

REC Limited
A Navratna Company

Investor Presentation

Performance Highlights
Q3 & 9M FY 21



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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REC Overview

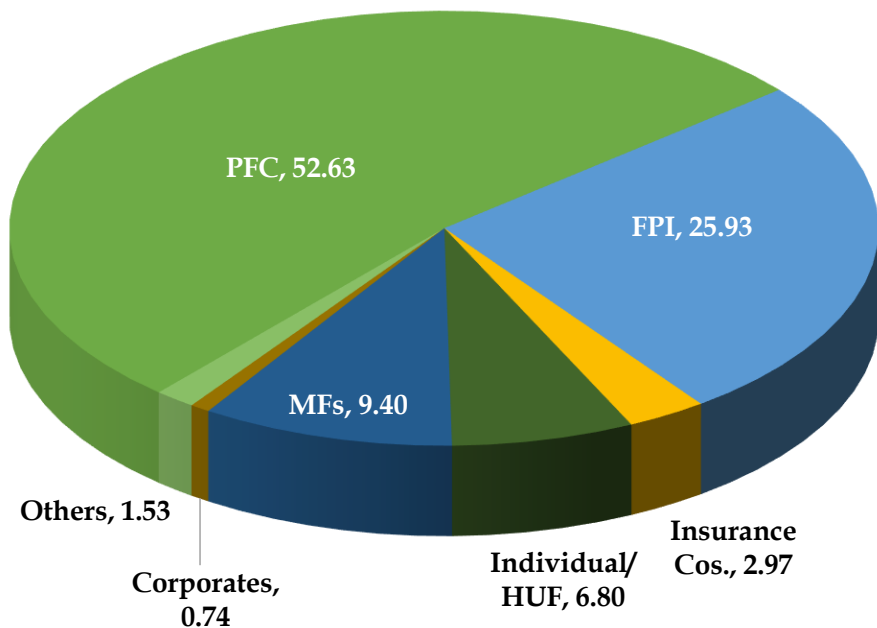


Key Strengths

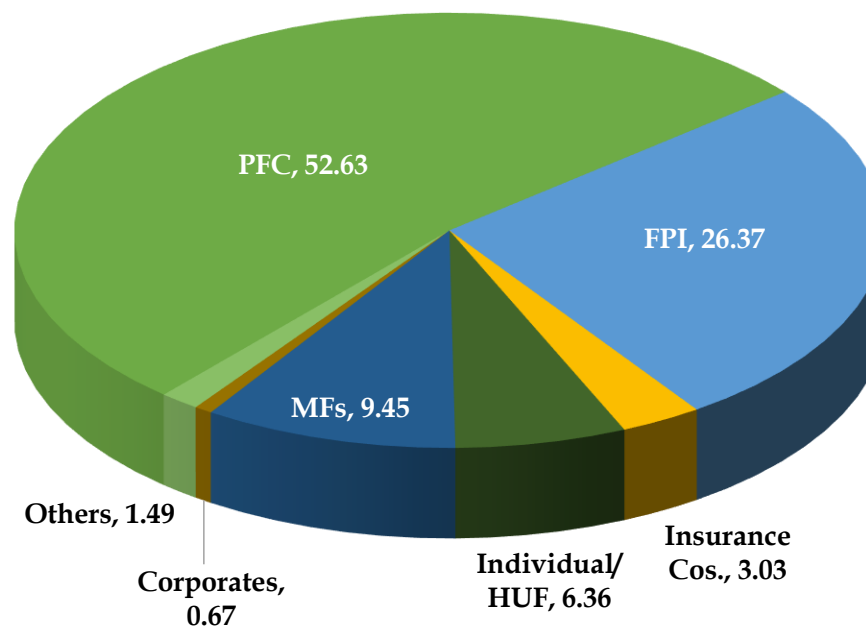


Shareholding Pattern

As at 30.09.2020



As at 31.12.2020



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

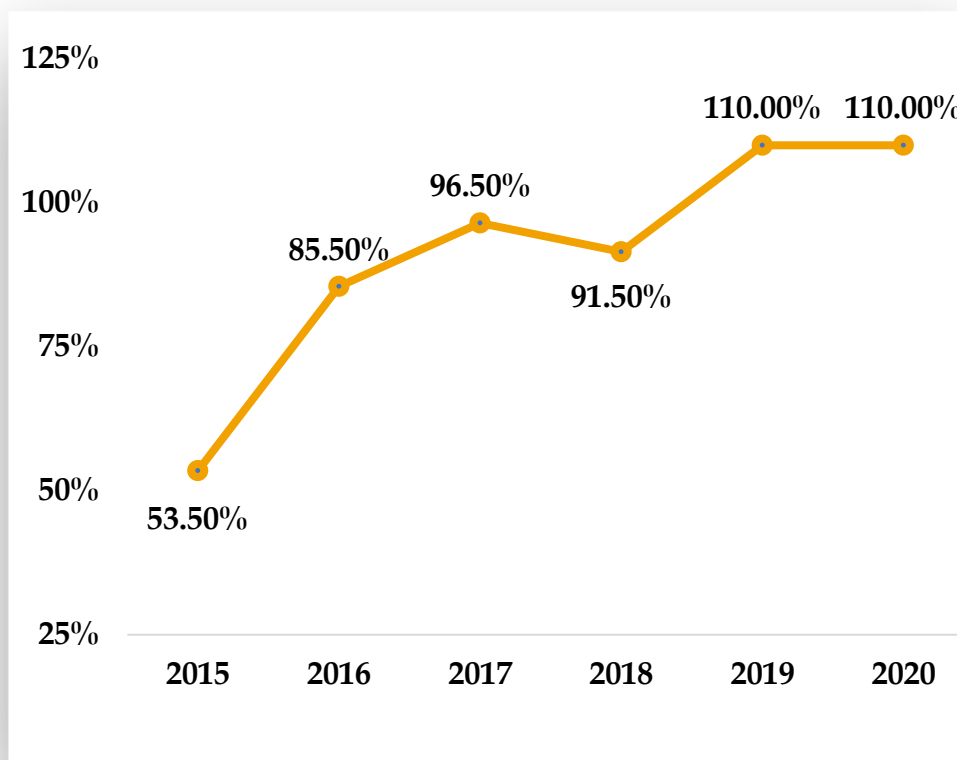
Shareholders Outlook

Top 10 Shareholders as at December 31, 2020

Rank	Particulars	Shareholding (%)
1	Power Finance Corporation Ltd	52.63
2	HDFC Trustee Company Ltd	8.97
3	The WindAcre Partnership Master Fund LP	2.89
4	Life Insurance Corporation Of India	2.87
5	Abu Dhabi Investment Authority	1.44
6	UBS Principal Capital Asia Ltd	1.12
7	The Prudential Assurance Company Limited	0.94
8	India Capital Fund Limited	0.81
9	HDFC Life Insurance Company Limited	0.63
