

# REC Limited

(Formerly Rural Electrification Corporation Limited)

A Navratna Company

## Investor Presentation

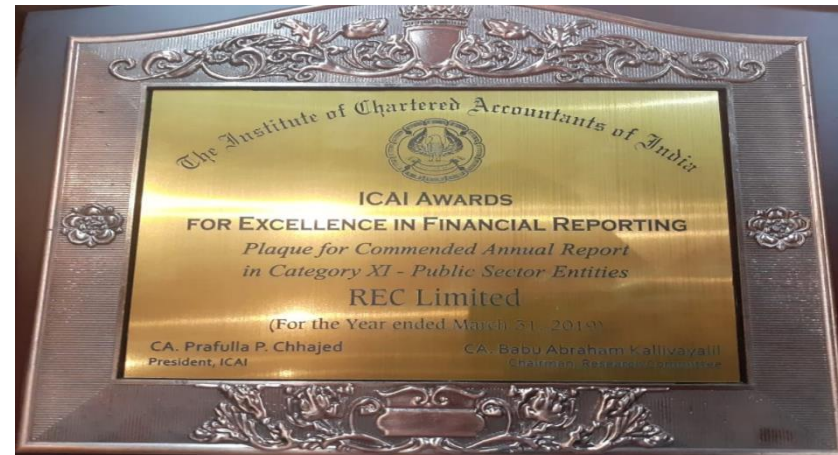
Performance Highlights

Q4 & 12M FY 20

C E L E B R A T I N G



GLORIOUS PAST, INSPIRING FUTURE



*ICAI award for Excellence in Financial Reporting (March 2019)*

# 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.*
- *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



# Key Strengths



# Board of Directors

## Experienced Team with sector experience



**Mr. Sanjeev Kumar Gupta**

*Chairman & Managing Director & Director (Technical)*

*>37 years of experience in Power Sector*

Chairman and Managing Director on the Board of REC w.e.f. June 1, 2020 and also Director (Technical), REC since October 16, 2015

Extensive experience in Planning, Design, Construction, O&M, Project Management of large EHV & UHV Transmission projects, Financing of Generation, Transmission, Distribution and Renewable Projects & instrumental in induction of new technologies in power transmission projects in various power CPSU's, REC, PGCIL and NHPC.

BE (Electrical) from G.B. Pant University of Agriculture & Technology, Pant Nagar, Uttarakhand.



**Mr. Ajoy Choudhury**  
*Director (Finance)*

*>31 years of experience in Power Sector*

Director (Finance), REC since June 1, 2020.

Experience in handling a gamut of finance portfolios such as International Finance, Contracts Management, Loans & Recovery, Corporate Accounts, Resource Mobilization & Treasury etc. Has been instrumental in implementation of various systemic improvements including formulation of Loan Recovery guidelines, improving communication and services to customers and managing overall Resources and Treasury in REC in an efficient manner.

B. Com (H) from Kirori Mal College, Delhi University and is also an Associate Member of the Institute of Cost Accountants of India.



# Board of Directors

## Experienced Team with sector experience



**Mr. Mritunjay Kumar Narayan, IAS**

*Government Nominee Director  
Joint Secretary, MoP*

*>24 years of administrative & management experience*

Shri Mritunjay Kumar Narayan is Indian Administrative Service (IAS) officer of 1995 Uttar Pradesh Cadre, is a Joint Secretary in Ministry of Power. On Board of REC since Sept 02, 2019. Previously, Secretary to the Hon'ble CM, UP for two years and a quarter Wide experience of policy formulation and implementation. Held position as Commissioner, Commercial Tax and Entertainment Tax for >2 years; contributing >60% of tax revenue of State. Has held nearly every field position in UP like Sub-Divisional Magistrate, Chief Development Officer, Collector, Divisional Commissioner. Has also served as Director on the Board of Lucknow City Transport Services Limited and Meerut City Transport Services Limited.

B. Tech and M. Tech in Electrical Engineering from IIT, Kanpur. A law graduate, he has done his M.Sc. in Public Policy and Management from King's College London.



**Mr. Praveen Kumar Singh**

*PFC Nonminee Director*

*>34 years of experience in Power Sector*

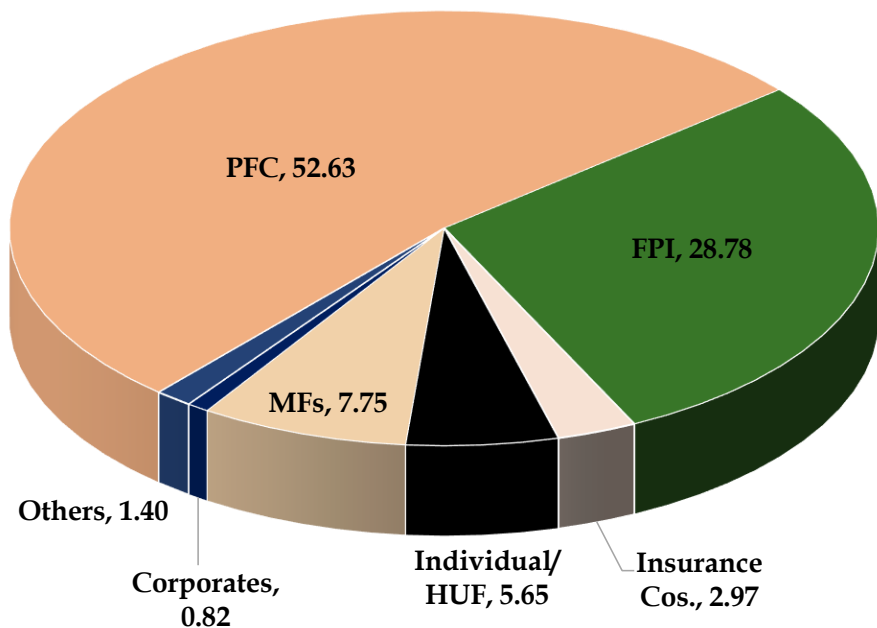
Director (Commercial) of PFC since August 10, 2018. On Board of REC since June 18, 2019.

