

REC Limited
A Navratna Company

Investor Presentation
Performance Highlights
Q4 & 12M 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

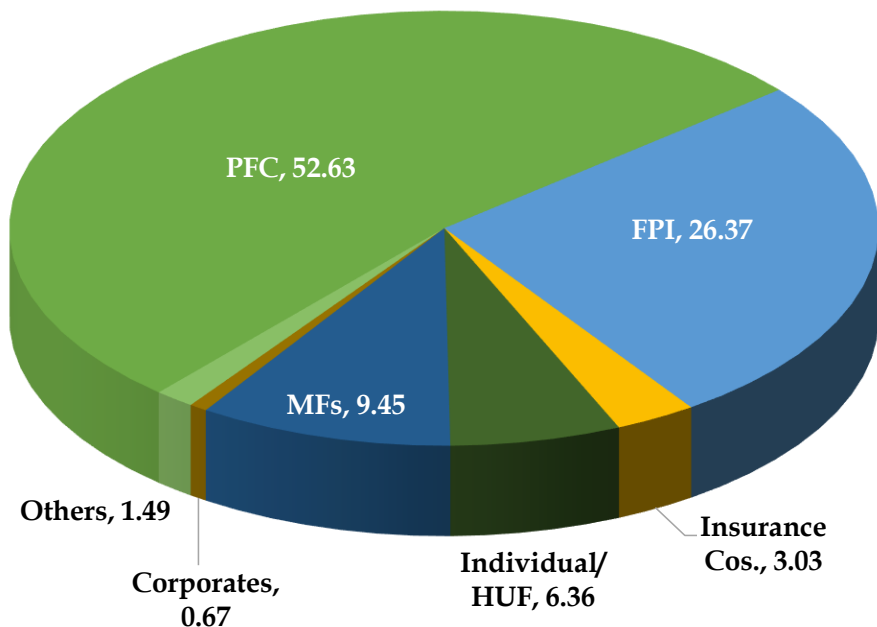


Key Strengths

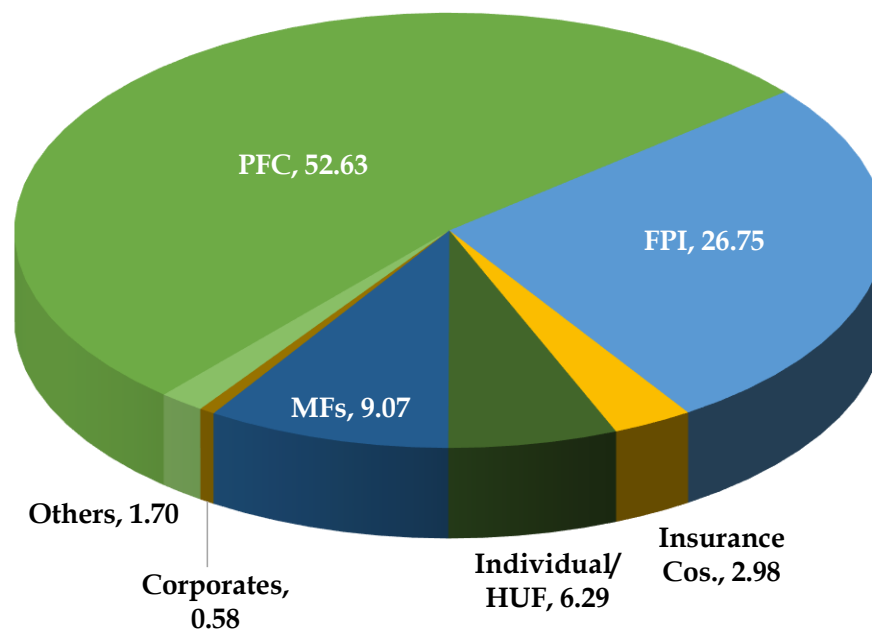


Shareholding Pattern

As at 31.12.2020



As at 31.03.2021



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

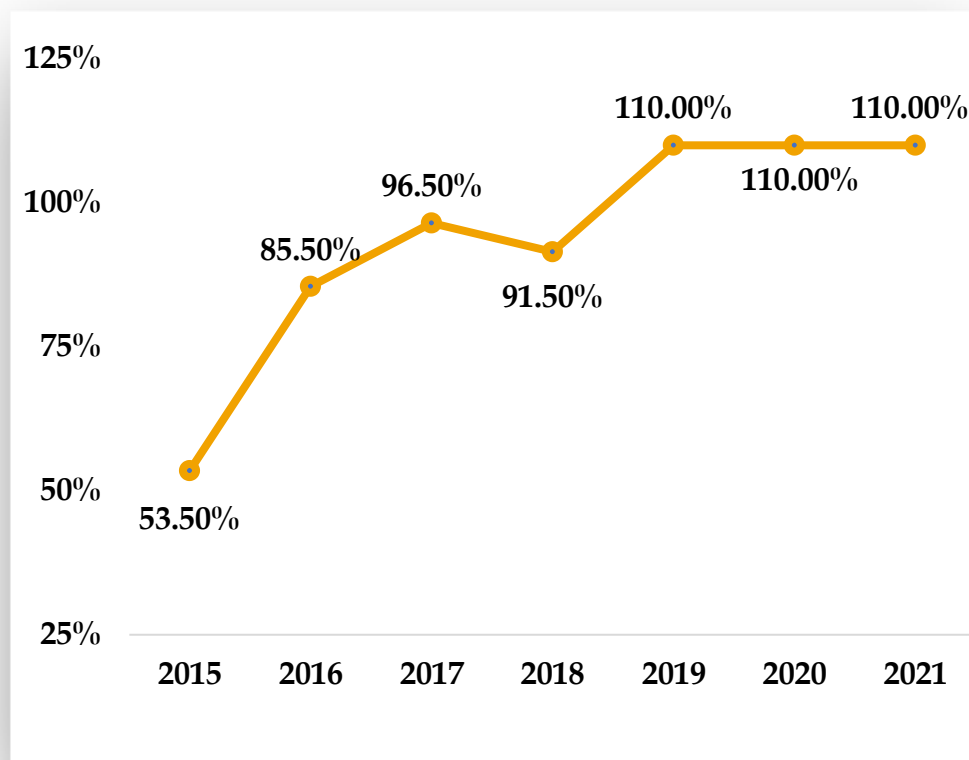
Shareholders Outlook

Top 10 Shareholders as at March 31, 2021

Rank	Particulars	Shareholding (%)
1	Power Finance Corporation Ltd	52.63
2	HDFC Trustee Company Ltd	8.47
3	The WindAcre Partnership Master Fund LP	2.89
4	Life Insurance Corporation Of India	2.85
5	UBS Principal Capital Asia Ltd	1.11
6	The Prudential Assurance Company Limited	1.05
7	India Capital Fund Limited	0.85
8	HDFC Life Insurance Company Limited	0.63
9	Vanguard Emerging Markets Stock Index Fund	0.61
