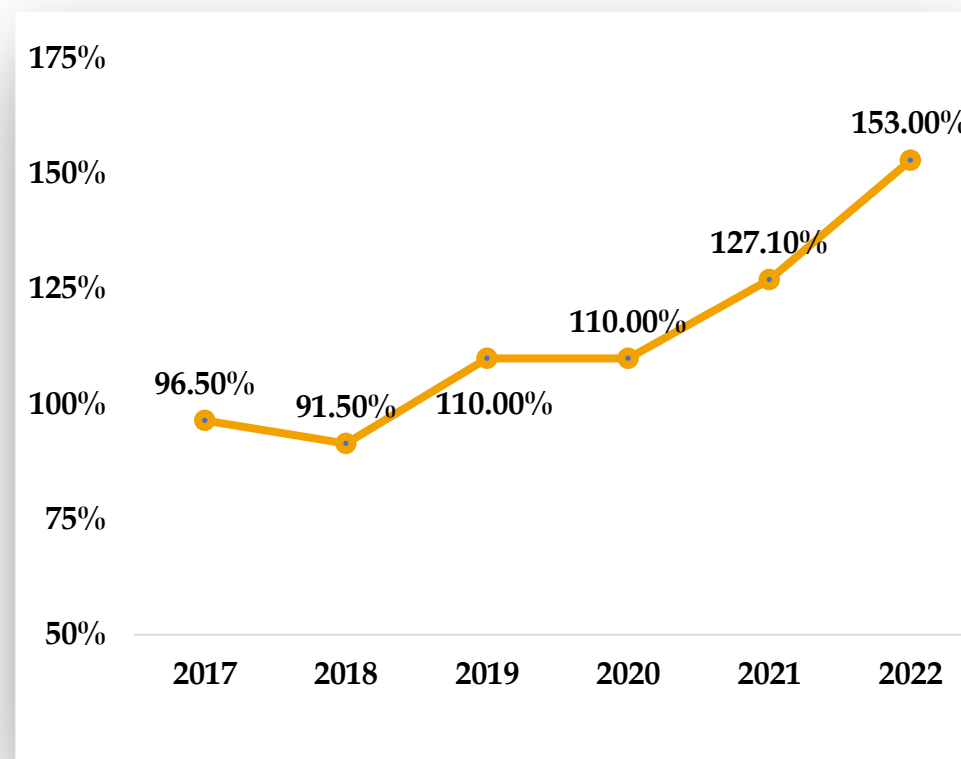
Shareholders Outlook

Top 10 Shareholders as at June 30, 2022

Rank	Particulars	Shareholding (%)
1	Power Finance Corporation Ltd	52.63
2	HDFC Trustee Company Ltd	7.55
3	The WindAcre Partnership Master Fund LP	4.35
4	Life Insurance Corporation Of India	2.85
5	The Prudential Assurance Company Limited	1.14
6	India Capital Fund Limited	0.78
7	Vanguard Emerging Markets Stock Index Fund	0.67
8	HDFC Life Insurance Company Limited	0.63
9	Vanguard Total International Stock Index Fund	0.63
10	Dimensions Group INC.	0.50
	TOTAL	71.73

Dividend Payout as a % of Equity Share Capital

Consistently high dividend paying company



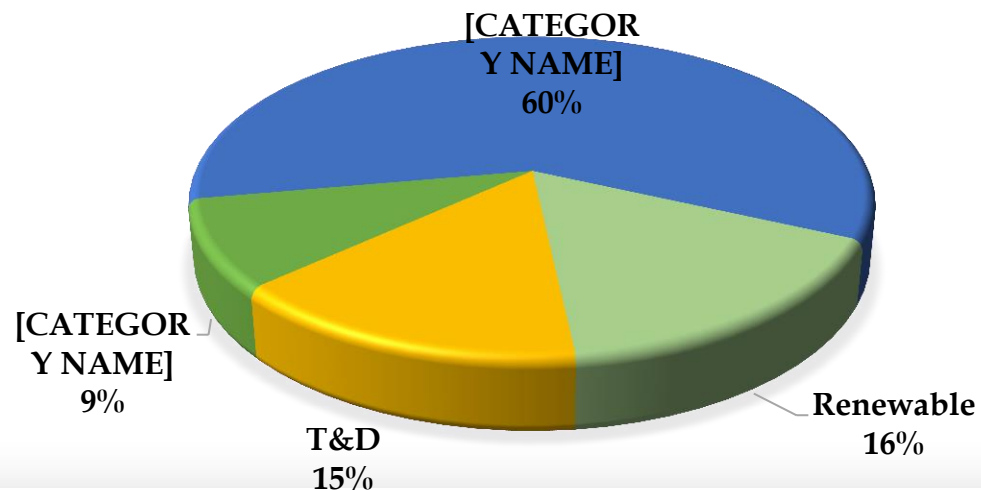
Company recommended issue of Bonus Shares in the ratio of 1:3 with the record date being 18th August 2022, subject to the approval of shareholders.