10	GMO Implementation Fund a Series of GMO Trust	0.56
	TOTAL	72.86

Dividend Payout as a % of Equity Share Capital

Consistently high dividend paying company

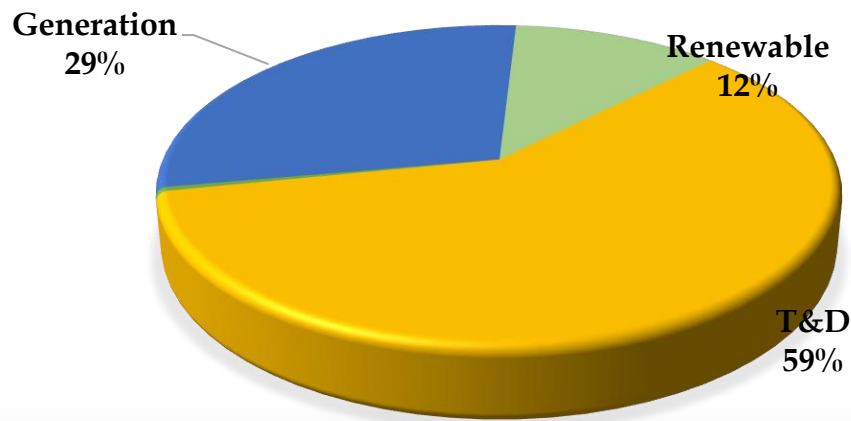


Operational Performance



Sanctions - Composition

Sector-wise breakup of Sanctions in Q3 & 9M FY 21



Promoting Green
Energy

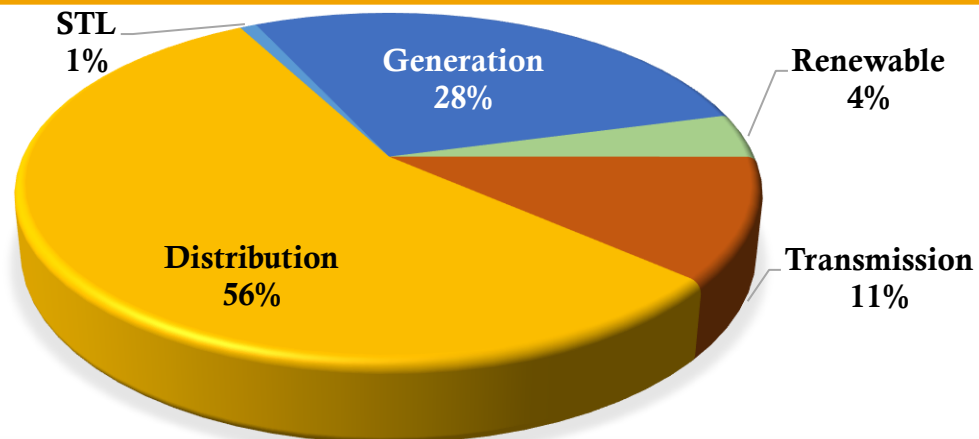


(₹ in Crores)

Discipline-wise	12M						Q3				9M			
	FY 18	%	FY 19	%	FY 20	%	FY 20	%	FY 21	%	FY 20	%	FY 21	%
Generation	53,224	49	43,282	37	57,362	52	18,082	59	16,607	60	52,559	55	39,468	29
Renewable Energy	7,034	7	11,875	10	7,026	6	1,291	4	1,704	6	6,502	7	15,887	12
Transmission & Distribution	40,541	38	56,610	49	44,555	40	11,137	37	9,295	34	35,397	37	81,631	59
Short Term Loan	6,735	6	4,190	4	1,965	2	100	-	-	-	1,440	1	540	-
Total Sanctions	107,534	100	115,957	100	110,908	100	30,610	100	27,606	100	95,898	100	137,526	100