10	Abu Dhabi Investment Authority	0.53
	TOTAL	71.62

Dividend Payout as a % of Equity Share Capital

Consistently high dividend paying company

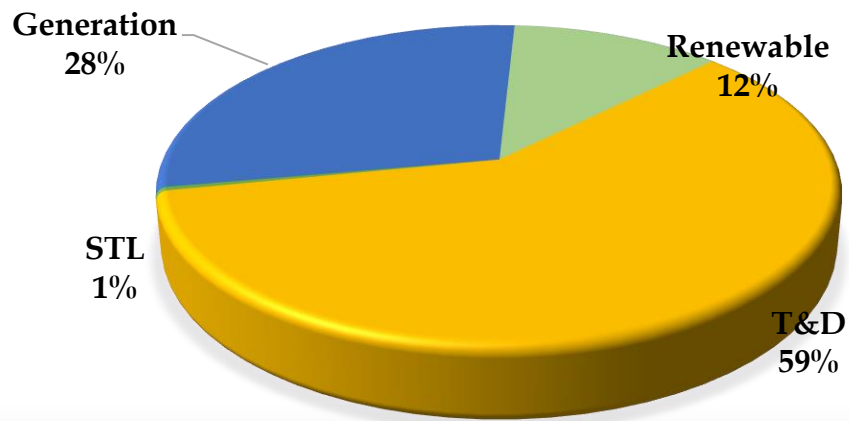


Operational Performance



Sanctions - Composition

Sector-wise breakup of Sanctions in Q4 & 12M FY 21



40% growth in total
Sanctions
12M FY20 vs 12M
FY21

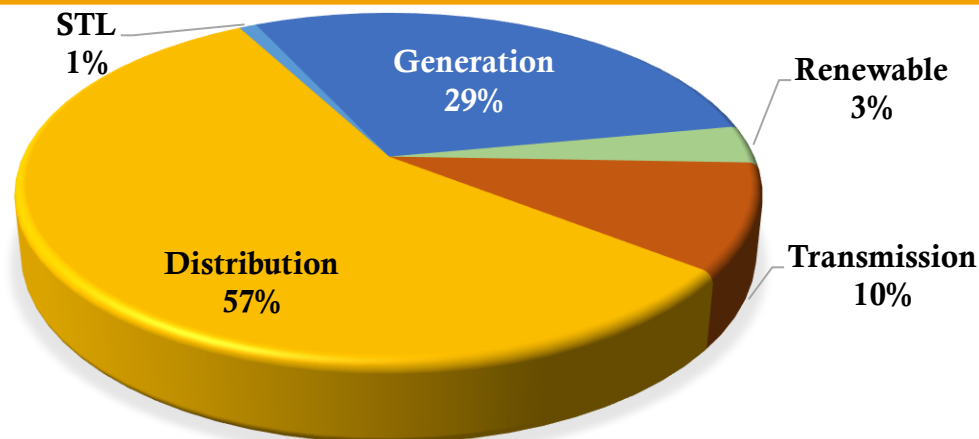


(₹ in Crores)

Discipline-wise	12M						Q4					
	FY 18	%	FY 19	%	FY 20	%	FY 21	%	FY 20	%	FY 21	%
Generation	53,224	49	43,282	37	57,362	52	44,301	28	4,803	32	4,834	28
Renewable Energy	7,034	7	11,875	10	7,026	6	18,212	12	524	4	2,325	13
Transmission & Distribution	40,541	38	56,610	49	44,555	40	91,768	59	9,158	61	10,136	59
Short Term Loan	6,735	6	4,190	4	1,965	2	540	1	525	3	-	-
Total Sanctions	107,534	100	115,957	100	110,908	100	154,821	100	15,010	100	17,295	100