Operational Performance



Sanctions - Composition

Sector-wise breakup of Sanctions in Q1 FY 23



Total Sanctions
during the Q1 FY23
₹ 59,895crores

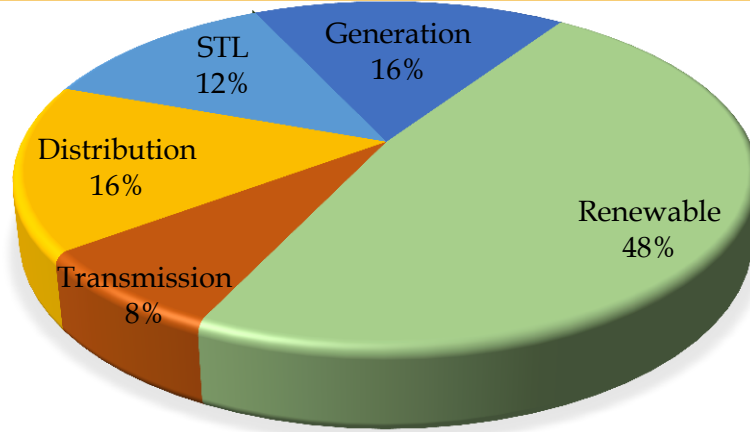


(₹ in Crores)

Discipline-wise	12M						Q1			
	FY 20	%	FY 21	%	FY 22	%	FY 22	%	FY 23	%
Generation	57,362	52	44,301	28	16,081	30	5,061	29	35,662	60
Renewable Energy	7,026	6	18,212	12	14,734	27	2,811	16	9,885	16
Transmission & Distribution	44,555	40	91,768	59	22,135	41	9,402	55	8,998	15
Short Term Loan	1,965	2	540	1	1,471	2	-	-	5,350	9
Total Sanctions	110,908	100	154,821	100	54,421	100	17,274	100	59,895	100

Disbursements – Composition

Sector-wise breakup of Disbursements in Q1 FY 23



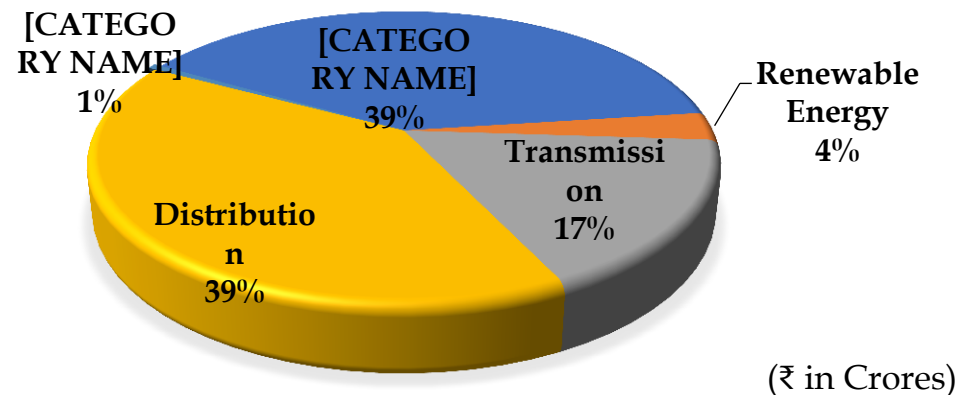
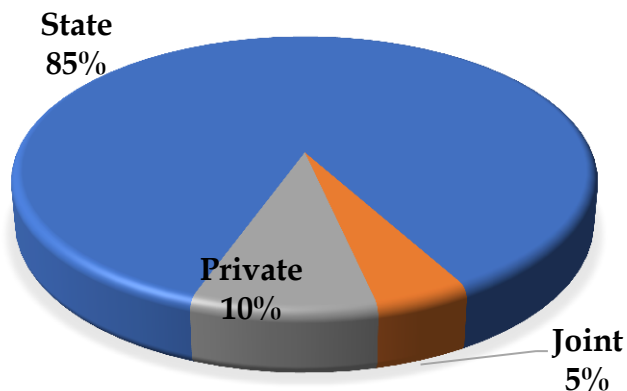
Total Disbursements
during the Q1 FY23
₹ 12,442 crores