Worked in various units of Projects Division in PFC for >24 years Also worked for India's largest power equipment manufacturer BHEL and Confederation of Indian Industries (CII) for over 9 years.

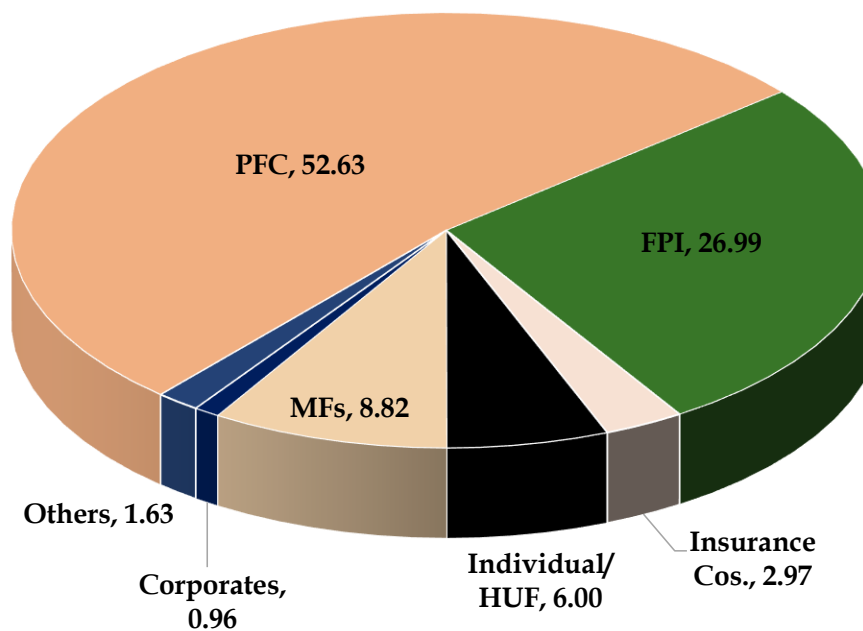
B. Tech. in Electrical Engineering from IIT-BHU. M. Tech. in Energy & Environment Management from IIT, Delhi. Completed "Global Energy MBA program" from Bayer College of Business, University of Houston, USA.

# Shareholding Pattern

As at 31.12.2019



As at 31.03.2020



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

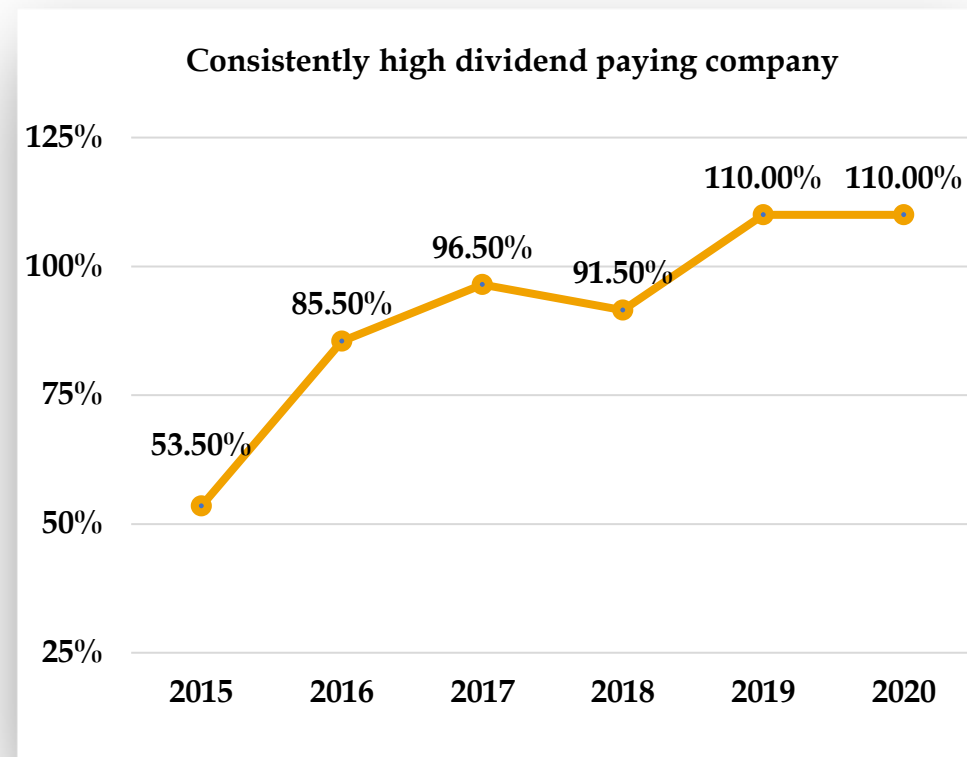
# Shareholders Outlook

## Top 10 Shareholders as at Mar 31, 2020

Rank	Particulars	Shareholding* (%)
1	Power Finance Corporation Ltd	52.63
2	HDFC Trustee Company Ltd	7.06
3	Life Insurance Corporation Of India	2.78
4	The Prudential Assurance Company Limited	1.55
5	India Capital Fund Limited	1.11
6	Eastspring Investments – Developed and Emerging Asia Equity Fund	1.03
7	Abu Dhabi Investment Authority	0.97
8	Reliance Capital Trustee Co Ltd	0.90
9	Eastspring Investments – Asia Pacific Equity Fund	0.70
10	Vanguard Total International Stock Index Fund	0.61
	<b>TOTAL</b>	<b>69.34</b>

\* PAN based Shareholding

## Dividend Payout as a % of Equity Share Capital



Dividend pay-out for FY 15 & FY16 adjusted for bonus issue of 1:1 in Sep' 2016

*During FY20, REC has declared an interim dividend of ₹ 11 per equity share of ₹ 10 each for FY20 with February 12, 2020 being the record date for payment of Interim Dividend.*