Disbursements – Composition

Sector-wise breakup of Disbursements in Q4 & 12M FY 21

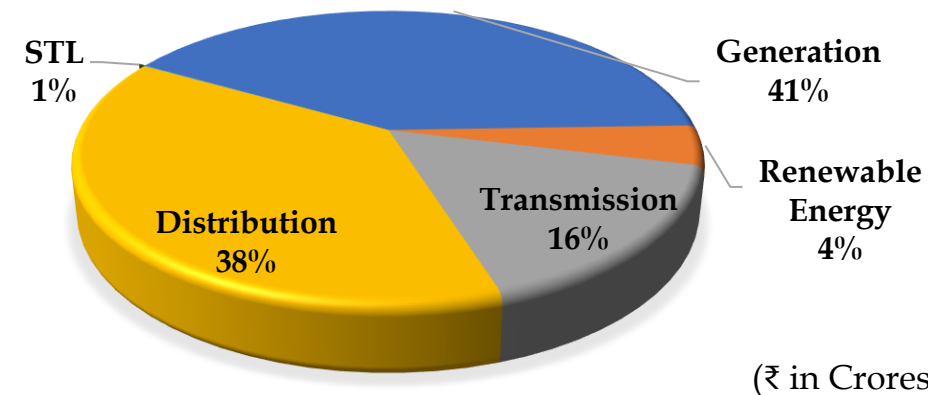
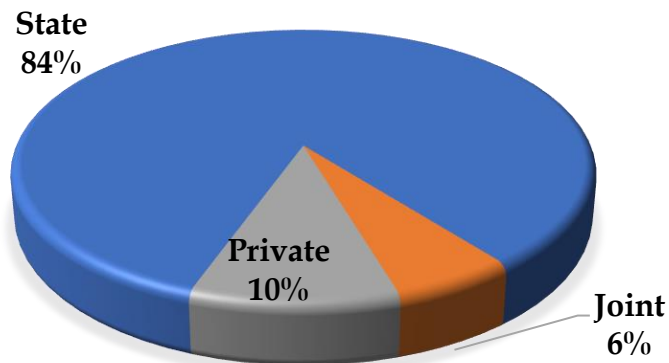


23% growth in total
Disbursements
12M FY20 vs 12M FY21

(₹ in Crores)

Discipline-wise	12M								Q4			
	FY18	%	FY19	%	FY20	%	FY21	%	FY 20	%	FY 21	%
Generation	18,086	29	20,462	29	29,301	39	26,960	29	11,996	54	9,472	31
Renewable Energy	5,403	9	6,628	9	5,699	7	3,265	3	958	4	686	2
Transmission	6,668	11	10,911	15	13,540	18	9,252	10	3,635	17	2,103	7
Distribution	24,920	40	30,324	42	25,047	33	52,670	57	5,287	24	17,631	59
Total Transmission & Distribution	31,588	51	41,235	57	38,587	51	61,922	67	8,922	41	19,734	66
Short Term Loan	6,635	11	3,840	5	2,080	3	840	1	329	1	300	1
Total Disbursements	61,712	100	72,165	100	75,667	100	92,987	100	22,205	100	30,192	100

Outstanding Loans – Composition



(₹ in Crores)

Discipline-wise	As at							
	31 st March 2018		31 st March 2019		31 st March 2020		31 st Mar 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
State	186,445	78	226,681	81	263,032	81	316,161	84
Joint	19,798	8	21,035	7	21,612	7	22,649	6
Private	33,206	14	33,494	12	37,781	12	38,608	10
Total	239,449	100	281,210	100	322,425	100	377,418	100
Generation	108,442	46	121,912	43	139,519	43	155,297	41
Renewable Energy	7,506	3	12,895	5	16,078	5	16,505	4
Transmission	45,558	19	52,068	19	59,641	18	61,248	16
Distribution	72,295	30	92,147	32	106,294	33	143,992	38
Total T&D	117,853	49	144,215	51	165,935	51	205,240	54
Short Term Loans	5,648	2	2,188	1	893	1	376	1