(₹ in Crores)

Discipline-wise	12M						Q1			
	FY20	%	FY21	%	FY 22	%	FY 22	%	FY 23	%
Generation	29,301	39	26,960	29	19,907	31	3,762	25	2,033	16
Renewable Energy	5,699	7	3,265	3	2,824	4	951	6	5,931	48
Transmission	13,540	18	9,252	10	8,616	13	3,452	23	965	8
Distribution	25,047	33	52,670	57	28,725	45	3,745	25	1,951	16
Total Transmission & Distribution	38,587	51	61,922	67	37,341	58	7,197	48	2,916	24
Short Term Loan	2,080	3	840	1	4,078	7	3,185	21	1,562	12
Total Disbursements	75,667	100	92,987	100	64,150	100	15,095	100	12,442	100
Under Atmanirbhar Package			39,116		19,752		2,061			

Outstanding Loans – Composition



(₹ in Crores)

Discipline-wise	As at							
	31 st March 2020		31 st March 2021		31 st March 2022		30 th June 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
State	263,032	81	3,16,161	84	3,32,601	86	3,29,240	85
Joint	21,612	7	22,649	6	17,855	5	18,096	5
Private	37,781	12	38,608	10	34,915	9	40,552	10
Total	3,22,425	100	3,77,418	100	3,85,371	100	3,87,888	100
Generation	1,39,519	43	1,55,297	41	1,52,720	39	1,51,813	39
Renewable Energy	16,078	5	16,505	5	11,849	3	17,289	4
Transmission	59,641	19	61,248	16	64,880	17	64,443	17
Distribution	1,06,294	33	1,43,992	38	1,53,861	40	1,52,145	39
Total T&D	1,65,935	52	2,05,240	54	2,18,741	57	2,16,588	56
Short Term Loans	893	-	376	-	2,061	1	2,198	1