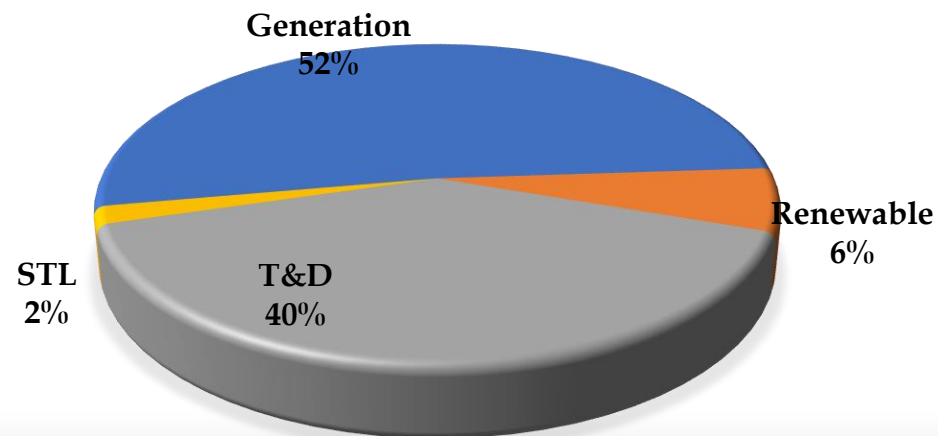


# Operational Performance



# Sanctions - Composition

## Sector-wise breakup of Sanctions in Q4 & 12M FY20



Total Sanctions FY20  
₹ 110,908 Crores



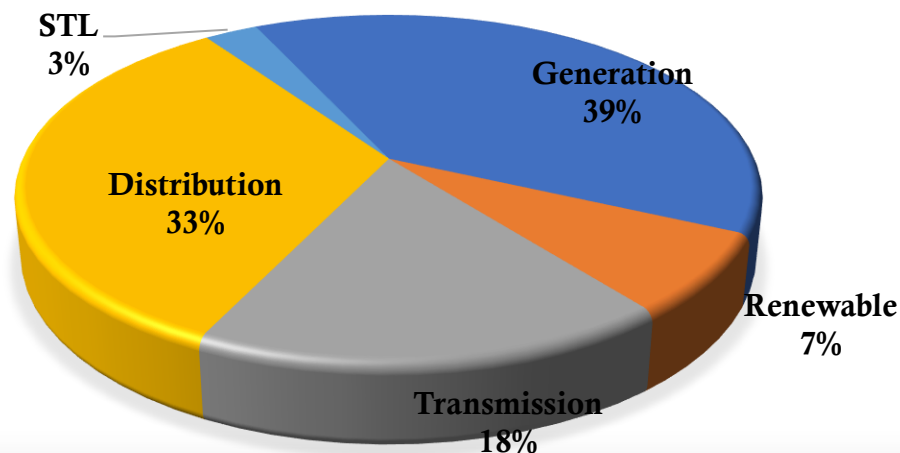
(₹ in Crores)

Discipline-wise	12M								Q4			
	FY17	%	FY 18	%	FY 19	%	FY 20	%	FY 19	%	FY 20	%
Generation	28,209	34	53,224	49	43,282	37	57,362	52	6,920	31	4,803	32
Renewable Energy	2,090	2	7,034	7	11,875	10	7,026	6	1,587	7	524	4
Transmission & Distribution	49,047	59	40,541	38	56,610	49	44,555	40	13,649	61	9,158	61
<b>Total Project Loans</b>	<b>79,346</b>	<b>95</b>	<b>100,799</b>	<b>94</b>	<b>111,767</b>	<b>96</b>	<b>108,943</b>	<b>98</b>	<b>22,156</b>	<b>99</b>	<b>14,485</b>	<b>97</b>
Short Term Loan	4,525	5	6,735	6	4,190	4	1,965	2	100	1	525	3
<b>Total Sanctions</b>	<b>83,871</b>	<b>100</b>	<b>107,534</b>	<b>100</b>	<b>115,957</b>	<b>100</b>	<b>110,908*</b>	<b>100</b>	<b>22,256</b>	<b>100</b>	<b>15,010</b>	<b>100</b>

\* As approved by BoD / Competent Authorities till 31<sup>st</sup> March 2020

# Disbursements – Composition

Sector-wise breakup of Disbursements in Q4 & 12M FY20

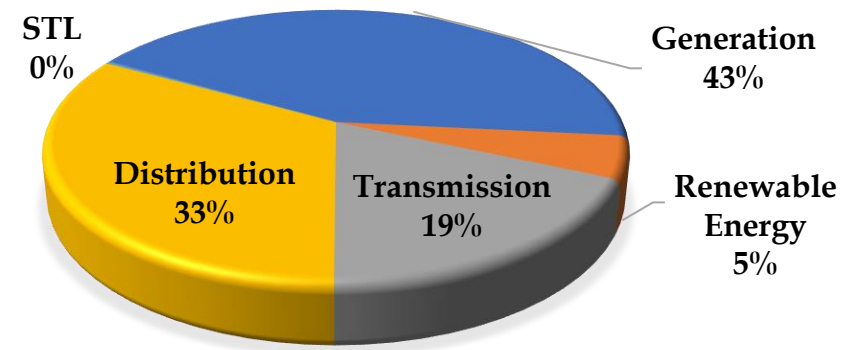
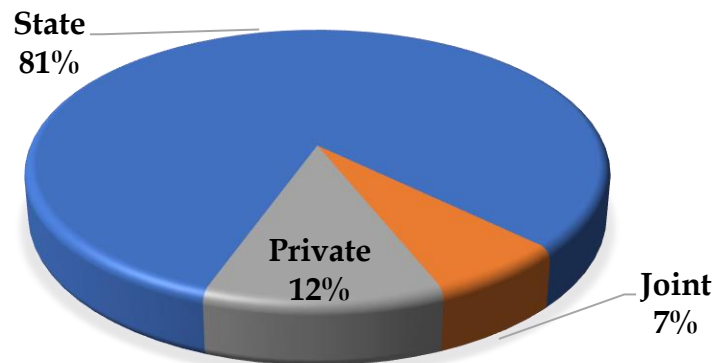