Asset Diversification - PAN India Presence

Lending across 27 States and 3 Union Territories

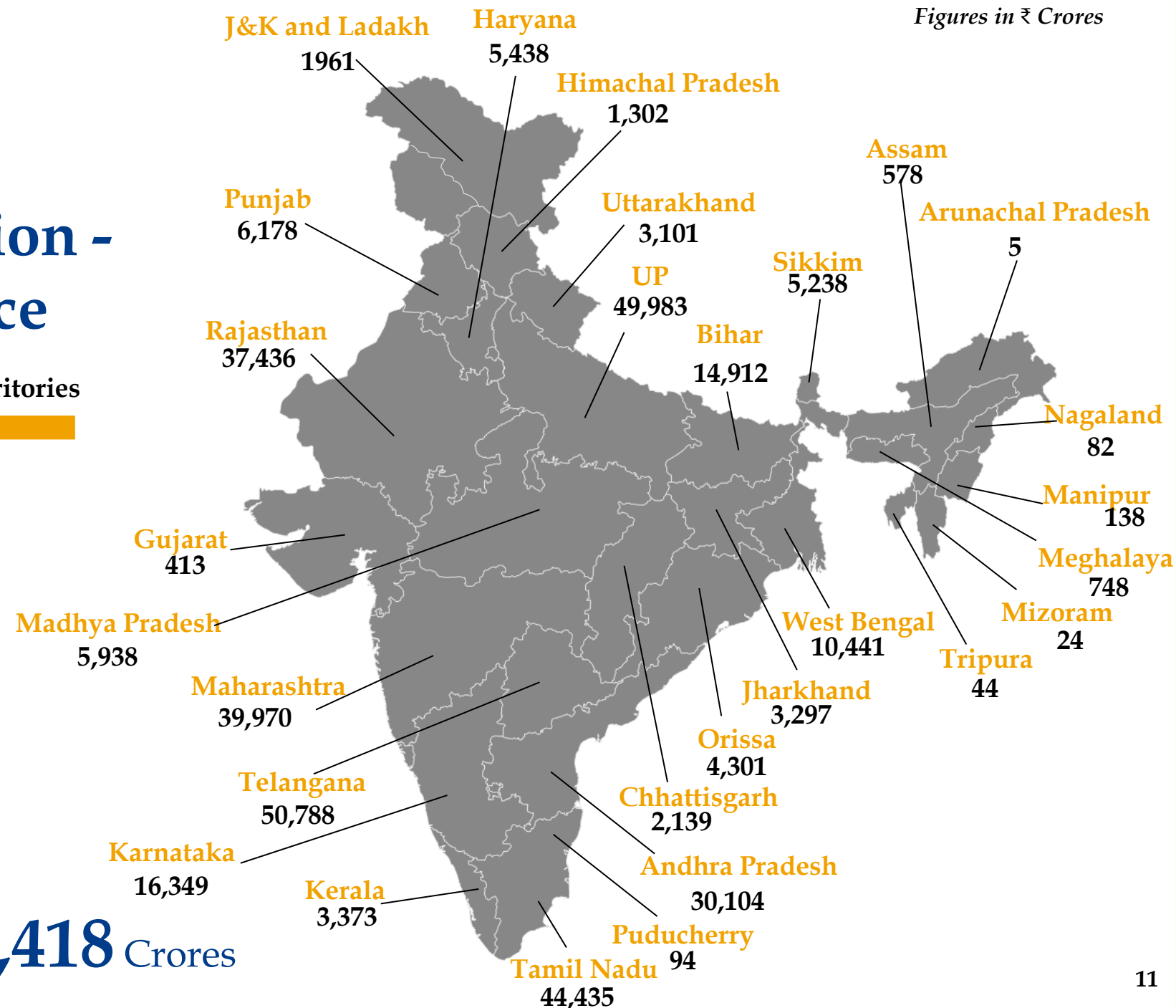
State/ Joint Sector Borrowers

₹ 3,38,810 Crores

Private Sector Borrowers

₹ 38,608 Crores

Total Loan Outstanding - ₹ 3,77,418 Crores



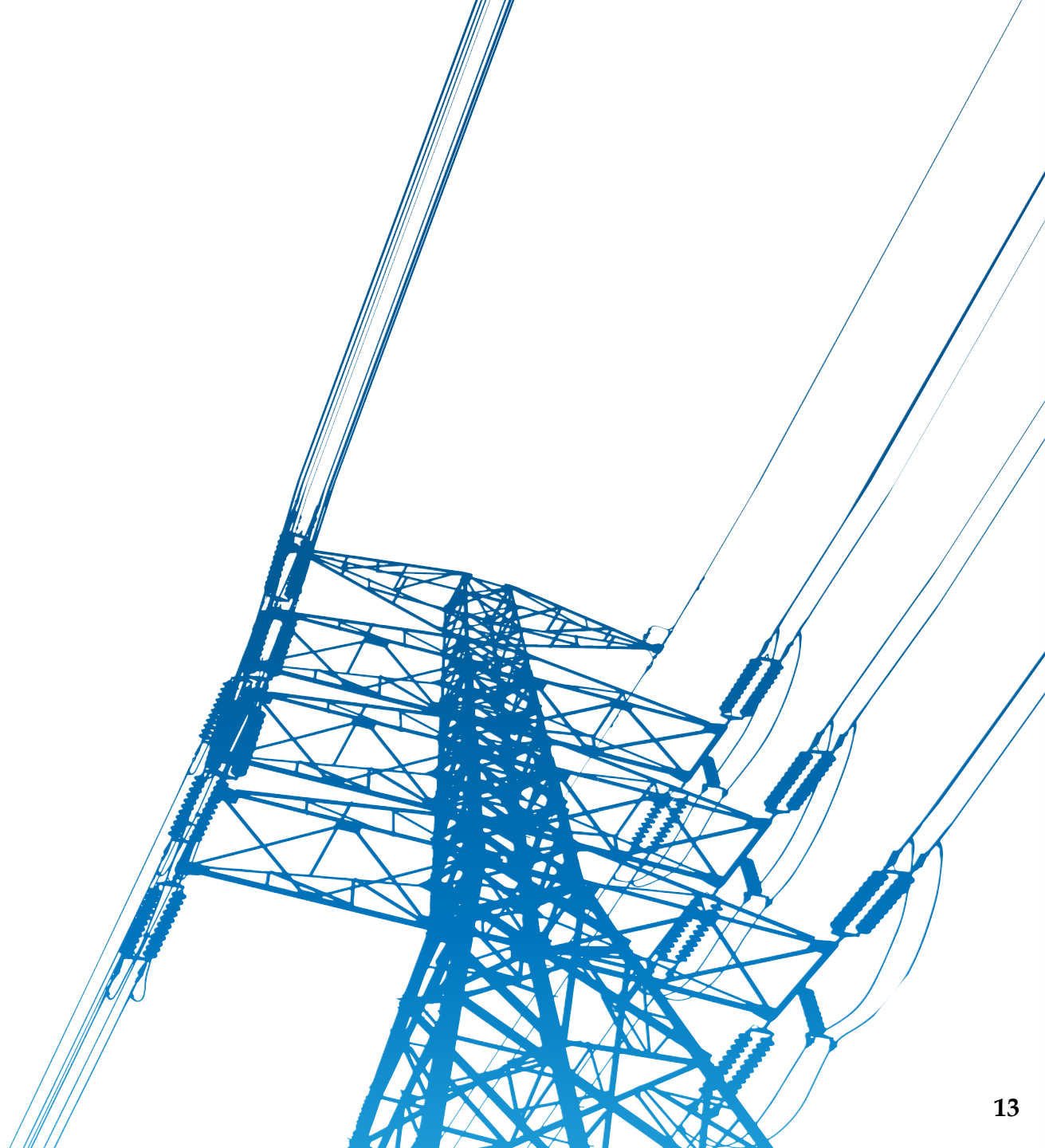
Outstanding Loans -Loan Concentration

Major Borrowers (as at March 31, 2021)

S. No.	Top Ten Borrowers	Amount Outstanding (₹ in Crores)	% of Total Loan Assets
1	Tamil Nadu Generation and Distribution Corporation Limited	28,228	7.48%
2	Maharashtra State Electricity Distribution Company Limited	22,081	5.85%
3	Uttar Pradesh Power Corporation Limited	20,509	5.43%