Disbursements – Composition

Sector-wise breakup of Disbursements in Q3 & 9M FY 21



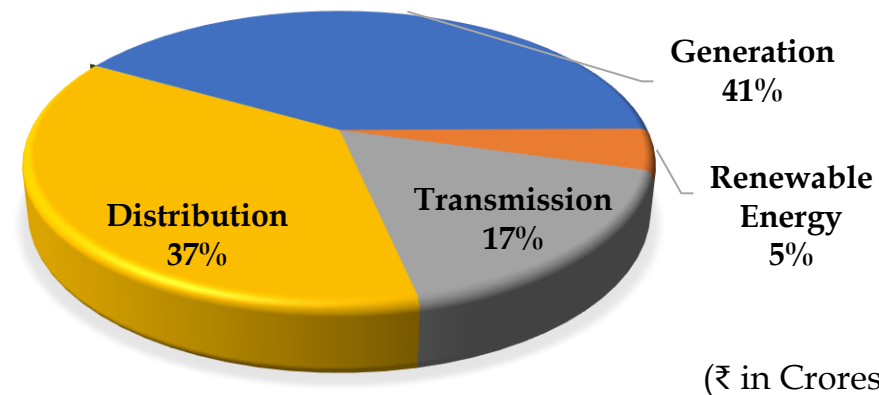
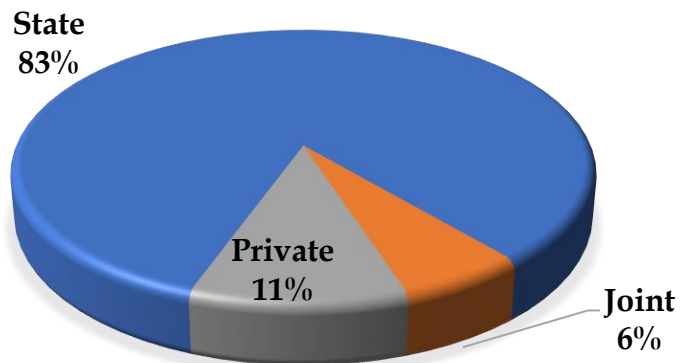
17% growth in total
Disbursements
9M FY20 vs 9M FY21



(₹ in Crores)

Discipline-wise	12M						Q3				9M			
	FY18	%	FY19	%	FY20	%	FY 20	%	FY 21	%	FY 20	%	FY 21	%
Generation	18,086	29	20,462	29	29,301	39	9,566	48	5,765	31	17,305	32	17,488	28
Renewable Energy	5,403	9	6,628	9	5,699	7	1,035	5	427	2	4,741	9	2,579	4
Transmission	6,668	11	10,911	15	13,540	18	3,047	15	1,719	9	9,905	19	7,149	11
Distribution	24,920	40	30,324	42	25,047	33	6,097	31	10,787	58	19,760	37	35,039	56
Total Transmission & Distribution	31,588	51	41,235	57	38,587	51	9,144	46	12,506	67	29,665	56	42,188	67
Short Term Loan	6,635	11	3,840	5	2,080	3	111	1	-	-	1,751	3	540	1
Total Disbursements	61,712	100	72,165	100	75,667	100	19,856	100	18,698	100	53,462	100	62,795	100

Outstanding Loans – Composition



(₹ in Crores)

Discipline-wise	As at							
	31 st March 2018		31 st March 2019		31 st March 2020		31 st Dec 2020	
	Amount	%	Amount	%	Amount	%	Amount	%
State	186,445	78	226,681	81	263,032	81	297,025	83
Joint	19,798	8	21,035	7	21,612	7	22,113	6
Private	33,206	14	33,494	12	37,781	12	37,929	11
Total	239,449	100	281,210	100	322,425	100	357,067	100
Generation	108,442	46	121,912	43	139,519	43	148,222	41
Renewable Energy	7,506	3	12,895	5	16,078	5	16,279	5
Transmission	45,558	19	52,068	19	59,641	19	61,359	17
Distribution	72,295	30	92,147	32	106,294	33	130,926	37
Total T&D	117,853	49	144,215	51	165,935	52	192,285	54
Short Term Loans	5,648	2	2,188	1	893	-	281	-