Total Disbursements  
FY20 : ₹ 75,667 Crores

(₹ in Crores)

Discipline-wise	12M						Q4					
	FY 17	%	FY18	%	FY19	%	FY20	%	FY 19	%	FY 20	%
Generation	21,697	37	18,086	29	20,462	29	29,301	39	4,792	25	11,996	54
Renewable Energy	1,618	3	5,403	9	6,628	9	5,699	7	1,785	9	958	4
Transmission	10,520	18	6,668	11	10,911	15	13,540	18	3,674	18	3,635	17
Distribution	19,429	34	24,920	40	30,324	42	25,047	33	9,395	47	5,287	24
Total Transmission & Distribution	29,949	52	31,588	51	41,235	57	38,587	51	13,069	65	8,922	41
Total Project Loans	53,264	92	55,077	89	68,325	95	73,587	97	19,646	99	21,876	99
Short Term Loan	4,775	8	6,635	11	3,840	5	2,080	3	250	1	329	1
Total Disbursements	58,039	100	61,712	100	72,165	100	75,667	100	19,896	100	22,205	100

# Outstanding Loans – Composition



(₹ in Crores)

Discipline-wise	As at							
	31 <sup>st</sup> March 2017		31 <sup>st</sup> March 2018		31 <sup>st</sup> March 2019		31 <sup>st</sup> March 2020	
	Amount	%	Amount	%	Amount	%	Amount	%
State	151,976	75	186,445	78	226,681	81	263,032	81
Joint	16,728	8	19,798	8	21,035	7	21,612	7
Private	33,225	17	33,206	14	33,494	12	37,781	12
<b>Total</b>	<b>201,929</b>	<b>100</b>	<b>239,449</b>	<b>100</b>	<b>281,210</b>	<b>100</b>	<b>322,425</b>	<b>100</b>
<b>Growth</b>	<b>0%</b>		<b>19%</b>		<b>17%</b>		<b>15%</b>	
Generation	100,441	50	108,442	46	121,912	43	139,519	43
Renewable Energy	2,447	1	7,506	3	12,895	5	16,078	5
Transmission	42,520	21	45,558	19	52,068	19	59,641	19
Distribution	52,933	26	72,295	30	92,147	32	106,294	33
Total T&D	95,453	47	117,853	49	144,215	51	165,935	52
Short Term Loans	3,588	2	5,648	2	2,188	1	893	-