4	Telangana State Power Generation Corporation Limited	15,202	4.03%
5	Maharashtra State Power Generation Company Limited	14,636	3.88%
6	Rajasthan Rajya Vidyut Utpadan Nigam Limited	13,743	3.64%
7	Tamil Nadu Transmission Corporation Limited	11,821	3.13%
8	Andhra Pradesh Power Generation Corporation Limited	11,087	2.94%
9	Telangana State Water Resources Infrastructure Development Corporation Limited	10,983	2.91%
10	The Southern Power Distribution Company of Telangana	9,350	2.48%
	Total	157,640	41.77%

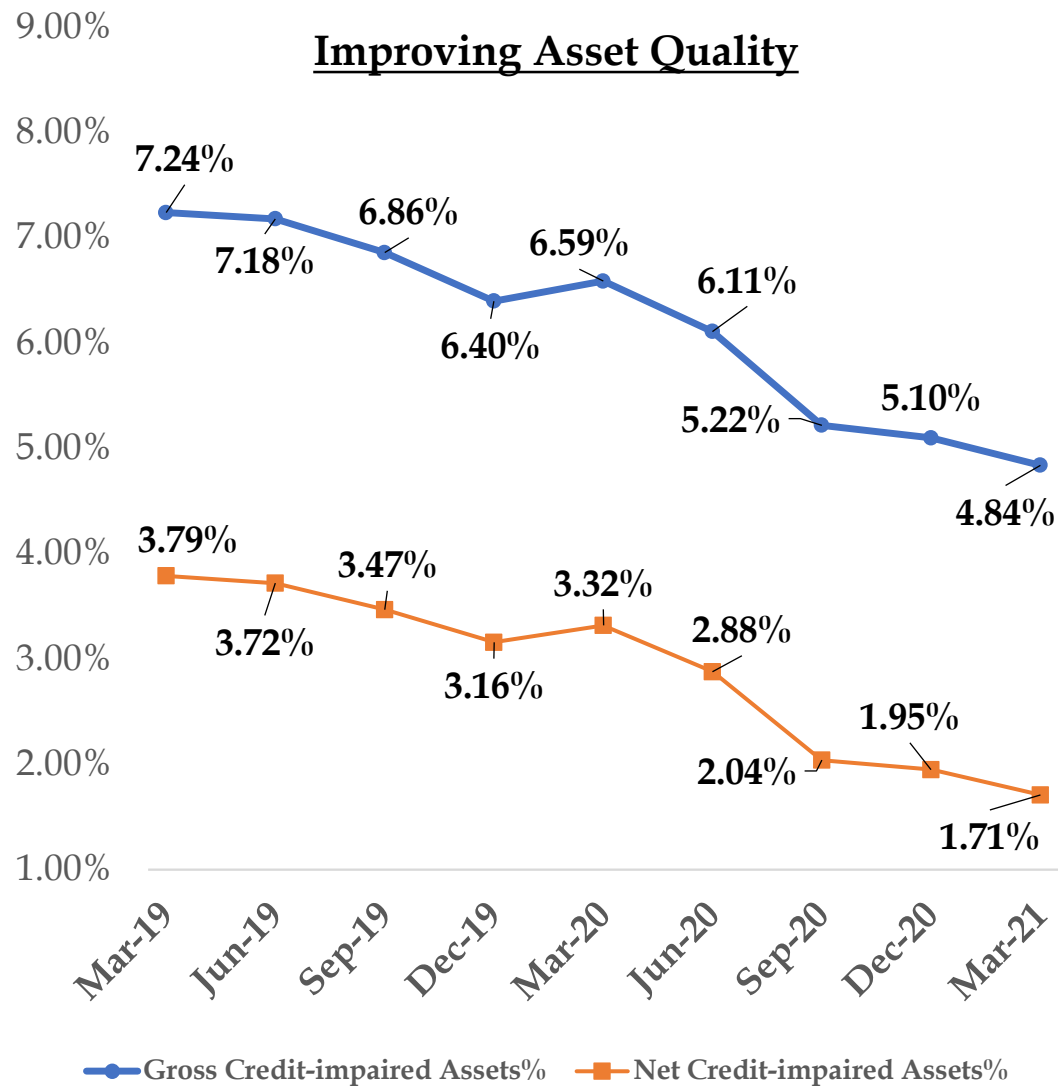
*Well-diversified asset portfolio with Top 10 borrowers accounting for ~42% of current loans.
No single borrower group accounting for more than 8% of total loan book.
No slippage in Top 10 accounts*