Asset Diversification - PAN India Presence

Lending across 27 States and 3 Union Territories

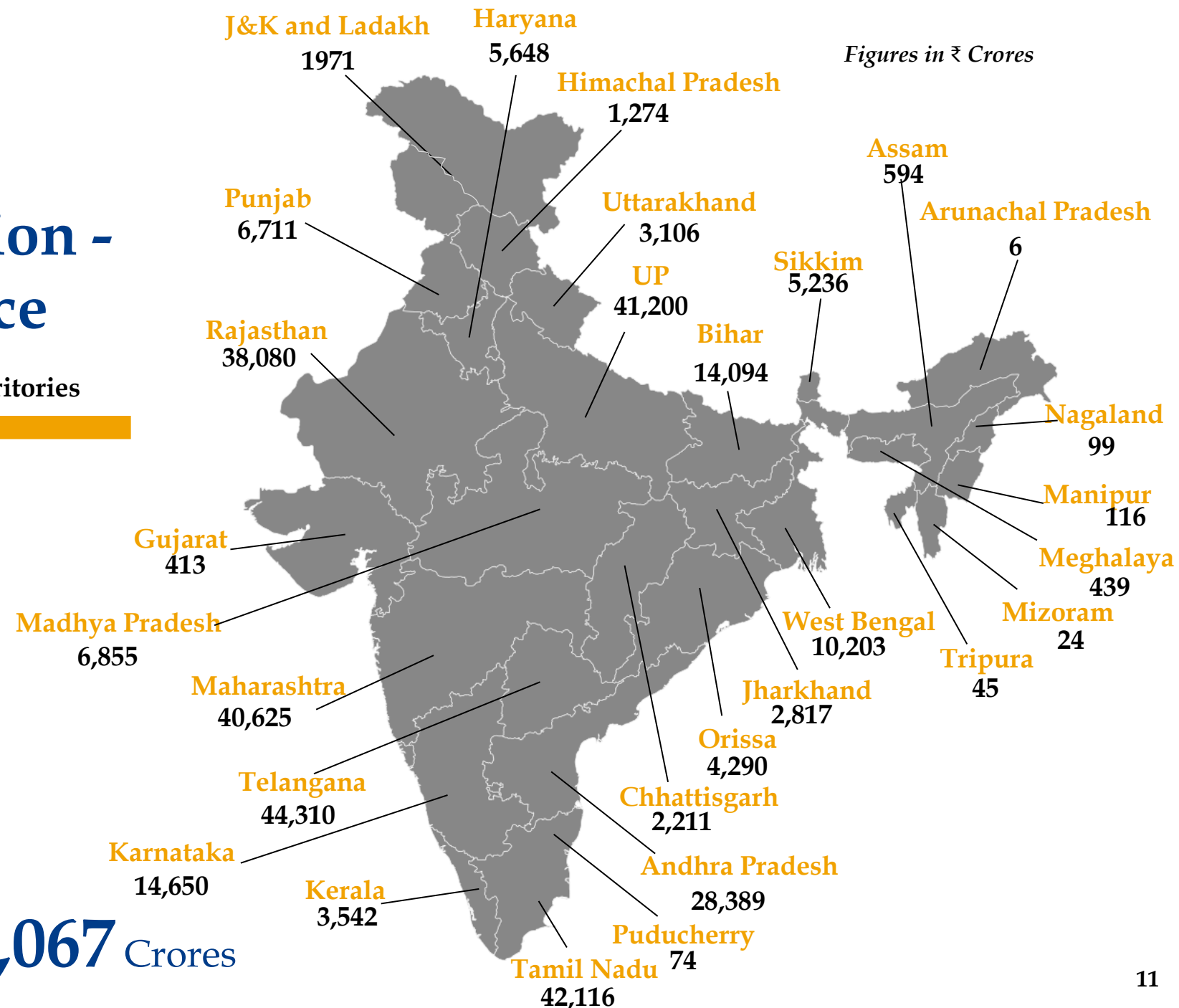
State/ Joint Sector Borrowers

₹ 3,19,138 Crores

Private Sector Borrowers

₹ 37,929 Crores

Total Loan Outstanding - ₹ 3,57,067 Crores



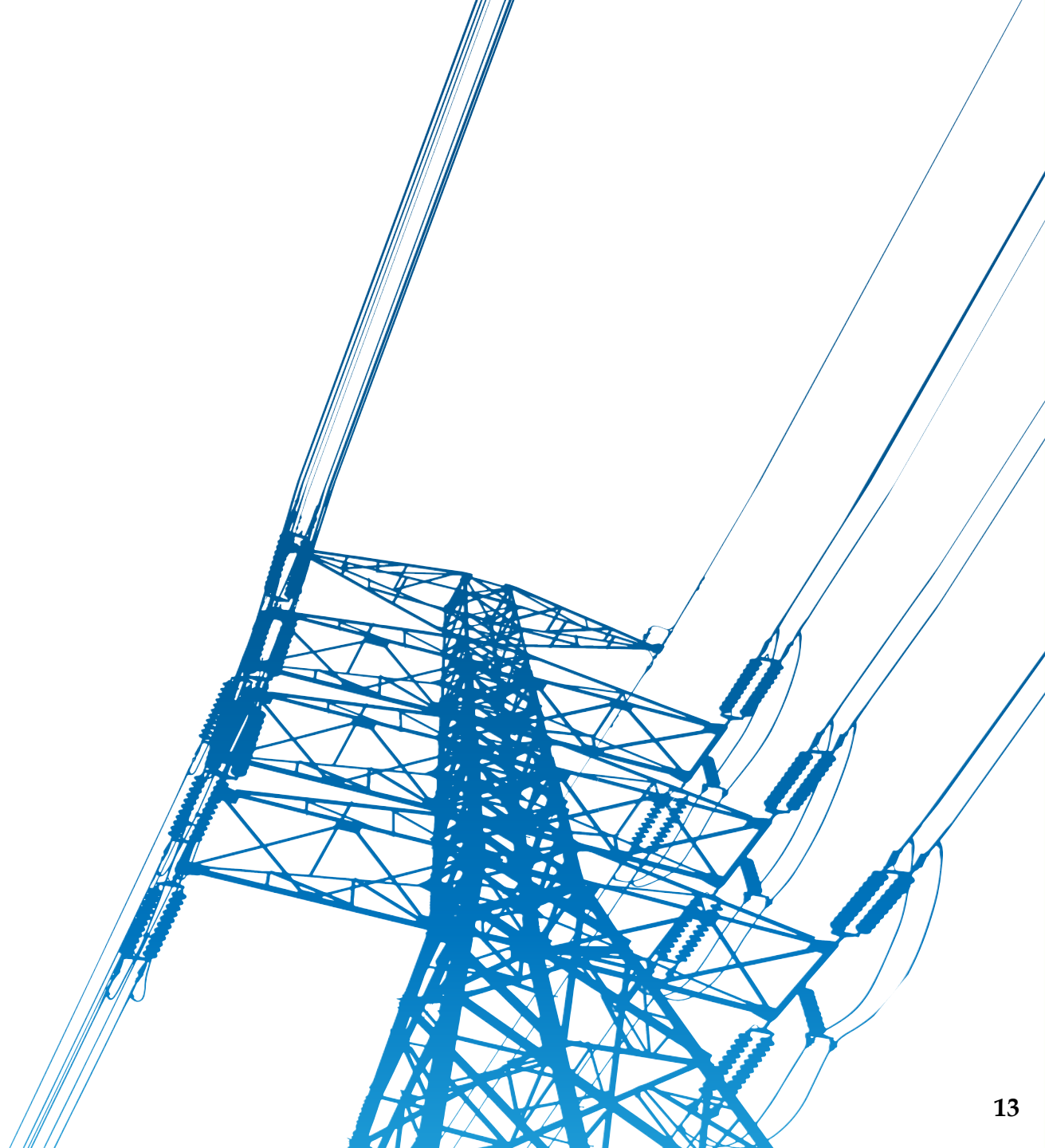
Outstanding Loans -Loan Concentration

Major Borrowers (as at December 31, 2020)

