

# REC Limited

(Formerly Rural Electrification Corporation Limited)  
A Navratna Company

## Investor Presentation

Performance Highlights  
Q2 & H1 FY 21



*ICAI award for Excellence in Financial Reporting (2018-19)*

# Five Decades Of Relentless Growth

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*Disclaimer :*

- *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.*
- *The user of the information contained herein will be solely responsible for own assessment of the market and the market position of REC and to conduct own analysis and will be solely responsible for forming a view of the potential future performance of the business of REC.*
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# REC Overview

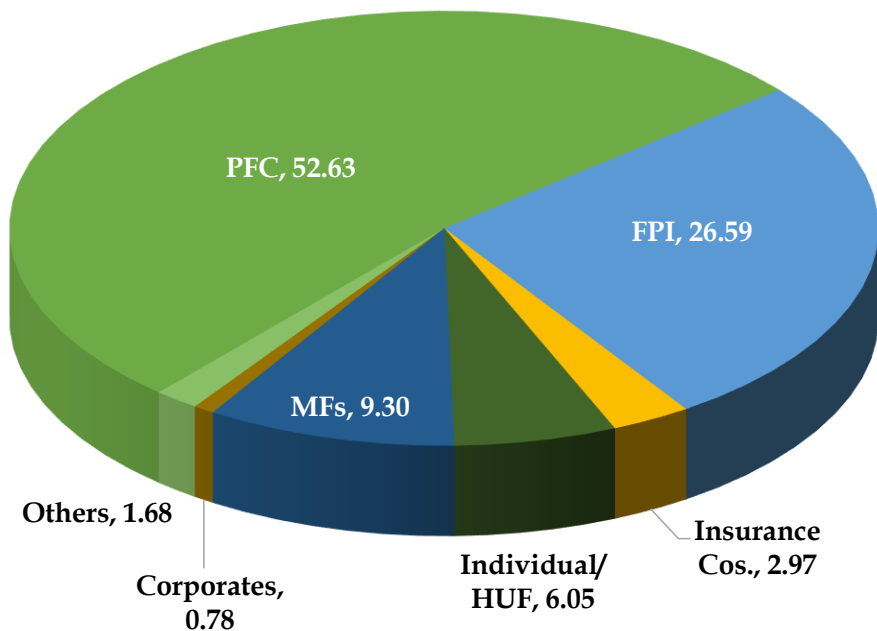


# Key Strengths

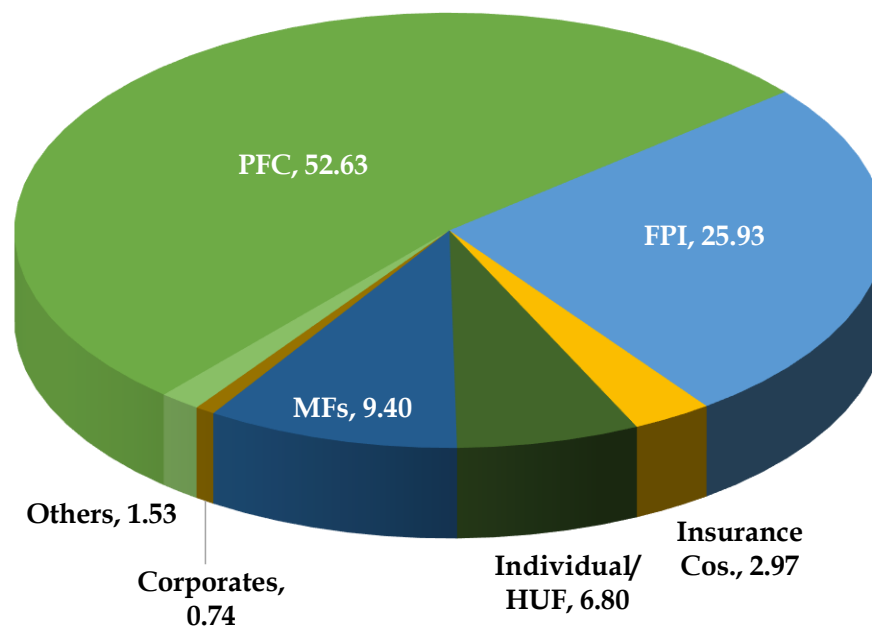


# Shareholding Pattern

As at 30.06.2020



As at 30.09.2020



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

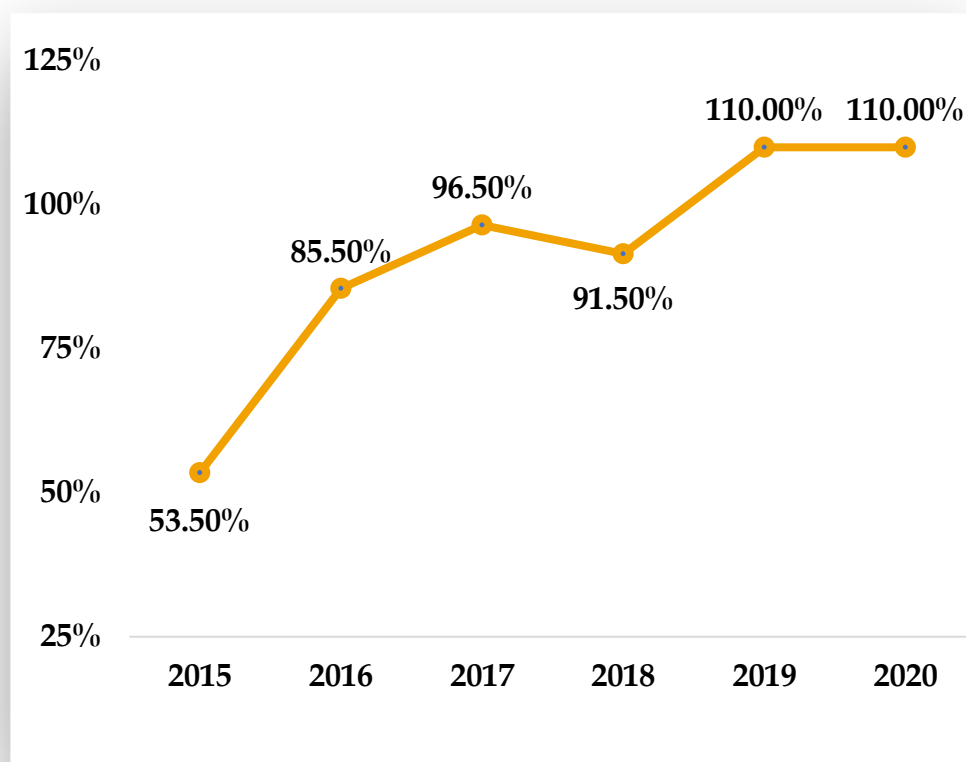
# Shareholders Outlook

## Top 10 Shareholders as at Sep 30, 2020

Rank	Particulars	Shareholding (%)
1	Power Finance Corporation Ltd	52.63
2	HDFC Trustee Company Ltd	8.62
3	Life Insurance Corporation Of India	2.78
4	The WindAcre Partnership Master Fund LP	2.78
5	Abu Dhabi Investment Authority	1.32
6	UBS Principal Capital Asia Ltd	1.11