Asset Quality

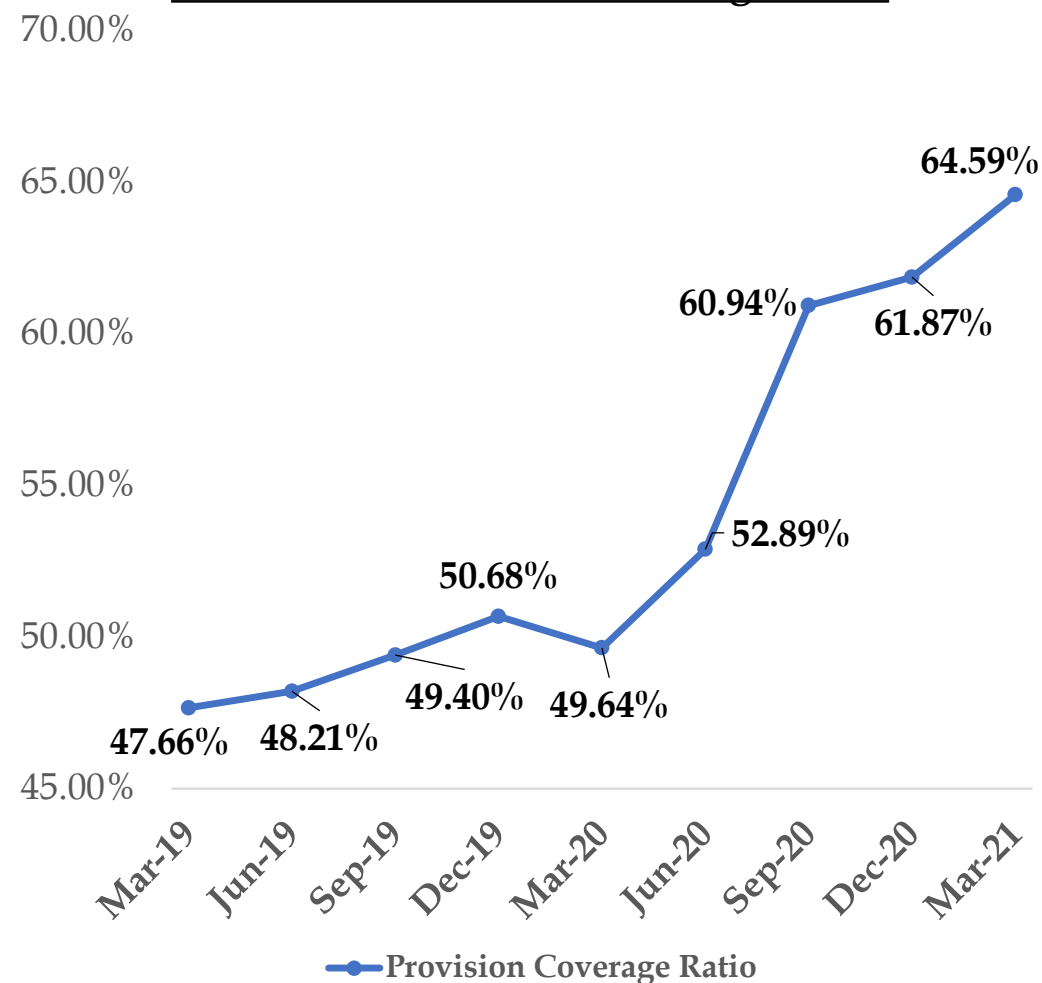


Asset Quality as at March 31, 2021

Improving Asset Quality



Increase in Provision Coverage Ratio



Loan Portfolio as at March 31, 2021

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								
- Gencos	129,461	-	-	-	129,461	346	0.27	346
- Renewables	6,439	-	-	-	6,439	14	0.22	14
- Transcos	58,542	-	-	-	58,542	19	0.03	19
- Discoms	144,368	-	-	-	144,368	559	0.39	559
Total State Sector	338,810	-	-	-	338,810	938	0.28	938
Private Sector								
- Genco	25,836	17,277	11,307	65.45	8,559	382	4.46	11,689
- Transcos	2,706	922	461	50.00	1,784	23	1.29	484
- Renewables	10,066	58	23	39.66	10,008	81	0.81	104
Total Private Sector	38,608	18,257	11,791	64.59	20,351	486	2.39	12,277
Grand Total	377,418	18,257	11,791	64.59	359,161	1,424	0.40	13,215

*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 amounting to ₹ 5,932 crores.