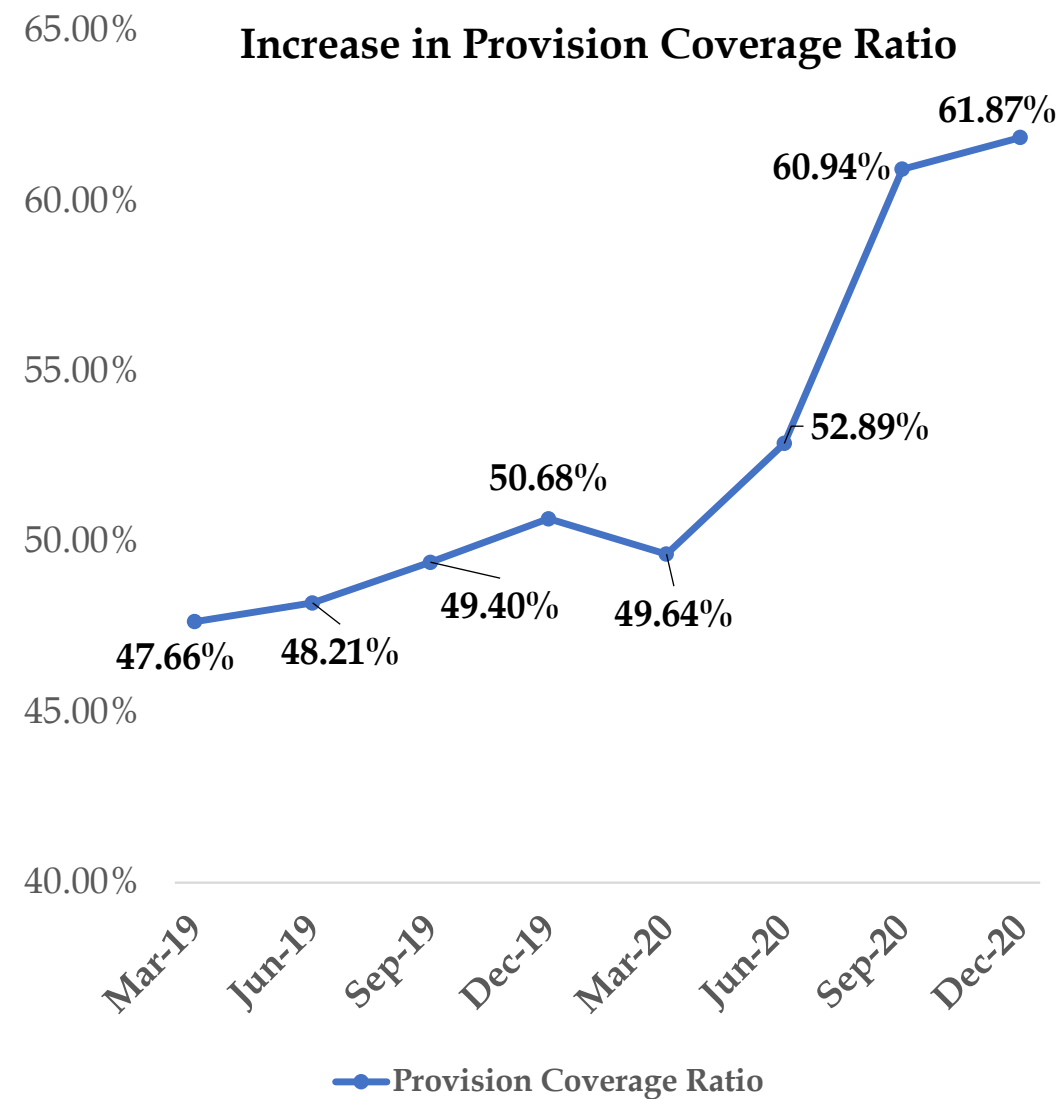
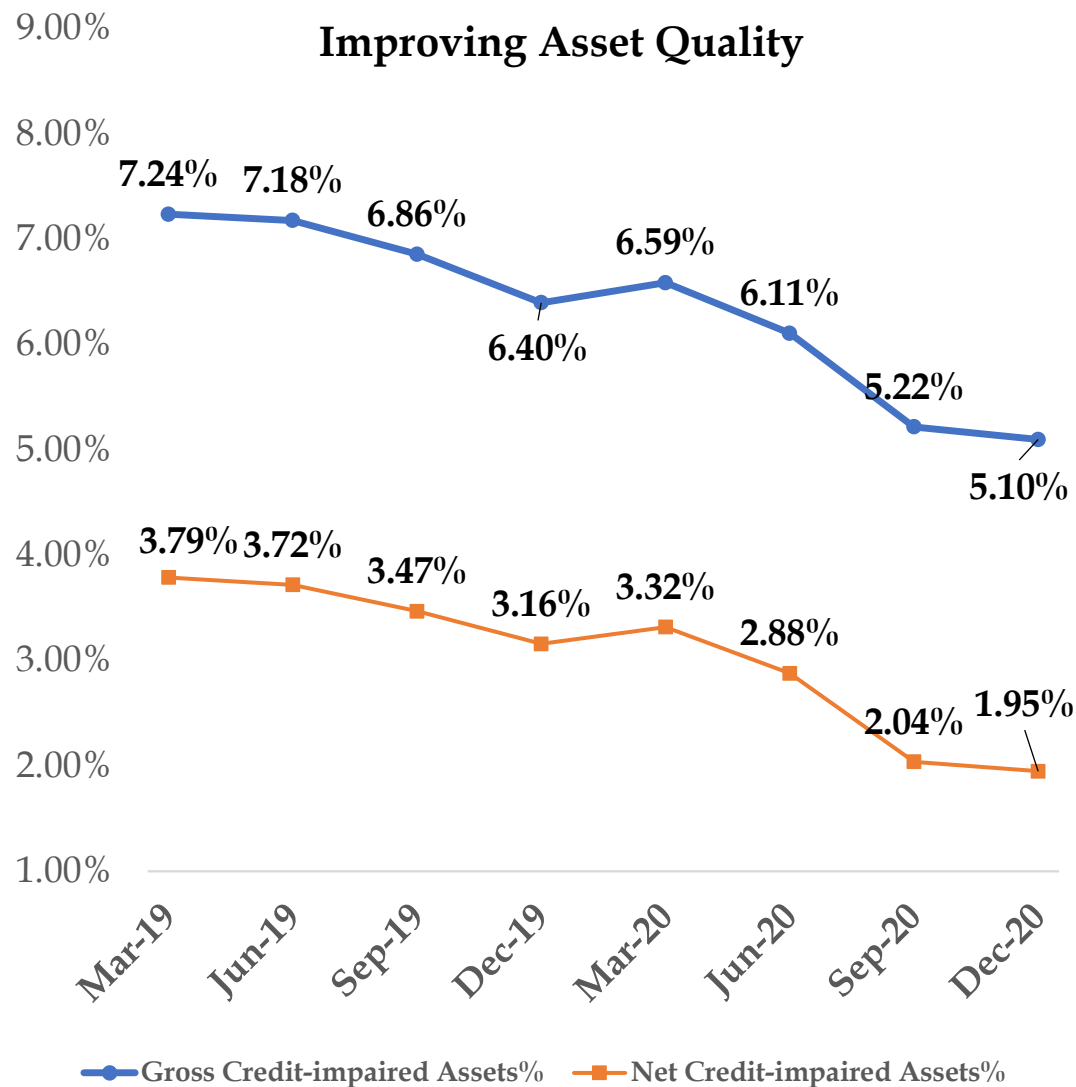
S. No.	Top Ten Borrowers	Amount Outstanding (₹ Crores)	% of Total Loan Assets
1	Tamil Nadu Generation and Distribution Corporation Limited	25,845	7.24%
2	Maharashtra State Electricity Distribution Company Limited	22,739	6.37%
3	Telangana State Power Generation Corporation Limited	14,238	3.99%
4	Maharashtra State Power Generation Company Limited	14,097	3.95%
5	Rajasthan Rajya Vidyut Utpadan Nigam Limited	13,980	3.92%
6	Uttar Pradesh Power Corporation Limited	12,108	3.39%
7	Tamil Nadu Transmission Corporation Limited	11,773	3.30%
8	Andhra Pradesh Power Generation Corporation Limited	10,572	2.96%
9	Telangana State Water Resources Infrastructure Development Corporation Limited	10,184	2.85%
10	UP Rajya Vidyut Utpadan Nigam Limited	8,870	2.48%
	Total	144,406	40.45%

*Well-diversified asset portfolio with Top 10 borrowers accounting for ~40% only.
No single borrower group accounting for more than 8% of total loan book.
No slippage in Top 10 accounts*

Asset Quality



Asset Quality as at December 31, 2020



Loan Portfolio as at December 31, 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 (%)	
State Sector								
- Gencos	122,278	-	-	-	122,278	316	0.26	316
- Renewables	6,763	-	-	-	6,763	11	0.17	11
- Transcos	58,889	-	-	-	58,889	13	0.02	13
- Discoms	131,208	-	-	-	131,208	489	0.37	489
Total State Sector	319,138	-	-	-	319,138	829	0.26	829
Private Sector								
- Genco	25,941	17,277	10,880	62.97	8,664	390	4.50	11,270
- Transcos	2,470	922	375	40.65	1,548	13	0.83	388
- Renewables	9,518	22	19	88.75	9,496	62	0.65	81
Total Private Sector	37,929	18,221	11,274	61.87	19,708	465	2.36	11,739
Grand Total	357,067	18,221	11,274	61.87	338,846	1,294	0.38	12,568

*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 ₹ 5,518 crores.