# Asset Diversification - PAN India Presence

Loan concentration across 27 States and 3 Union Territories

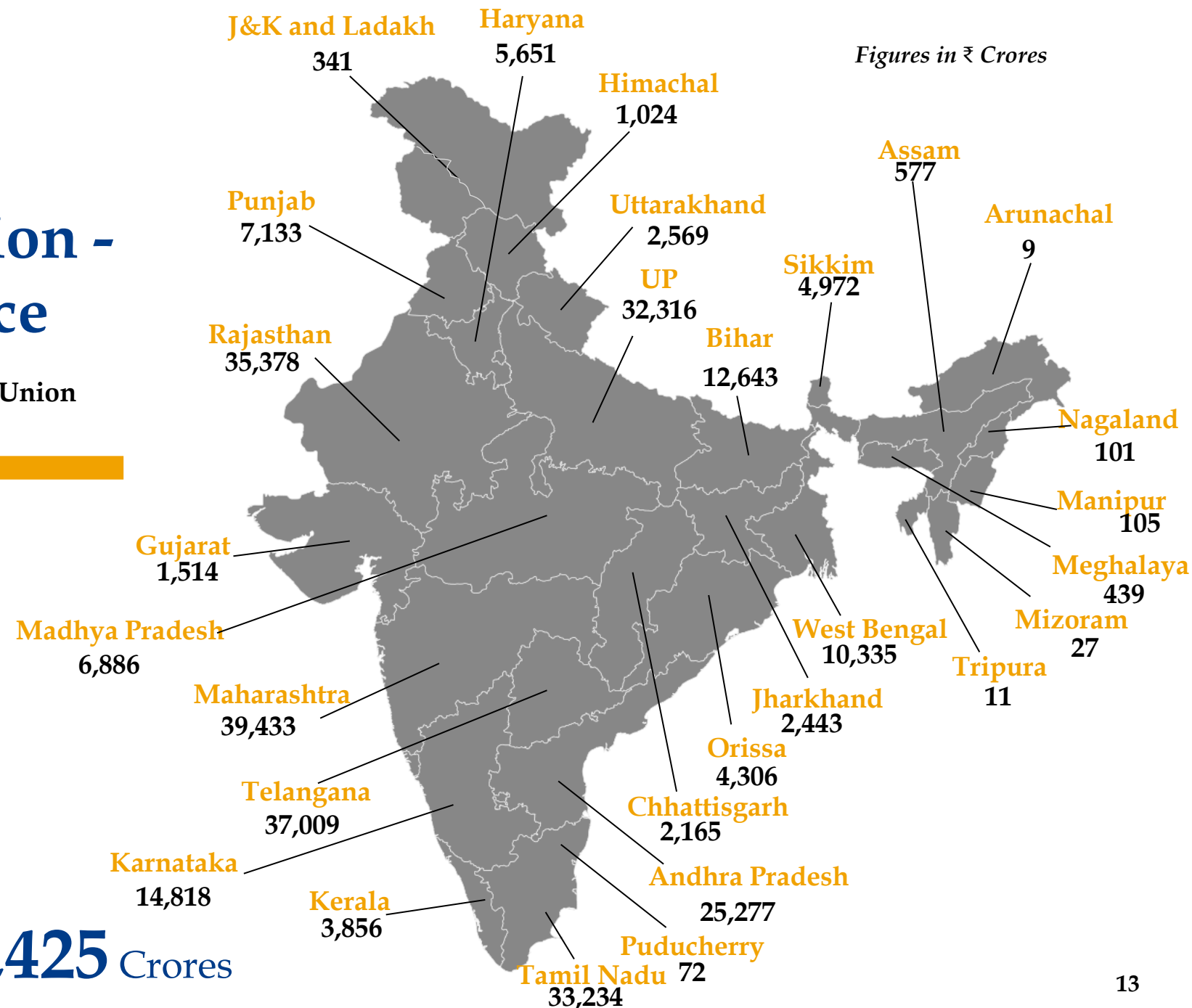
## State Sector Borrowers

₹ **2,84,644** Crores

## Private Sector Borrowers

₹ **37,781** Crores

Total Loan Outstanding - ₹ **3,22,425** Crores



# Outstanding Loans -Loan Concentration

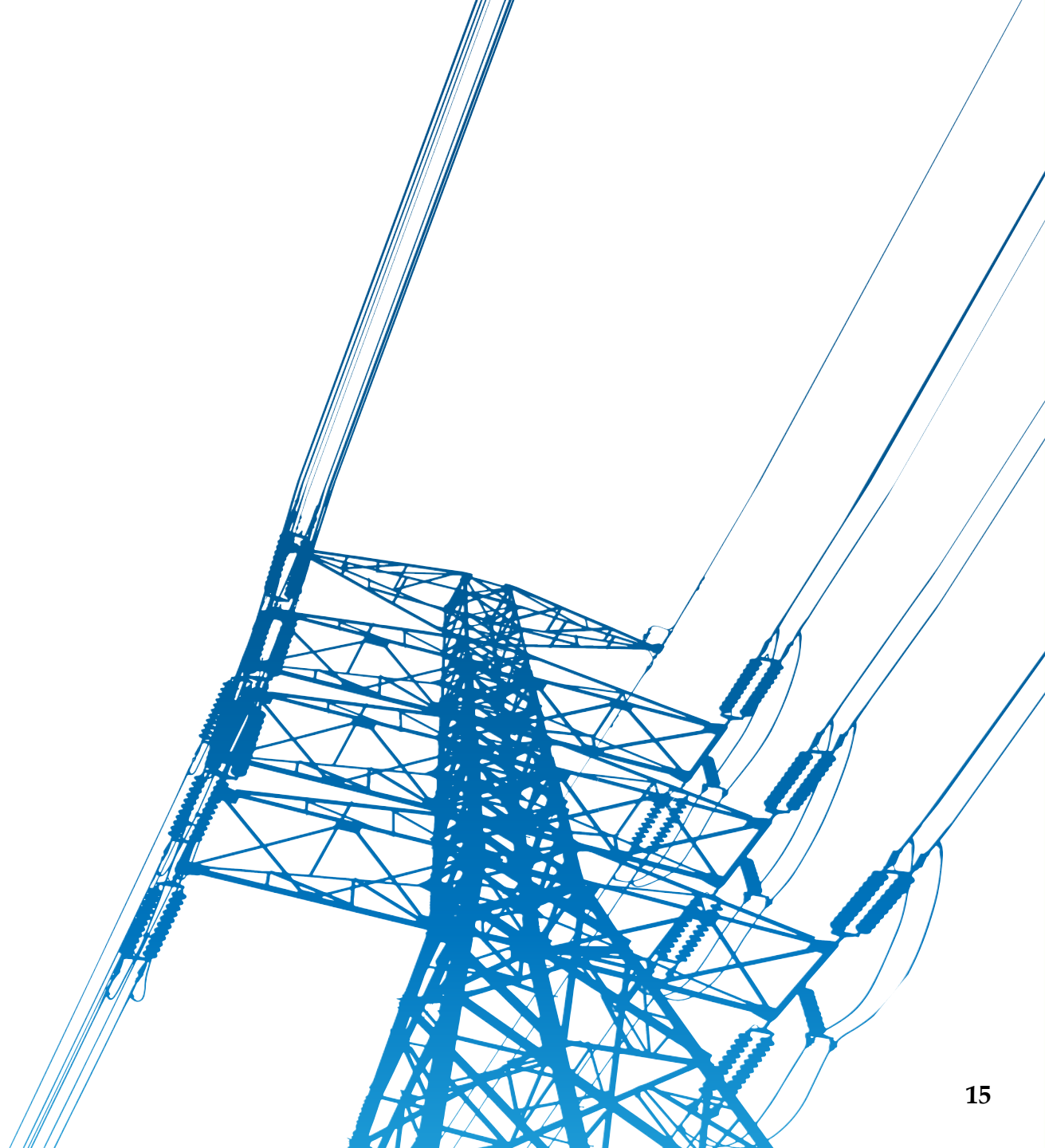
## Major Borrowers (as at March 31, 2020)

S.No.	Top Ten Borrowers	Amount Outstanding (₹ Crores)	% of Total Loan Assets
1	Maharashtra State Electricity Distribution Company Limited	21,574	6.69%
2	Tamil Nadu Generation and Distribution Corporation	17,803	5.52%
3	Maharashtra State Power Generation Company Limited	13,907	4.31%
4	Rajasthan Rajya Vidyut Utpadan Nigam Limited	13,087	4.06%
5	Telangana Power Generation Corporation	12,669	3.93%
6	Tamil Nadu Transmission Corporation (TANTRANSCO)	10,831	3.36%
7	Andhra Pradesh Power Generation Corporation (APGENCO)	10,122	3.14%
8	Nabinagar Power Generating Co. Pvt Ltd	8,775	2.72%
9	Telangana State Water Resources Infrastructure Development Corporation Ltd. (TSWRIDC)	8,562	2.66%
10	Uttar Pradesh Power Corporation Limited	7,617	2.36%
	<b>Total</b>	<b>1,24,947</b>	<b>38.75%</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 & Provision Coverage