7	The Prudential Assurance Company Limited	1.09
8	India Capital Fund Limited	0.81
9	HDFC Life Insurance Company Limited	0.63
10	Vanguard Total International Stock Index Fund	0.57
	<b>TOTAL</b>	<b>72.34</b>

## Dividend Payout as a % of Equity Share Capital

Consistently high dividend paying company



*The Company has declared interim dividend of ₹6 per share on face value of ₹ 10 per share for the financial year 2020-21*

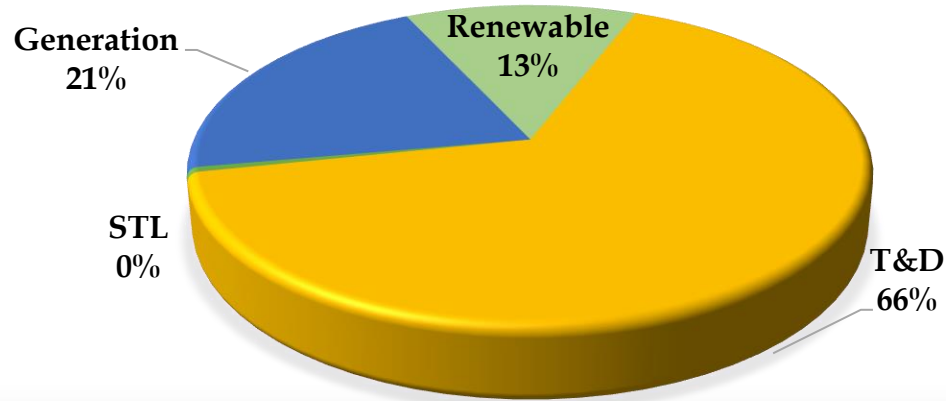


# Operational Performance



# Sanctions - Composition

## Sector-wise breakup of Sanctions in H1 FY 21



68% increase in Sanctions  
H1 FY21 Vs H1 FY20

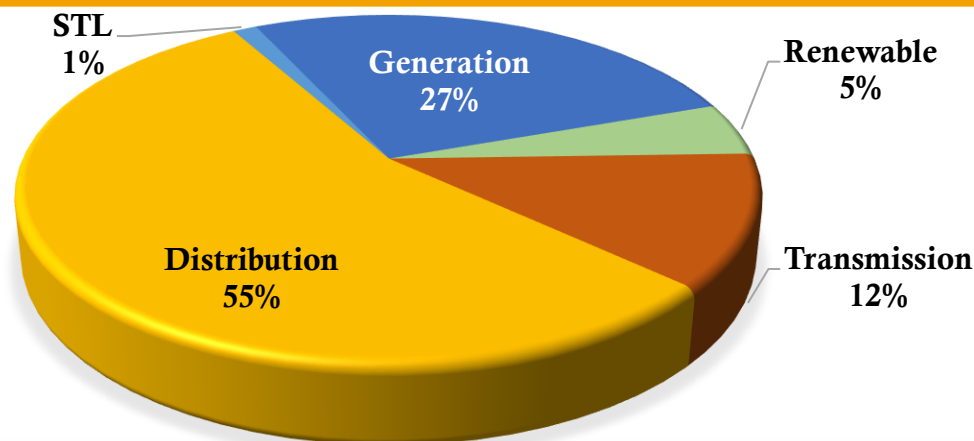
(₹ in Crores)

Discipline-wise	12M						Q2				H1			
	FY 18	%	FY 19	%	FY 20	%	FY 20	%	FY 21	%	FY 20	%	FY 21	%
Generation	53,224	49	43,282	37	57,362	52	28,442	69	4,931	7	34,476	53	22,861	21
Renewable Energy	7,034	7	11,875	10	7,026	6	3,037	7	6,402	9	5,212	8	14,184	13
Transmission & Distribution	40,541	38	56,610	49	44,555	40	9,526	23	56,513	84	24,410	37	72,335	66
Short Term Loan	6,735	6	4,190	4	1,965	2	295	1	115	-	1,490	2	540	-
<b>Total Sanctions</b>	<b>107,534</b>	<b>100</b>	<b>115,957</b>	<b>100</b>	<b>110,908</b>	<b>100</b>	<b>41,300</b>	<b>100</b>	<b>67,961</b>	<b>100</b>	<b>65,588</b>	<b>100</b>	<b>109,920</b>	<b>100</b>