Borrowing Profile

Domestic Credit Ratings for Long Term Borrowings

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

International Issuer Ratings

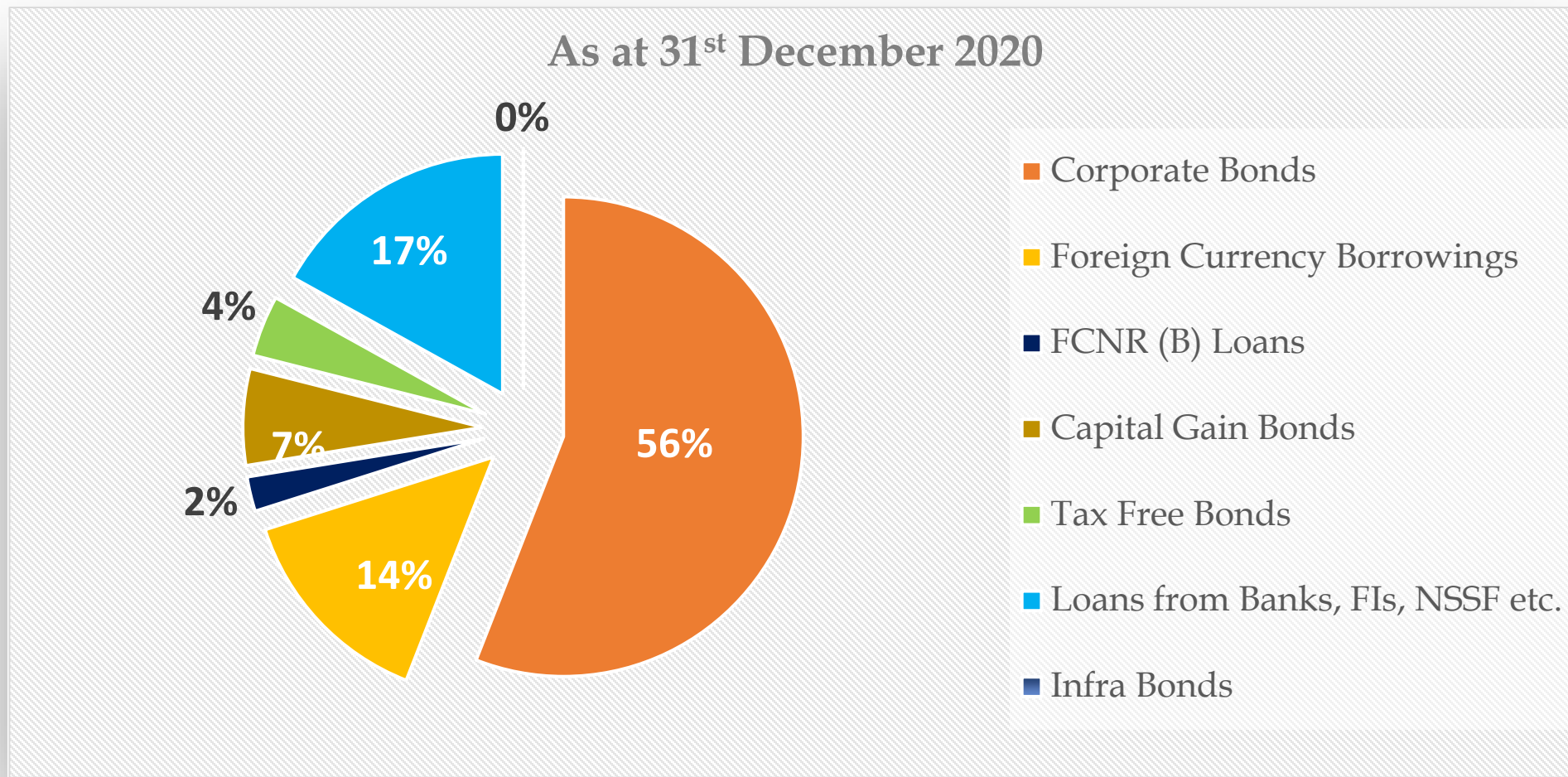
	
"BBB- "	"Baa3"

Outstanding Borrowings

(₹ Crores)

Particulars	As at				
	31 st March 2018	31 st March 2019	31 st March 2020	31 st Dec 2020	
	Amount	Amount	Amount	Amount	%
Corporate Bonds	128,871	135,184	158,148	171,832	56.0
Foreign Currency Borrowings	25,996	29,710	44,380	43,514	14.2
FCNR (B) Loans	3,811	5,048	6,973	7,196	2.3
Capital Gain Bonds	23,705	23,880	22,376	19,974	6.5
Tax Free Bonds	12,648	12,648	12,648	12,648	4.1
Commercial Papers	3,250	7,975	2,925	-	-
Loans from Banks, FIs, NSSF, etc.	400	24,750	32,650	52,017	16.9
Infra Bonds	110	91	16	16	-
Grand Total	198,791	239,286	280,116	307,197	100.0
Average annualized Cost of Funds	7.53%	7.16%	7.31%	7.29%	