As at March 31, 2020

Figures : ₹ Crores

Utility	Total Loan Outstanding	Credit Impaired Assets (Stage - III)			Standard Assets (Stage - I & II)			Total Provision*
		Outstanding	Provision	Provision coverage ratio (%)	Outstanding	Provision	Provision coverage ratio (%)	
<b>State Sector</b>								
- Gencos	112,916	-	-	-	112,916	76	0.07	76
- Renewables	7,314	-	-	-	7,314	6	0.08	6
- Transcos	57,340	-	-	-	57,340	13	0.02	13
- Discoms	107,075	-	-	-	107,075	203	0.19	203
<b>Total State Sector</b>	<b>284,645</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>284,645</b>	<b>298</b>	<b>0.10</b>	<b>298</b>
<b>Private Sector</b>								
- Genco	26,713	19,267	10,054	52.18	7,446	1,000	13.43	11,054
- Transcos	2,301	1,967	479	24.35	334	12	3.59	491
- Renewables	8,766	22	19	86.36	8,744	142	1.62	161
<b>Total Private Sector</b>	<b>37,780</b>	<b>21,256</b>	<b>10,552</b>	<b>49.64</b>	<b>16,524</b>	<b>1,154</b>	<b>6.98</b>	<b>11,706</b>
<b>Grand Total</b>	<b>322,425</b>	<b>21,256</b>	<b>10,552</b>	<b>49.64</b>	<b>301,169</b>	<b>1,452</b>	<b>0.48</b>	<b>12,004</b>

Credit Impaired Assets	As at 31 <sup>st</sup> Mar 2020	%
Gross	21,256	6.59
Net	10,704	3.32

\*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 and Reserve fund u/s 45-IC of RBI Act amounting to ₹ 5,125 crores.

# Borrowing Profile

## Domestic Ratings

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

## International Ratings

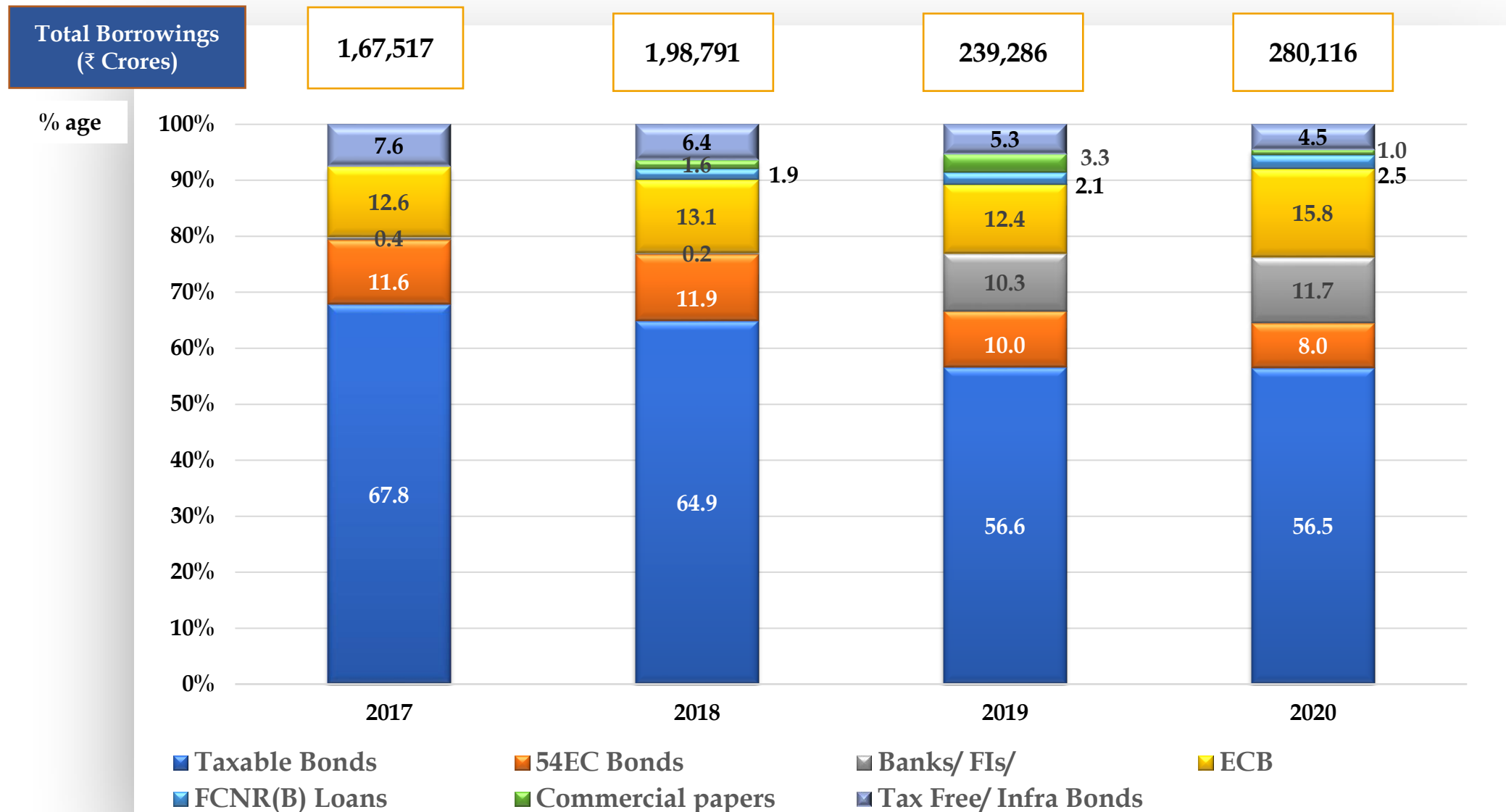
	
"BBB - "	"Baa3"

# Outstanding Borrowings

(₹ Crores)