Asset Diversification - PAN India Presence

Lending across 27 States and 2 Union Territories

State/ Joint Sector Borrowers

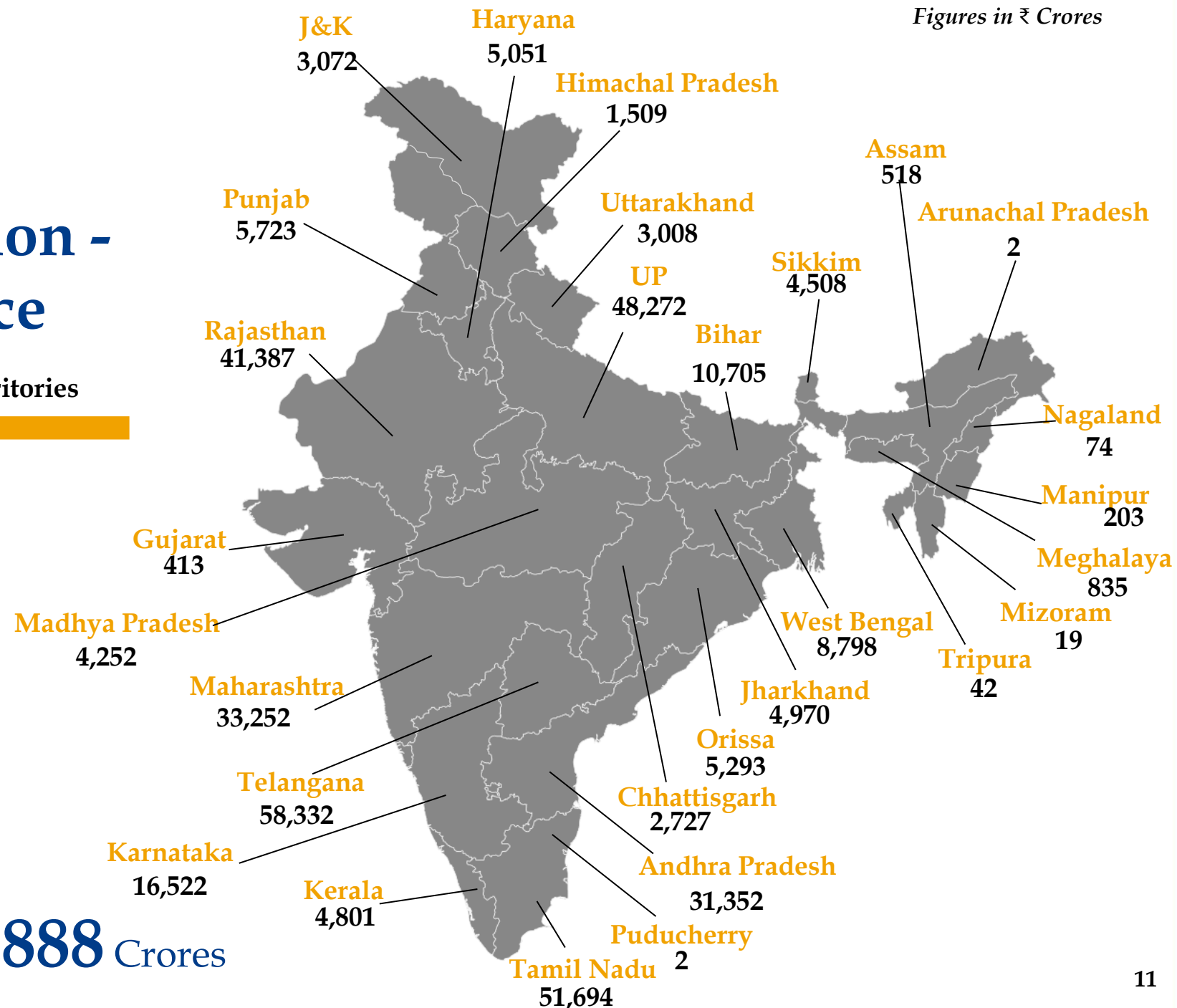
₹ 3,47,336 Crores

Private Sector Borrowers

₹ 40,552 Crores

Total Loan Outstanding ₹ 3,87,888 Crores

Figures in ₹ Crores



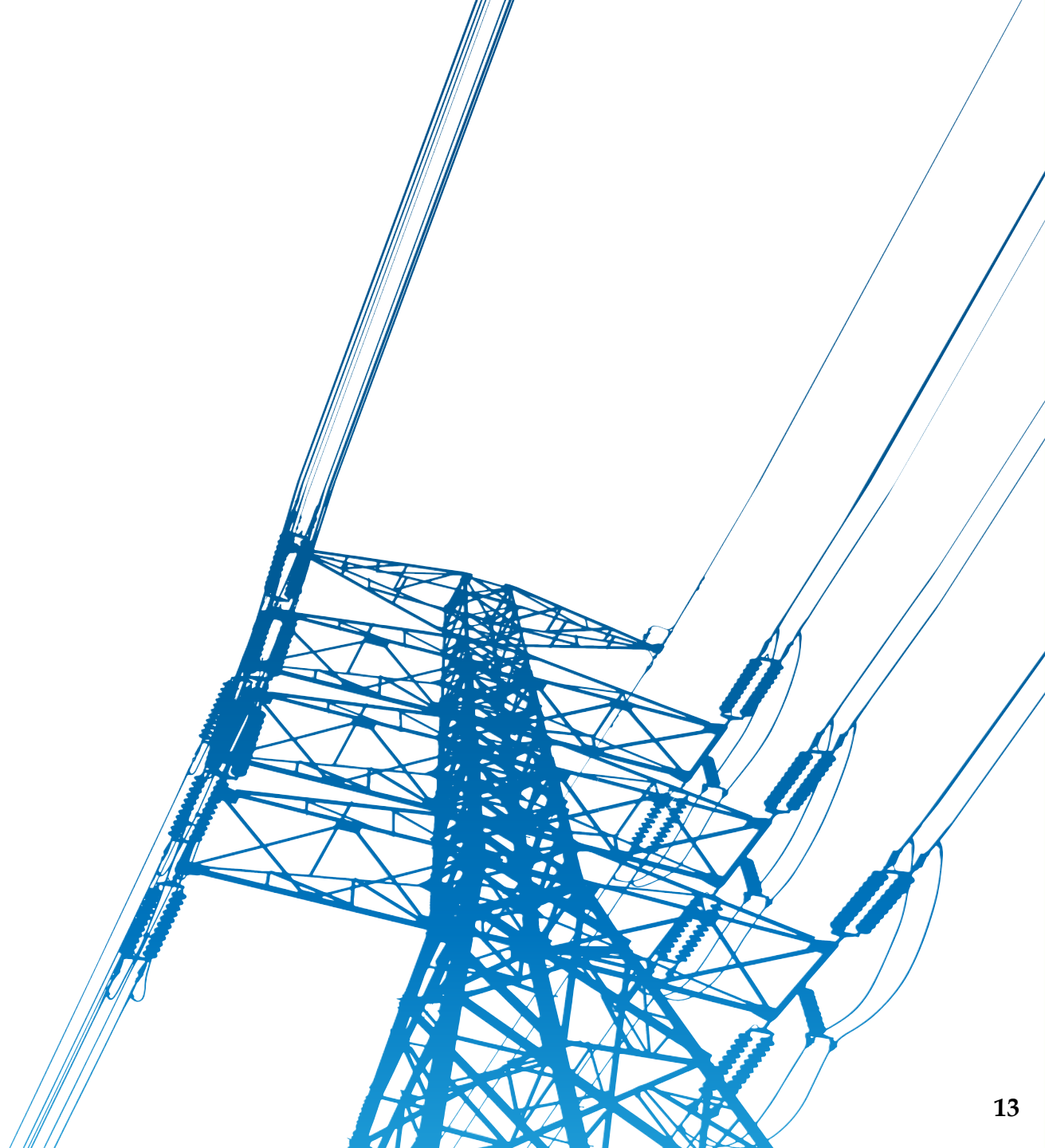
Outstanding Loans -Loan Concentration

Major Borrowers (as at June 30, 2022)

S. No.	Top Ten Borrowers	Amount Outstanding (₹ in Crores)	% of Total Loan Assets