# Disbursements – Composition

## Sector-wise breakup of Disbursements in H1 FY 21

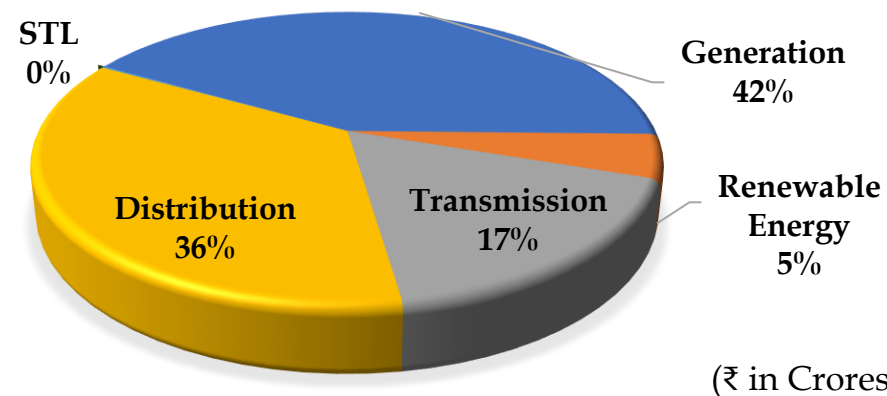
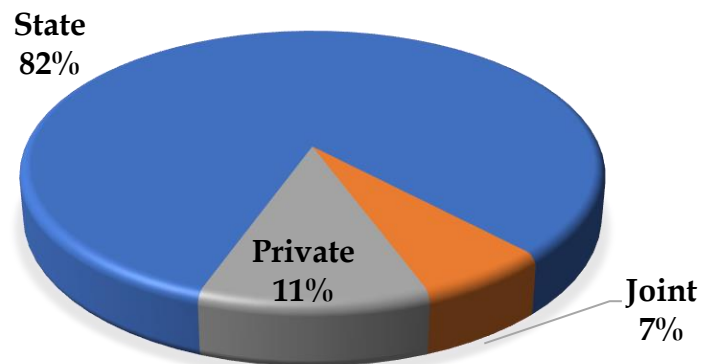


31% growth in total  
Disbursements  
H1 FY20 vs H1 FY21

(₹ in Crores)

Discipline-wise	12M						Q2				H1			
	FY18	%	FY19	%	FY20	%	FY 20	%	FY 21	%	FY 20	%	FY 21	%
Generation	18,086	29	20,462	29	29,301	39	3,737	21	6,721	23	7,739	23	11,723	27
Renewable Energy	5,403	9	6,628	9	5,699	7	2,483	14	1,538	5	3,706	11	2,152	5
Transmission	6,668	11	10,911	15	13,540	18	3,677	20	2,903	10	6,858	20	5,430	12
Distribution	24,920	40	30,324	42	25,047	33	7,344	41	17,549	61	13,663	41	24,252	55
Total Transmission & Distribution	31,588	51	41,235	57	38,587	51	11,021	61	20,452	71	20,521	61	29,682	67
Short Term Loan	6,635	11	3,840	5	2,080	3	740	4	115	1	1,640	5	540	1
<b>Total Disbursements</b>	<b>61,712</b>	<b>100</b>	<b>72,165</b>	<b>100</b>	<b>75,667</b>	<b>100</b>	<b>17,981</b>	<b>100</b>	<b>28,826</b>	<b>100</b>	<b>33,606</b>	<b>100</b>	<b>44,097</b>	<b>100</b>

# Outstanding Loans – Composition



(₹ in Crores)

Discipline-wise	As at							
	31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2019		31 <sup>st</sup> March 2020		30 <sup>th</sup> Sep 2020	
	Amount	%	Amount	%	Amount	%	Amount	%
State	186,445	78	226,681	81	263,032	81	287,239	82
Joint	19,798	8	21,035	7	21,612	7	22,412	7
Private	33,206	14	33,494	12	37,781	12	39,300	11
<b>Total</b>	<b>239,449</b>	<b>100</b>	<b>281,210</b>	<b>100</b>	<b>322,425</b>	<b>100</b>	<b>348,951</b>	<b>100</b>
Generation	108,442	46	121,912	43	139,519	43	146,530	42
Renewable Energy	7,506	3	12,895	5	16,078	5	16,940	5
Transmission	45,558	19	52,068	19	59,641	19	60,969	17
Distribution	72,295	30	92,147	32	106,294	33	123,906	36
Total T&D	117,853	49	144,215	51	165,935	52	184,875	53
Short Term Loans	5,648	2	2,188	1	893	-	606	-