Particulars	As at				
	31 <sup>st</sup> March 2017	31 <sup>st</sup> March 2018	31 <sup>st</sup> March 2019	31 <sup>st</sup> March 2020	
	Amount	Amount	Amount	Amount	%
Institutional, Subordinate & Zero Coupon Bonds	113,449	128,871	135,184	158,148	56.5
Foreign Currency Borrowings	21,081	25,996	29,710	44,380	15.8
FCNR (B) Loans	-	3,811	5,048	6,973	2.5
Capital Gain Bonds	19,477	23,705	23,880	22,376	8.0
Tax Free Bonds	12,648	12,648	12,648	12,648	4.5
Commercial Papers	-	3,250	7,975	2,925	1.0
Banks, FIs, Govt., etc.	750	400	24,750	32,650	11.7
Infra Bonds	112	110	91	16	-
<b>Grand Total</b>	<b>167,517</b>	<b>198,791</b>	<b>239,286</b>	<b>280,116</b>	<b>100</b>
<b>Average annualized Cost of Funds</b>	<b>8.13%</b>	<b>7.53%</b>	<b>7.16%</b>	<b>7.31%</b>	

# Outstanding Borrowings



# Funds Raised During The Period

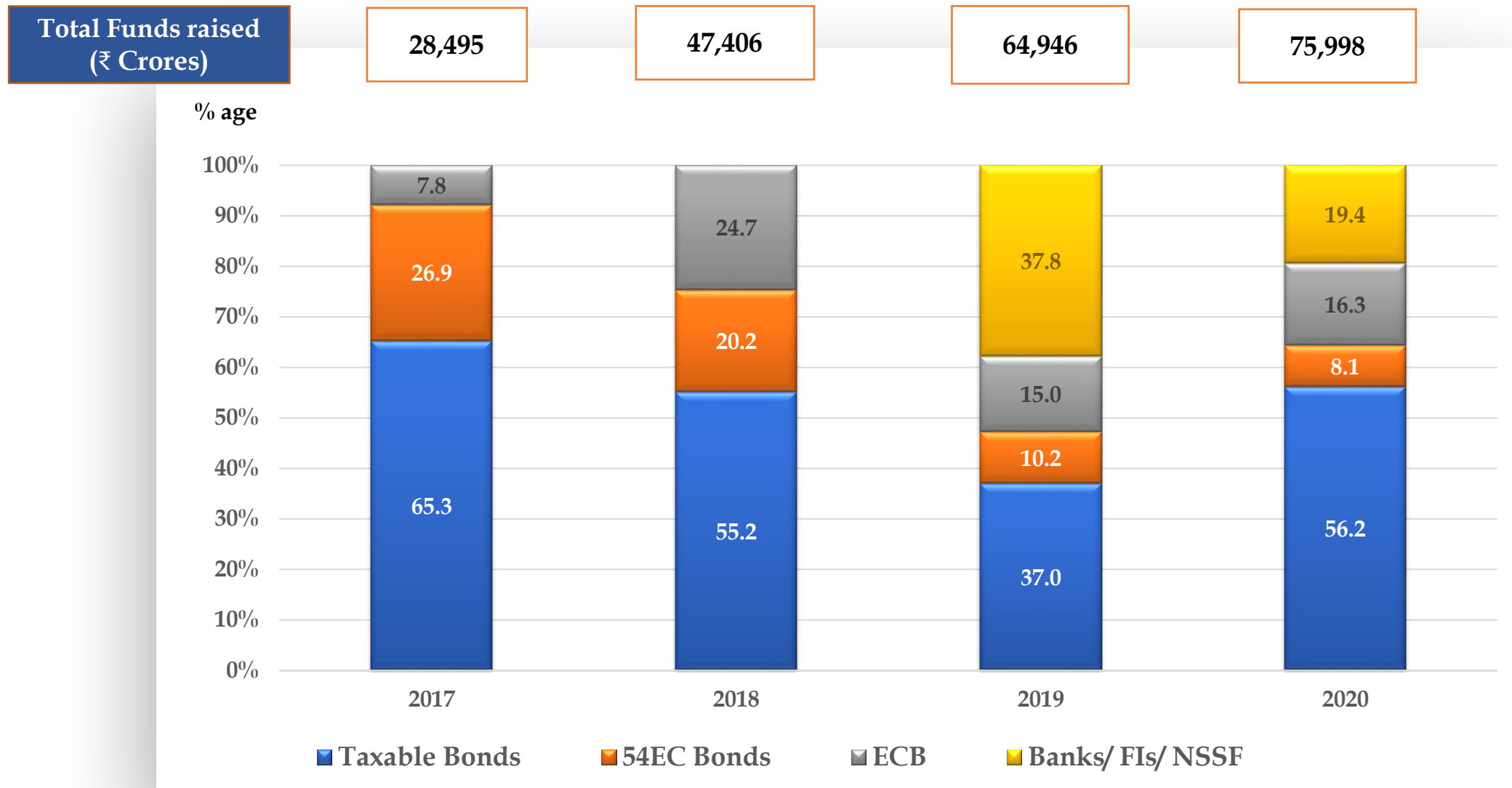
(₹ Crores)

Category	12M				Q4	
	FY17	FY18	FY19	FY20	FY19	FY20
(A) <u>Long Term</u>						
Capital Gains Bonds	7,663	9,565	6,652	6,157	2,199	1,704
Institutional Bonds/ Subordinate Debt	18,600	26,145	24,010	42,713	9,161	16,241
Term Loans from Banks/ FIs/ NSSF	-	-	24,550	14,725	10,550	4,400
Foreign Currency Borrowings	2,232	11,696	9,734	12,403	2,239	1,451
<b>Total (A)</b>	<b>28,495</b>	<b>47,406</b>	<b>64,946</b>	<b>75,998</b>	<b>24,149</b>	<b>23,796</b>
<i>Annualized Cost of Borrowings</i>	6.85%	6.17%	8.13%	6.73%	8.06%	6.99%
(B) <u>Short Term</u>						
FCNR (B) Loan	-	3,759	4,437	5,599	986	1,534
Commercial papers	19,917	12,115	19,393	6,029	4,919	2,221
Banks	-	-	-	2,750	-	2,750
<b>Total (B)</b>	<b>19,917</b>	<b>15,874</b>	<b>23,830</b>	<b>14,378</b>	<b>5,905</b>	<b>6,505</b>
<b>Total (A + B)</b>	<b>48,412</b>	<b>63,280</b>	<b>88,776</b>	<b>90,376</b>	<b>30,054</b>	<b>30,301</b>