Borrowing Profile

Domestic Credit Ratings for Long Term Borrowings

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

International Issuer Ratings

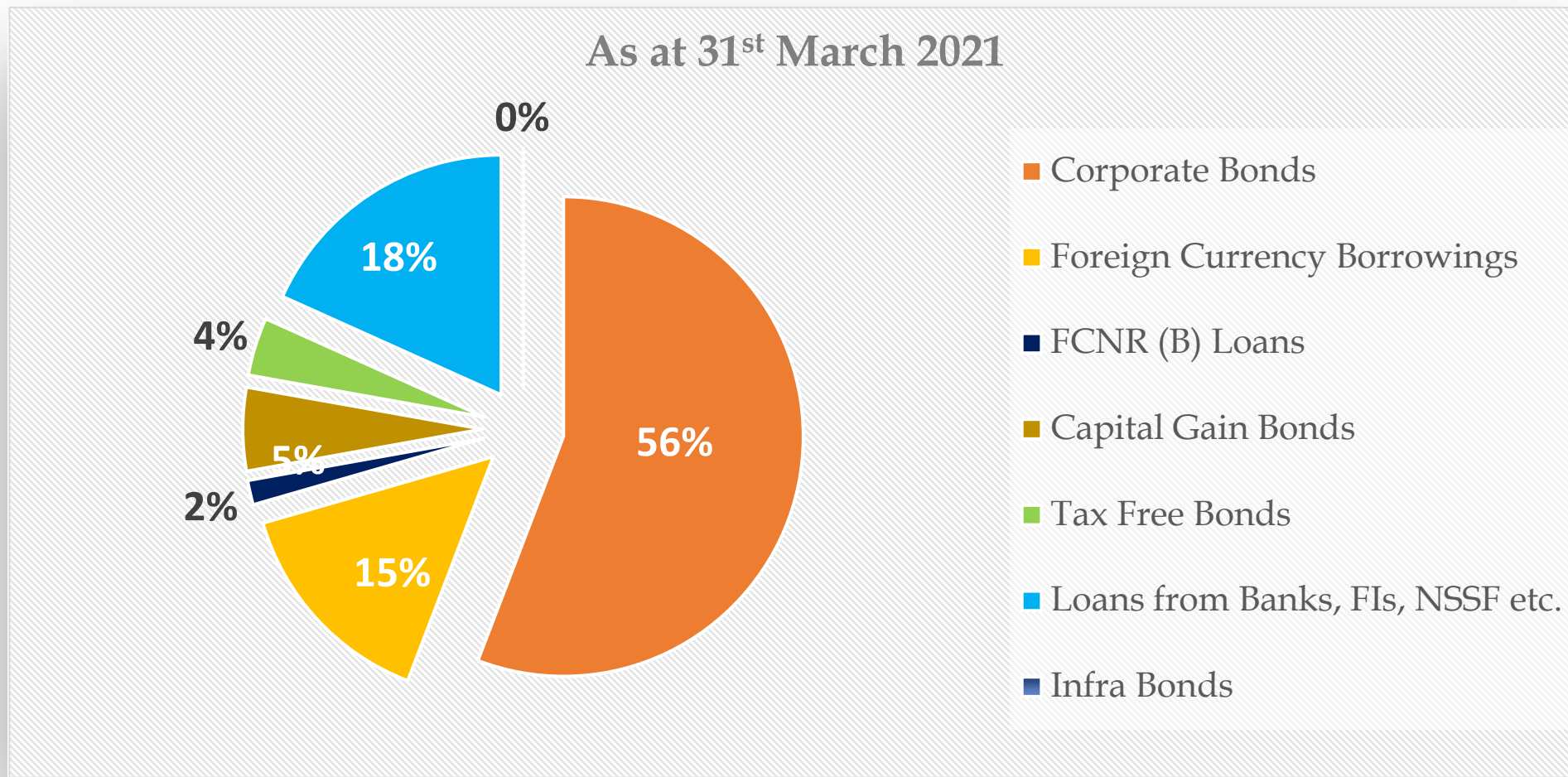
	
"BBB- "	"Baa3"

Outstanding Borrowings

(₹ in Crores)

Particulars	As at				
	31 st March 2018	31 st March 2019	31 st March 2020	31 st March 2021	
	Amount	Amount	Amount	Amount	%
Corporate Bonds	128,871	135,184	158,148	179,989	55.8
Foreign Currency Borrowings	25,996	29,710	44,380	47,487	14.7
FCNR (B) Loans	3,811	5,048	6,973	5,329	1.7
Capital Gain Bonds	23,705	23,880	22,376	18,122	5.6
Tax Free Bonds	12,648	12,648	12,648	12,648	3.9
Commercial Papers	3,250	7,975	2,925	-	-
Loans from Banks, FIs, NSSF, etc.	400	24,750	32,650	58,925	18.3
Infra Bonds	110	91	16	11	-
Grand Total	198,791	239,286	280,116	322,511	100.0
Average annualized Cost of Funds	7.53%	7.16%	7.31%	7.13%	