Diversified Borrowing Profile



~ 72% of foreign currency exposure with 5 years' residual maturity hedged

Funds Raised During The Period

(₹ Crores)

Category	12M			Q3		9M	
	FY18	FY19	FY20	FY20	FY21	FY20	FY21
(A) <u>Long Term</u>							
Capital Gains Bonds	9,565	6,652	6,157	1,597	1,210	4,453	3,047
Institutional Bonds/ Subordinate Debt	26,145	24,010	42,713	8,859	12,359	26,472	34,213
Loans from Banks/FIs/ NSSF	-	24,550	14,725	6,600	3,138	10,325	14,003
Foreign Currency Borrowings	11,696	9,734	12,403	3,706	-	10,952	8,126
Total (A)	47,406	64,946	75,998	20,762	16,707	52,202	59,389
<i>Annualized Cost of funds raised during the period</i>	6.17%	8.13%	6.73%	6.77%	6.39%	6.61%	6.74%
(B) <u>Short Term</u>							
FCNR (B) Loan	3,759	4,437	5,599	1,426	4,677	4,065	5,821
Commercial papers	12,115	19,393	6,029	-	-	3,808	-
Loans from Banks	-	-	2,750	-	7,425	-	13,200
Total (B)	15,874	23,830	14,378	1,426	12,102	7,873	19,021
Total (A + B)	63,280	88,776	90,376	22,188	28,809	60,075	78,410

Funds Raised During The Period (Long Term)



Financial Highlights



Key Financial Highlights for Q3FY21



All-time high quarterly profits at ₹ 2,263 crores



- ❑ Total Income grown to ₹ 9,047 crores (↑ 18%)
- ❑ Net Interest Income recorded at ₹ 3,379 crores (↑ 25%)
- ❑ Loan book reached to ₹ 3.57 lakh crores (↑ 16%)
- ❑ Assets Quality improved with Net Credit impaired Assets at 1.95% (vs. 3.16% YoY)
- ❑ Provision Coverage Ratio against Credit impaired assets stands at 61.87%
- ❑ Net-worth stands at ₹ 41,749 crores (↑ 8%)
- ❑ Capital Adequacy Ratio at 19.27% (Tier – I : 15.78% & Tier – II : 3.49%)

Standalone Statement of Profit & Loss

₹ Crores

Particulars	Q3		9M	
	FY20	FY 21	FY20	FY 21
Interest Income on Loan assets	7,465	8,825	21,731	25,557
Less: Finance Costs	4,768	5,446	14,055	16,051
Net Interest Income	2,697	3,379	7,676	9,506
Other Operating Income	79	97	220	358
Net notional gain/ (loss) on fair value changes	107	120	92	328
Other Income	2	5	9	18
Total Income (Net of Finance Cost)	2,885	3,601	7,997	10,210
Translation/transaction exchange loss/(gain)	353	(23)	1,025	117
Other costs *	111	84	336	311
Impairment on financial instruments	78	730	351	1,722
Profit Before Tax	2,343	2,810	6,285	8,060
Tax Expense	701	547	1,835	1,768
Profit After Tax	1,642	2,263	4,450	6,292
Other Comprehensive Income/(Loss)	57	182	(21)	454
Total Comprehensive Income/(Loss)	1,699	2,445	4,429	6,746

* 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 31.12.2020
Assets		
(A) Financial Assets	343,497	375,988
Cash and bank balances	3,700	2,509
Derivative financial instruments	3,319	2,456
Loans (Ind-AS)	312,084	345,625
Investments	2,313	3,270
Other financial assets	22,081	22,128
(B) Non-Financial Assets	2,991	3,205
Current tax assets (net)	393	219
Deferred tax assets (net)	2034	2,348
Fixed Assets	451	566
Other non-financial assets	113	72
Total Assets (A+B)	346,488	379,193
Liabilities		
(C) Financial Liabilities	311,229	337,092
Derivative financial instruments	1,326	1,125
Borrowings (Ind-AS)	286,340	313,577
Other financial liabilities	23,563	22,390
(D) Non-Financial Liabilities	182	352
(E) Net Worth	35,077	41,749
Equity Share Capital	1,975	1,975
Other equity	33,102	39,774
Total Equity & Liabilities (C+D+E)	346,488	379,193

Key Ratios

Particulars	Q3		9M	
	FY20	FY21	FY20	FY21
Yield on Loan Assets (%)	10.62	10.61	10.67	10.71
Cost of Funds (%)	7.33	7.19	7.47	7.29
Interest Spread (%)	3.29	3.42	3.20	3.42
Net Interest Margin (%)	3.83	4.05	3.76	3.98
Return on Net Worth (%)	17.44	22.08	16.30	21.84
Interest Coverage Ratio (Times)	1.49	1.52	1.45	1.50
Debt Equity Ratio (Times)	6.76	7.31	6.76	7.31
Earnings per Share (Annualised) (Face Value ₹ 10 per share)	33.26	45.84	30.05	42.48
Book Value Per Share (Face Value ₹ 10 per share)	195.02	211.40	195.02	211.40

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...