1	Tamil Nadu Generation and Distribution Corporation Limited	37,148	9.58%
2	Uttar Pradesh Power Corporation Limited	19,720	5.08%
3	Maharashtra State Electricity Distribution Company Limited	17,190	4.43%
4	Telangana State Power Generation Corporation Limited	15,789	4.07%
5	Maharashtra State Power Generation Company Limited	13,311	3.43%
6	Kaleshwaram Irrigation Project Corporation Ltd	12,743	3.29%
7	Telangana State Water Resources Infrastructure Development Corporation Limited	12,195	3.14%
8	Rajasthan Rajya Vidyut Utpadan Nigam Limited	12,161	3.14%
9	Tamil Nadu Transmission Corporation Limited	12,077	3.11%
10	Andhra Pradesh Power Generation Corporation Limited	10,770	2.78%
	Total	1,63,104	42.05%

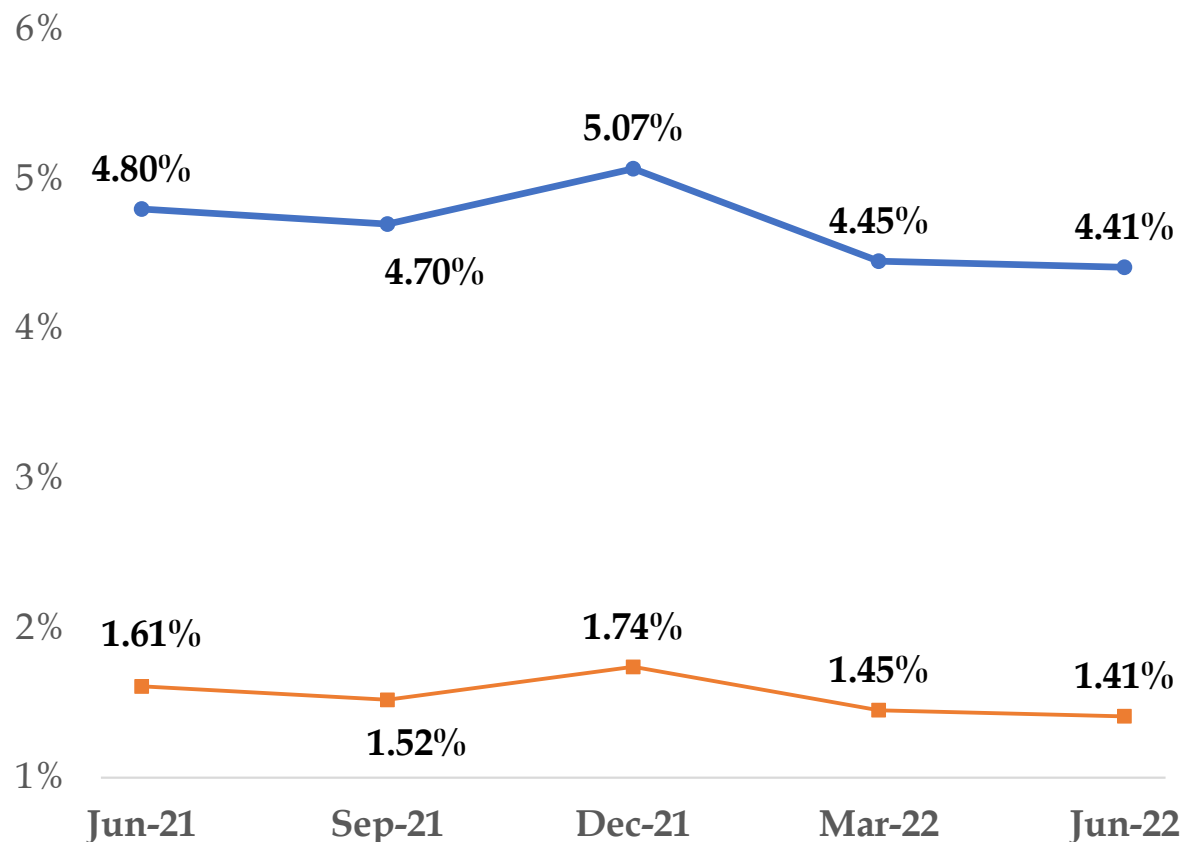
*Well-diversified asset portfolio with Top 10 borrowers accounting for ~42% of current loans.
No slippage in Top 10 accounts*