Diversified Borrowing Profile



~ 62% of foreign currency exposure with 5 years' residual maturity hedged

Funds Raised During The Period

(₹ in Crores)

Category	12M				Q4	
	FY18	FY19	FY20	FY21	FY20	FY21
(A) <u>Long Term</u>						
Capital Gains Bonds	9,565	6,652	6,157	5,312	1,704	2,287
Institutional Bonds/ Subordinate Debt	26,145	24,010	42,713	48,660	16,241	14,447
Loans from Banks/FIs/ NSSF	-	24,550	14,725	21,053	4,400	7,050
Foreign Currency Borrowings	11,696	9,734	12,403	14,847	1,451	6,722
Total (A)	47,406	64,946	75,998	89,872	23,796	30,506
<i>Annualized Cost of funds raised during the period</i>	6.17%	8.13%	6.73%	6.24%	6.99%	5.26%
(B) <u>Short Term</u>						
FCNR (B) Loan	3,759	4,437	5,599	5,822	1,534	-
Commercial papers	12,115	19,393	6,029	-	2,221	-
Loans from Banks (Tenor more than 6 months)	-	-	2,750	3,550	2,750	400
Total (B)	15,874	23,830	14,378	9,372	6,505	400
Total (A + B)	63,280	88,776	90,376	99,244	30,301	30,906

Funds Raised During The Period (Long Term)



Financial Highlights



Key Financial Highlights for Q4FY21

- ❑ Total Income grown to ₹ 9,150 crores (↑ 18% YoY)
- ❑ Net Interest Income recorded at ₹ 3,308 crores (↑ 20% YoY)
- ❑ Loan book reached to ₹ 3.77 lakh crores (↑ 17% YoY)
- ❑ Assets Quality improved with Net Credit impaired Assets at 1.71% (vs. 3.32% YoY)
- ❑ Provision Coverage Ratio against Credit impaired assets stands at 64.59%
- ❑ Net-worth stands at ₹ 43,426 crores (↑ 24% YoY)
- ❑ Capital Adequacy Ratio at 19.72% (Tier – I : 16.31% & Tier – II : 3.41%)

Standalone Statement of Profit & Loss

₹ in Crores

Particulars	Q4		12M	
	FY20	FY 21	FY20	FY 21
Interest Income on Loan assets	7,691	8,746	29,422	34,303
Less: Finance Costs	4,942	5,438	18,997	21,489
Net Interest Income	2,749	3,308	10,425	12,814
Other Operating Income	148	155	369	513
Net notional gain/ (loss) on fair value changes	(118)	245	(26)	572
Other Income	56	4	64	22
Total Income (Net of Finance Cost)	2,835	3,712	10,832	13,921
Translation/transaction exchange loss/(gain)	1,333	213	2,358	330
Other costs *	265	105	601	415
Impairment on financial instruments	539	698	890	2,420
Profit Before Tax	698	2,696	6,983	10,756
Tax Expense	262	626	2,097	2,394
Profit After Tax	436	2,070	4,886	8,362
Other Comprehensive Income/(Loss)	(529)	2	(550)	456
Total Comprehensive Income/(Loss)	(93)	2,072	4,336	8,818

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

Statement of Assets and Liabilities

₹ in Crores

Particulars	As at 31.03.2020	As st 31.03.2021
Assets		
(A) Financial Assets	343,497	396,951
Cash and bank balances	3,700	3,070
Derivative financial instruments	3,319	2,311
Loans (Ind-AS)	312,084	365,261
Investments	2,313	1,910
Other financial assets	22,081	24,399
(B) Non-Financial Assets	2,991	3,282
Current tax assets (net)	393	160
Deferred tax assets (net)	2034	2,438
Fixed Assets	451	603
Other non-financial assets	113	81
Total Assets (A+B)	346,488	400,233
Liabilities		
(C) Financial Liabilities	311,229	356,572
Derivative financial instruments	1,326	846
Borrowings (Ind-AS)	286,340	329,783
Other financial liabilities	23,563	25,943
(D) Non-Financial Liabilities	182	235
(E) Net Worth	35,077	43,426
Equity Share Capital	1,975	1,975
Instruments entirely equity in nature	-	558
Other equity	33,102	40,893
Total Equity & Liabilities (C+D+E)	346,488	400,233

Key Ratios

Particulars	Q4		12M	
	FY20	FY21	FY20	FY21
Yield on Loan Assets (%)	10.55	10.06	10.57	10.46
Cost of Funds (%)	7.28	6.91	7.31	7.13
Interest Spread (%)	3.27	3.15	3.26	3.33
Net Interest Margin (%)	3.76	3.79	3.74	3.89
Return on Net Worth (%)	4.74	19.44	14.09	21.30
Interest Coverage Ratio (Times)	1.14	1.50	1.37	1.50
Debt Equity Ratio (Times)	7.94	7.40	7.94	7.40
Earnings per Share (Annualised) (Face Value ₹ 10 per share)	8.84	41.92	24.74	42.34
Book Value Per Share (Face Value ₹ 10 per share)	177.61	219.89	177.61	219.89

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...