# Asset Diversification - PAN India Presence

Lending across 27 States and 3 Union Territories

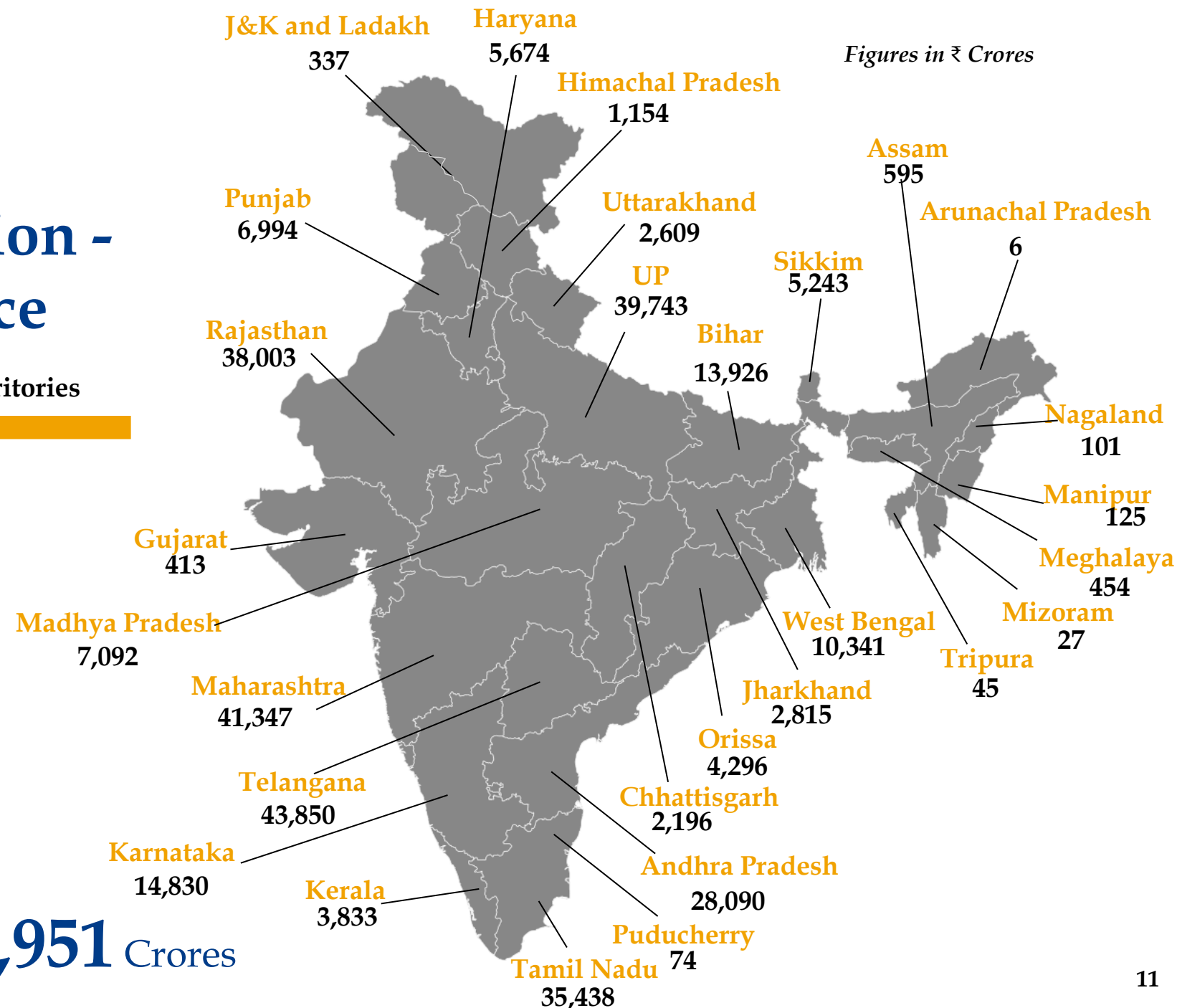
State Sector Borrowers

₹ 3,09,651 Crores

Private Sector Borrowers

₹ 39,300 Crores

Total Loan Outstanding - ₹ 3,48,951 Crores



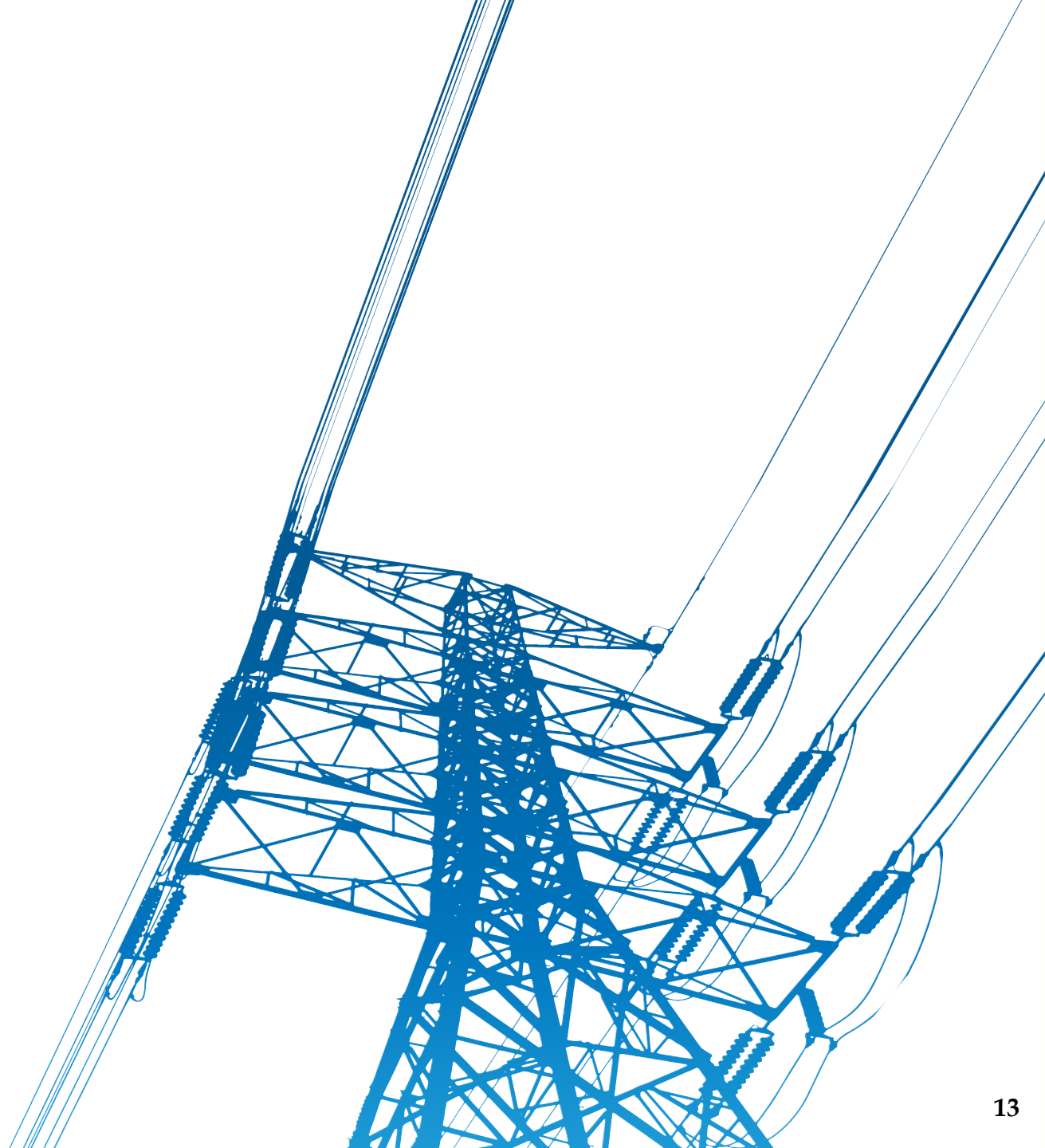
# Outstanding Loans -Loan Concentration

## Major Borrowers (as at September 30, 2020)

S. No.	Top Ten Borrowers	Amount Outstanding (₹ Crores)	% of Total Loan Assets
1	Maharashtra State Electricity Distribution Company Limited	23,295	6.68%
2	Tamil Nadu Generation and Distribution Corporation Limited	19,136	5.48%
3	Maharashtra State Power Generation Company Limited	14,165	4.06%