%age denotes annualized cost of borrowings mobilized



# Funds Raised During The Period (Long Term)



# Financial Highlights



# Key Financial Highlights

- ❑ Total Income for Q4 FY20 and 12M FY20 stands at ₹ 7,895 crores (up 19% Y-o-Y) and ₹ 29,855 crores (up 18% Y-o-Y) respectively
- ❑ Net Interest Income Q4 FY20 and 12M FY20 stands at ₹ 2,749 crores (up 18% Y-o-Y) and ₹ 10,425 crores (up 15% Y-o-Y) respectively
- ❑ Loan book as at 31st Mar 2020 stands at ₹ 322,425 crores as against ₹ 281,210 crores as at 31st Mar 2019, growth of 15% Y-o-Y
- ❑ Raised funds through diverse sources (Institutional Bonds / Capital Gains Tax Exemption Bonds/ Foreign Currency Borrowings / Term Loan from Banks/ FIs etc) at an annualized cost of 6.73% during FY20 (8.13% during FY19)
- ❑ Expected Credit Loss (ECL) evaluation & calculation as per Ind-AS undertaken by ICRA Analytics Limited
- ❑ Provision Coverage Ratio against Credit impaired assets stands at 49.64% as at Mar 31, 2020
- ❑ Net-worth as at Mar 31, 2020 stands at ₹ 35,077 crores as against ₹ 34,303 crores as at Mar 31, 2019
- ❑ Capital Adequacy Ratio as at Mar 31, 2020 stands at 16.06% (Tier – I : 13.17% & Tier – II : 2.89%)

# Standalone Statement of Profit & Loss

₹ Crores

Particulars	12M		Q4	
	FY 19	FY20	FY19	FY 20
Interest Income on Loan assets	24,728	29,422	6,493	7,691
Less: Finance Costs	15,642	18,997	4,161	4,942
Net Interest Income	9,086	10,425	2,332	2,749
Other Operating Income	582	369	117	149
Other Income	31	64	14	55
Total Income	25,341	29,855	6,624	7,895
Translation/transaction exchange loss/(gain)	521	2,358	(62)	1333
Net notional loss/(gain) on fair value changes	349	26	762	118
Other costs *	488	601	111	266
Impairment loss on financial instruments	240	890	18	538
<b>Profit Before Tax</b>	<b>8,101</b>	<b>6,983</b>	<b>1,634</b>	<b>698</b>
Tax Expense	2,337	2,097	378	262
<b>Profit After Tax</b>	<b>5,764</b>	<b>4,886</b>	<b>1,256</b>	<b>436</b>
Other Comprehensive Income/(Loss)	(61)	(550)	(39)	(529)
<b>Total Comprehensive Income/(Loss)</b>	<b>5,703</b>	<b>4,336</b>	<b>1,217</b>	<b>(93)</b>

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

*During FY20, REC has declared an interim dividend of ₹ 11 per equity share of ₹ 10 each for FY20 with February 12, 2020 being the record date for payment of Interim Dividend.*

# Statement of Assets and Liabilities

₹ Crores

Particulars	As at 31.03.2019	As at 31.03.2020
<b>Assets</b>		
<b>(A) Financial Assets</b>	<b>294,590</b>	<b>343,497</b>
Cash and Bank	1,596	3,700
Derivative financial instruments	1,803	3,319
Loans (Ind-AS)	270,451	312,084
Investments	2,398	2,313
Other financial assets	18,342	22,081
<b>(B) Non-Financial Assets</b>	<b>3,127</b>	<b>2,991</b>
Current tax assets (net)	276	393
Deferred tax assets (net)	2,358	2034
Fixed Assets	361	451
Other non-financial assets	132	113
<b>Total Assets (A+B)</b>	<b>297,717</b>	<b>346,488</b>
<b>Liabilities</b>		
<b>(C) Financial Liabilities</b>	<b>263,232</b>	<b>311,229</b>
Derivative financial instruments	159	1,326
Borrowings (Ind-AS)	244,321	286,340
Other financial liabilities	18,752	23,563
<b>(D) Non-Financial Liabilities</b>	<b>182</b>	<b>182</b>
<b>(E) Equity</b>	<b>34,303</b>	<b>35,077</b>
Equity Share Capital	1,975	1,975
Other equity	32,328	33,102
<b>Total Liabilities (C+D+E)</b>	<b>297,717</b>	<b>346,488</b>

# Key Ratios

Particulars	12M	
	FY19	FY20
Yield on Loan Assets (%)	10.40	10.57
Cost of Funds (%)	7.16	7.31
Interest Spread (%)	3.24	3.26
Net Interest Margin (%)	3.85	3.74
Return on Net Worth (%)	17.31	14.09
Interest Coverage Ratio (Times)	1.52	1.37
Debt Equity Ratio (Times)	6.98	7.99
Earnings per Share (Face Value ₹ 10 per share)	29.18	24.74
Book Value Per Share (Face Value ₹ 10 per share)	173.69	177.61

*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 to Net Worth*

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



# Thank You



## COVID ASSISTANCE:

Food-grains	: 4,77,798 kg
Meals packages	: 3,55,980 nos.
PPE kits	: 3,440 nos.
Masks	: 85,850 nos.
Sanitisers	: 9,888 litres
& Continuing...	