Asset Quality



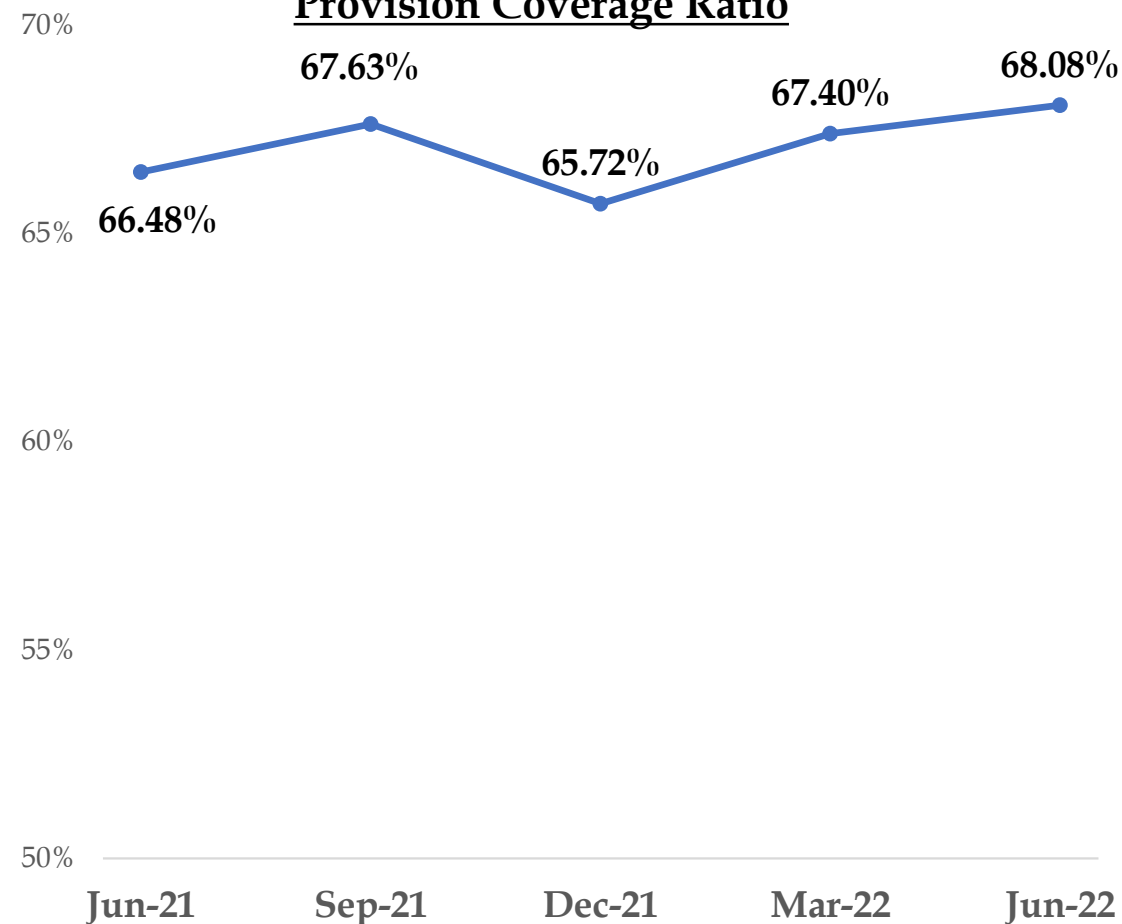
Asset Quality as at June 30, 2022

Stable Asset Quality



—●— Gross Credit-impaired Assets% —■— Net Credit-impaired Assets%

Provision Coverage Ratio



—●— Provision Coverage Ratio

Loan Portfolio as at June 30, 2022

Figures : ₹ in Crores

Particulars	Loan O/s	Credit Impaired Assets (Stage - III)			Standard Assets (Stage - I & II)			Total ECL*
		O/s	ECL	Provision coverage ratio (%)	O/s	ECL	Provision coverage ratio (%)	
State Sector								
- Discoms	1,54,344	-	-	-	1,54,344	1,469	0.95	1,469
- Generation	1,28,831	-	-	-	1,28,831	971	0.75	971
- Renewables	3,647	-	-	-	3,647	30	0.83	30
- Transcos	60,514	-	-	-	60,514	243	0.40	243
Total State Sector	347,336	-	-	-	347,336	2,713	0.78	2,713
Private Sector								
- Generation	22,982	16,144	11,176	69.23	6,838	205	2.99	11,381
- Renewables	13,642	59	22	37.81	13,583	488	3.59	510
- Transcos	3,928	922	461	50.00	3,006	18	0.60	479
Total Private Sector	40,552	17,125	11,659	68.08	23,427	711	3.03	12,370
Grand Total	387,888	17,125	11,659	68.08	370,763	3,424	0.92	15,083

*In addition to the above, Reserves available in the form of Reserve for Bad & Doubtful debts u/s 36(1)(viia)(c) of the Income Tax Act, 1961, Reserve fund u/s 45-IC of RBI Act amounting to ₹ 6,500 crores.

Credit Impaired Assets – Resolution Status

Resolution status of Credit Impaired Assets



Under NCLT

Rs.9,531 crores in NCLT

11 projects

73% provision

Outside NCLT

Rs.7,594 crores resolution pursued
outside NCLT

14 projects

63% provision

Borrowing Profile

Domestic Credit Ratings for Long Term Borrowings

			
"AAA"	"AAA"	"AAA"	"AAA"

International Issuer Ratings

	
"BBB- "	"Baa3"

Outstanding Borrowings

(₹ in Crores)

Particulars	As at				
	31 st March 2020	31 st March 2021	31 st March 2022	30 th June 2022	
	Amount	Amount	Amount	Amount	%
Corporate Bonds	158,148	179,989	152,692	146,814	44
Foreign Currency Borrowings	44,380	47,487	65,957	68,909	21
FCNR (B) Loans	6,973	5,329	9,855	10,657	3
Capital Gain Bonds	22,376	18,122	25,438	28,107	9
Tax Free Bonds	12,648	12,648	11,809	11,809	4
Commercial Papers	2,925	-	-	-	-
Loans from Banks, FIs, NSSF, etc.	32,650	58,925	61,089	63,606	19
Infra Bonds	16	11	4	4	-
Grand Total	280,116	322,511	326,844	329,906	100

*Cost of funds = Ratio of finance costs + (gain)/loss on Translation/transaction + Fees & Commission Expenses to daily average of borrowings

~ 88% of foreign currency exposure with remaining tenure upto 5 years hedged till maturity.

Funds Raised During The Period

(₹ in Crores)

Category	12M			Q1	
	FY20	FY21	FY22	FY22	FY23
(A) Long Term					
Capital Gains Bonds	6,157	5,312	7,316	1,288	2,670
Institutional Bonds/ Subordinate Debt	42,713	48,660	9,080	4,000	-
Loans from Banks/FIs/ NSSF	14,725	21,053	25,850	4,500	2,150
Foreign Currency Borrowings	12,403	14,847	19,683	431	778
Total (A)	75,998	89,872	61,929	10,219	5,598
(B) Short Term					
FCNR (B) Loan	5,599	5,822	10,495	6,176	6,017
Commercial Papers	6,029	-	2,000	-	-
Loans from Banks (Tenor more than 6 months)	2,750	3,550	3,950	2,850	-
Total (B)	14,378	9,372	16,445	9,026	6,017
Total (A + B)	90,376	99,244	78,374	19,245	11,615