4	Rajasthan Rajya Vidyut Utpadan Nigam Limited	13,786	3.95%
5	Telangana Power Generation Corporation Limited	13,619	3.90%
6	Uttar Pradesh Power Corporation Limited	12,420	3.56%
7	Tamil Nadu Transmission Corporation Limited	11,690	3.35%
8	Andhra Pradesh Power Generation Corporation Limited	10,478	3.00%
9	Telangana State Water Resources Infrastructure Development Corporation Limited	9,818	2.81%
10	Nabinagar Power Generating Co. Private Limited	8,775	2.51%
	<b>Total</b>	<b>1,37,182</b>	<b>39.30%</b>

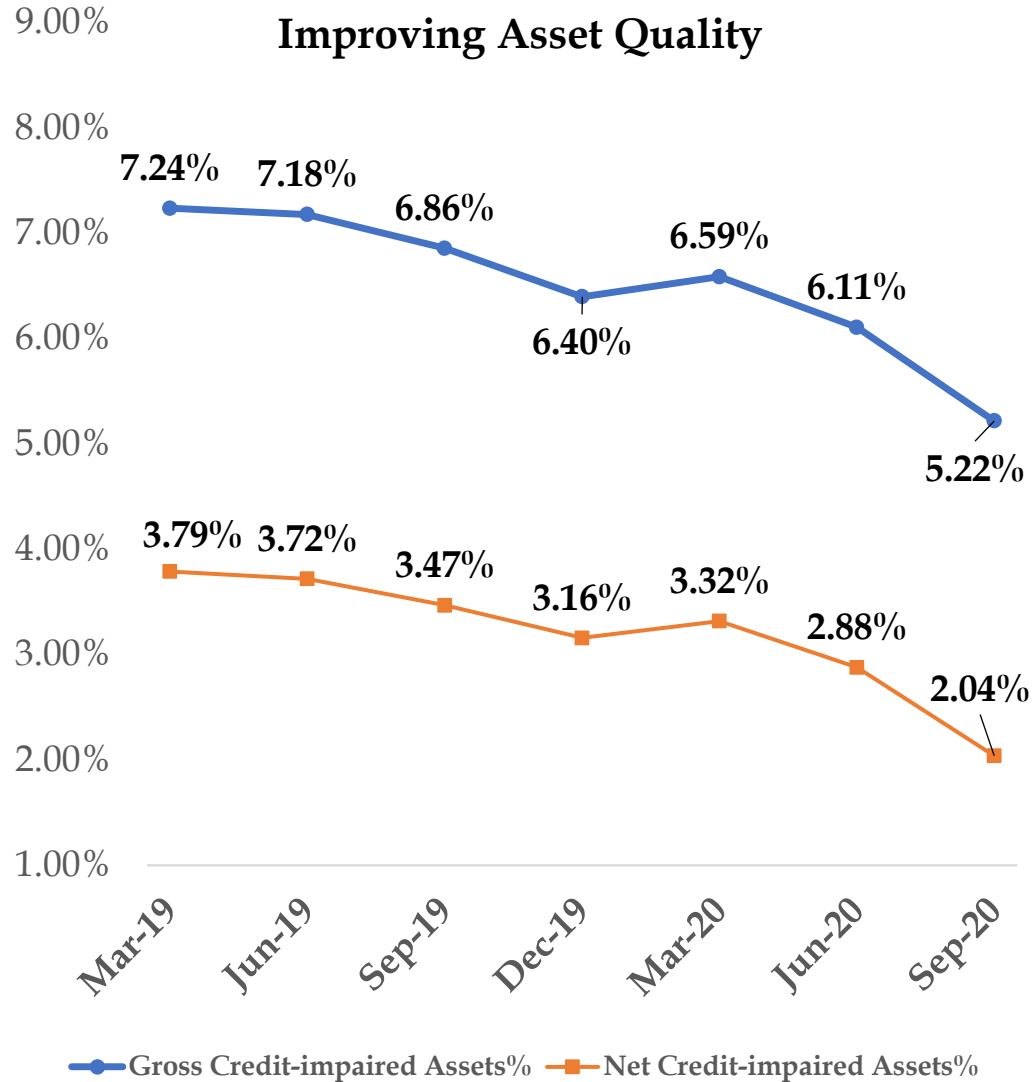
*Well-diversified asset portfolio with Top 10 borrowers accounting for ~39% of current loans.  
No single borrower group accounting for more than 7% of total loan book.  
No slippage in Top 10 accounts*

# Asset Quality

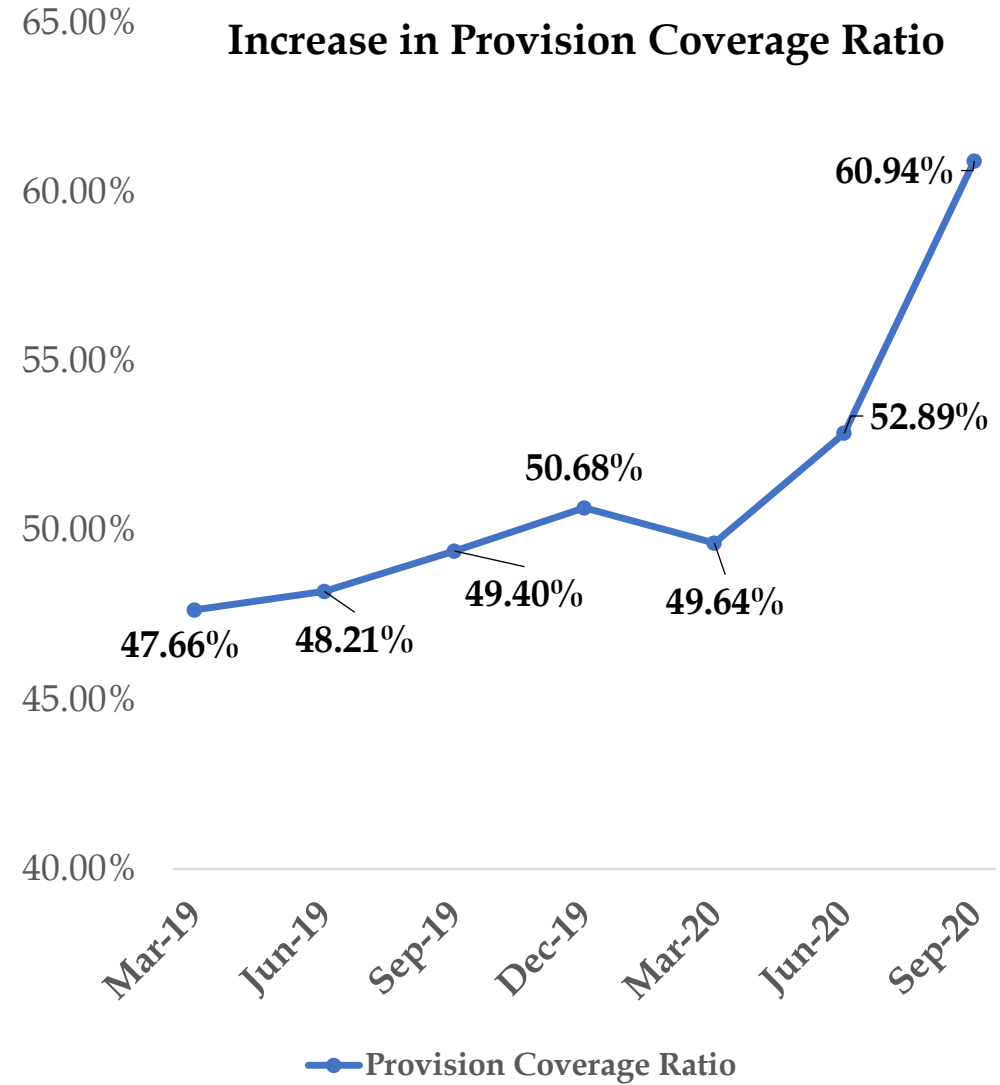


# Asset Quality as at September 30, 2020

## Improving Asset Quality



## Increase in Provision Coverage Ratio





# Loan Portfolio as at Sep 30, 2020

Figures : ₹ 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 (%)	
<b>State Sector</b>								
- Gencos	119,181	-	-	-	119,181	66	0.06	66
- Renewables	7,185	-	-	-	7,185	7	0.10	7
- Transcos	58,654	-	-	-	58,654	13	0.02	13
- Discoms	124,631	-	-	-	124,631	237	0.19	237
<b>Total State Sector</b>	<b>309,651</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>309,651</b>	<b>323</b>	<b>0.10</b>	<b>323</b>
<b>Private Sector</b>								
- Genco	27,228	17,277	10,709	61.98	9,952	1,192	11.98	11,901
- Transcos	2,316	922	375	40.67	1,394	13	0.93	388
- Renewables	9,756	22	19	86.36	9,734	113	1.16	132
<b>Total Private Sector</b>	<b>39,300</b>	<b>18,221</b>	<b>11,103</b>	<b>60.94</b>	<b>21,079</b>	<b>1,318</b>	<b>6.25</b>	<b>12,421</b>
<b>Grand Total</b>	<b>348,951</b>	<b>18,221</b>	<b>11,103</b>	<b>60.94</b>	<b>330,730</b>	<b>1,641</b>	<b>0.50</b>	<b>12,744</b>

\*In addition to the above, Reserves available in the form of Reserve for Bad & Doubtful debts u/s 36(1)(viii)(c) of the Income Tax Act, 1961, Reserve fund u/s 45-IC of RBI Act and Impairment Reserve amounting to ₹ 6,764 crores.