Funds Raised During The Period (Long Term)



Financial Highlights



Key Financial Highlights for Q1 FY23

- ❑ Total Income stands at ₹ 9,469 crores.
- ❑ Net Profit stands at ₹ 2,447 crores (↑ 9% YoY).
- ❑ Net Interest Income recorded at ₹ 3,880 crores (↑ 3% YoY).
- ❑ Loan book reached to ₹ 3.88 lakh crores (↑ 2% YoY)
- ❑ Assets Quality improved with Net Credit impaired Assets at 1.41% (vs. 1.61% YoY)
- ❑ Provision Coverage Ratio against Credit impaired assets stands at 68.08%
- ❑ Net-worth stands at ₹ 52,600 crores (↑ 15% YoY)
- ❑ Capital Adequacy Ratio at 24.78% (Tier – I : 21.72% & Tier – II : 3.06%)

Standalone Statement of Profit & Loss

₹ in Crores

Particulars	Q1	
	FY 22	FY 23
Interest Income on Loan assets	9,374	9,262
Less: Finance Costs **	5,597	5,382
Net Interest Income	3,777	3,880
Other Operating Income	213	167
Net notional gain/ (loss) on fair value changes	(81)	30
Other Income	5	9
Total Income (Net of Finance Cost)	3,914	4,086
Less: Translation/transaction exchange loss/(gain)	291	480
Less: Other costs *	84	162
Less: Impairment on financial instruments	781	504
Profit Before Tax	2,758	2,940
Less: Tax Expense	511	493
Profit After Tax	2,247	2,447
Add: Other Comprehensive Income/(Loss)	59	(672)
Total Comprehensive Income/(Loss)	2,306	1,775

- *Other Costs include Employee Benefit Expenses, CSR Expenses, Depreciation & amortization expense and Other Expenses
- **Finance Costs includes fees and commission expense.

Statement of Assets and Liabilities

₹ in Crores

Particulars	As at 30.06.2021	As at 31.03.2022	As at 30.06.2022
Assets			
(A) Financial Assets	402,707	406,417	409,302
Cash and bank balances	6,201	2,422	1,325
Derivative financial instruments	2,983	5,510	6,577
Loans (Ind-AS)	366,701	371,931	374,578
Investments	2,116	2,158	2,102
Other financial assets	24,706	24,396	24,720
(B) Non-Financial Assets	3,516	3,996	4,365
Current tax assets (net)	160	179	252
Deferred tax assets (net)	2,679	3,135	3,432
Fixed Assets	617	634	628
Other non-financial assets	60	48	53
Total Assets (A+B)	406,223	410,413	413,667
Liabilities			
(C) Financial Liabilities	359,952	359,231	360,484
Derivative financial instruments	1071	553	1,258
Borrowings (Ind-AS)	333,227	333,102	334,253
Other financial liabilities	25,654	25,576	24,973
(D) Non-Financial Liabilities	581	196	583
(E) Net Worth	45,690	50,986	52,600
Equity Share Capital	1,975	1,975	1,975
Instruments entirely equity in nature	558	558	558
Other equity	43,157	48,453	50,067
Total Equity & Liabilities (C+D+E)	406,223	410,413	413,667

Key Ratios

Particulars	Q1	
	FY 22	FY 23
Yield on Loan Assets (%)	10.37	10.07
Cost of Funds (%)	6.99	6.73
Interest Spread (%)	3.38	3.34
Net Interest Margin (%)	4.10	4.09
Return on Net Worth (%)	20.17	18.90
Interest Coverage Ratio (Times)	1.49	1.55
Debt Equity Ratio (Times)	7.05	6.26
Earnings per Share (Annualised)	45.50	49.57
Book Value Per Share	231.35	266.34

Yield = Ratio of interest income on Loan Asset to daily average of interest earning loan assets

Cost of funds = Ratio of finance costs + (gain)/ loss on Translation/transaction + Fees & Commission Expenses to daily average of borrowings

Interest Spread = Yield minus Cost of Funds

Net Interest Margin = Ratio of net interest income + gain/ (loss) on Translation/transaction to daily average of interest earning loan assets

Interest Coverage Ratio = Ratio of PBIT to Finance Cost + Fee & Commission Expense

Debt Equity = Ratio of Total Borrowings (net of cash & cash equivalents) to Net Worth

Return on Average Net worth = Ratio of PAT to average Net Worth

Thank You

Glorious Past - Inspiring Future



YEARS AND BEYOND...

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