# Borrowing Profile

## Domestic Credit Ratings for Long Term Borrowings

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

## International Issuer Ratings

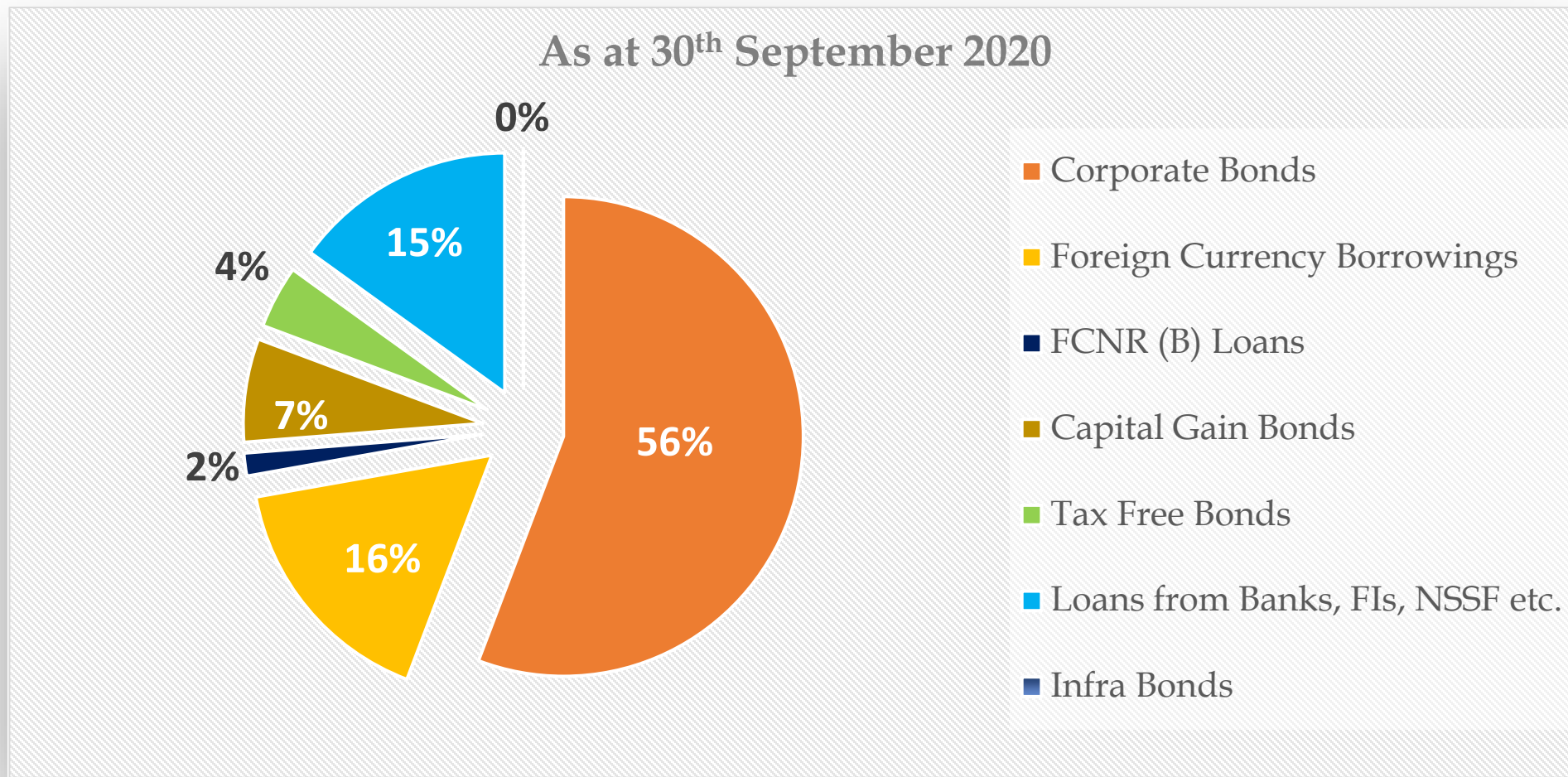
	
"BBB- "	"Baa3"

# Outstanding Borrowings

(₹ Crores)

Particulars	As at				
	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	30 <sup>th</sup> Sep 2020	
	Amount	Amount	Amount	Amount	%
Corporate Bonds	128,871	135,184	158,148	166,748	55.8
Foreign Currency Borrowings	25,996	29,710	44,380	49,136	16.4
FCNR (B) Loans	3,811	5,048	6,973	4,612	1.5
Capital Gain Bonds	23,705	23,880	22,376	20,827	7.0
Tax Free Bonds	12,648	12,648	12,648	12,648	4.2
Commercial Papers	3,250	7,975	2,925	-	-
Loans from Banks, FIs, NSSF, etc.	400	24,750	32,650	45,004	15.1
Infra Bonds	110	91	16	16	-
<b>Grand Total</b>	<b>198,791</b>	<b>239,286</b>	<b>280,116</b>	<b>298,991</b>	<b>100.0</b>
<b>Average annualized Cost of Funds</b>	<b>7.53%</b>	<b>7.16%</b>	<b>7.31%</b>	<b>7.33%</b>	

# Diversified Borrowing Profile



*~ 66% of foreign currency exposure are hedged as on 30<sup>th</sup> September 2020*

# Funds Raised During The Period

(₹ Crores)

Category	12M			Q2		H1	
	FY18	FY19	FY20	FY20	FY21	FY20	FY21
(A) <u>Long Term</u>							
Capital Gains Bonds	9,565	6,652	6,157	1,592	977	2,856	1,837
Institutional Bonds/ Subordinate Debt	26,145	24,010	42,713	9,581	8,964	17,613	21,854
Loans from Banks/FIs/ NSSF	-	24,550	14,725	3,250	7,600	3,725	10,865
Foreign Currency Borrowings	11,696	9,734	12,403	6,722	788	7,246	8,126
<b>Total (A)</b>	<b>47,406</b>	<b>64,946</b>	<b>75,998</b>	<b>21,145</b>	<b>18,329</b>	<b>31,440</b>	<b>42,682</b>
<i>Annualized Cost of funds raised</i>	6.17%	8.13%	6.73%	6.59%	6.59%	6.51%	6.89%
(B) <u>Short Term</u>							
FCNR (B) Loan	3,759	4,437	5,599	2,117	-	2,639	1,144
Commercial papers	12,115	19,393	6,029	-	-	3,808	-
Loans from Banks	-	-	2,750	-	2,000	-	5,775
<b>Total (B)</b>	<b>15,874</b>	<b>23,830</b>	<b>14,378</b>	<b>2,117</b>	<b>2,000</b>	<b>6,447</b>	<b>6,919</b>
<b>Total (A + B)</b>	<b>63,280</b>	<b>88,776</b>	<b>90,376</b>	<b>23,262</b>	<b>20,329</b>	<b>37,887</b>	<b>49,601</b>

% denotes annualized cost of borrowings mobilized

# Funds Raised During The Period (Long Term)





# Financial Highlights



# Key Financial Highlights



**All-time high quarterly profits at ₹ 2,190 crores**



- ❑ Total Income for H1 FY21 at ₹ 17,214 crores (up 20% YoY) as against Rs. 14,399 crores for H1 FY 20
- ❑ Net Interest Income for H1 FY21 at ₹ 6,127 crores (up 23% YoY) as against Rs. 4,979 crores for H1 FY20
- ❑ Loan book as at 30<sup>th</sup> September 2020 stands at ₹ 348,951 crores, reflecting 16% YoY increase
- ❑ Net Credit impaired Assets as at 30<sup>th</sup> Sep 2020 stands at 2.04% as against 3.47% as at 30<sup>th</sup> Sep 2019
- ❑ Expected Credit Loss (ECL) evaluation & calculation undertaken by ICRA Analytics Limited
- ❑ Provision Coverage Ratio against Credit impaired assets stands at 60.94% as at September 30, 2020
- ❑ Net-worth as at Sep 30, 2020 stands at ₹ 40,259 crores as against ₹ 36,837 crores as at Sep 30, 2019
- ❑ Capital Adequacy Ratio as at September 30, 2020 stands at 18.35% (Tier – I : 14.86% & Tier – II : 3.49%)

# Standalone Statement of Profit & Loss

₹ Crores

Particulars	Q2		H1	
	FY20	FY 21	FY20	FY 21
Interest Income on Loan assets	7,347	8,745	14,266	16,732
Less: Finance Costs	4,715	5,412	9,287	10,605
Net Interest Income	2,632	3,333	4,979	6,127
Other Operating Income	75	138	142	261
Net notional gain/ (loss) on fair value changes	176	(104)	(15)	208
Other Income	3	12	6	13
Total Income	7,601	8,791	14,399	17,214
Translation/transaction exchange loss/ (gain)	630	(264)	672	140
Other costs *	116	77	225	227
Impairment on financial instruments	300	793	273	992
<b>Profit Before Tax</b>	<b>1,840</b>	<b>2,773</b>	<b>3,942</b>	<b>5,250</b>
Tax Expense	533	583	1,134	1,221
<b>Profit After Tax</b>	<b>1,307</b>	<b>2,190</b>	<b>2,808</b>	<b>4,029</b>
Other Comprehensive Income/ (Loss)	(55)	112	(78)	272
<b>Total Comprehensive Income/(Loss)</b>	<b>1,252</b>	<b>2,302</b>	<b>2,730</b>	<b>4,301</b>

\* Other Costs include Fees & Commission Expenses, Employee Benefit Expenses, CSR Expenses, Depreciation & amortization expense and Other Expenses

# Statement of Assets and Liabilities

₹ Crores

Particulars	As at 31.03.2020	As st 30.09.2020
<b>Assets</b>		
<b>(A) Financial Assets</b>	<b>343,497</b>	<b>367,920</b>
Cash and bank balances	3,700	3,114
Derivative financial instruments	3,319	3,129
Loans (Ind-AS)	312,084	337,081
Investments	2,313	2,656
Other financial assets	22,081	21,940
<b>(B) Non-Financial Assets</b>	<b>2,991</b>	<b>3,109</b>
Current tax assets (net)	393	249
Deferred tax assets (net)	2034	2,257
Fixed Assets	451	530
Other non-financial assets	113	73
<b>Total Assets (A+B)</b>	<b>346,488</b>	<b>371,029</b>
<b>Liabilities</b>		
<b>(C) Financial Liabilities</b>	<b>311,229</b>	<b>330,003</b>
Derivative financial instruments	1,326	1,374
Borrowings (Ind-AS)	286,340	305,727
Other financial liabilities	23,563	22,902
<b>(D) Non-Financial Liabilities</b>	<b>182</b>	<b>767</b>
<b>(E) Net Worth</b>	<b>35,077</b>	<b>40,259</b>
Equity Share Capital	1,975	1,975
Other equity	33,102	38,284
<b>Total Equity &amp; Liabilities (C+D+E)</b>	<b>346,488</b>	<b>371,029</b>

# Key Ratios

Particulars	Q2		H1	
	FY20	FY21	FY20	FY21
Yield on Loan Assets (%)	10.78	11.03	10.65	10.69
Cost of Funds (%)	7.48	7.26	7.48	7.33
Interest Spread (%)	3.30	3.77	3.17	3.36
Net Interest Margin (%)	3.86	4.19	3.71	3.91
Return on Net Worth (%)	14.37	22.57	15.79	21.39
Interest Coverage Ratio (Times)	1.39	1.51	1.42	1.50
Debt Equity Ratio (Times)	6.90	7.38	6.90	7.38
Earnings per Share (Annualised) (Face Value ₹ 10 per share)	26.48	44.36	28.44	40.80
Book Value Per Share (Face Value ₹ 10 per share)	186.52	203.85	186.52	203.85

*Yield = Ratio of interest income to average interest earning loan assets*

*Cost of funds = Ratio of finance costs to average borrowings, without foreign exchange fluctuation gain/loss amortized.*

*Interest Spread = Yield minus Cost of Funds*

*Net Interest Margin = Ratio of net interest income, without foreign exchange fluctuation gain/loss amortized to average interest earning loan assets*

*Interest Coverage Ratio = Ratio of Profit before Interest & Tax to Interest*

*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...