



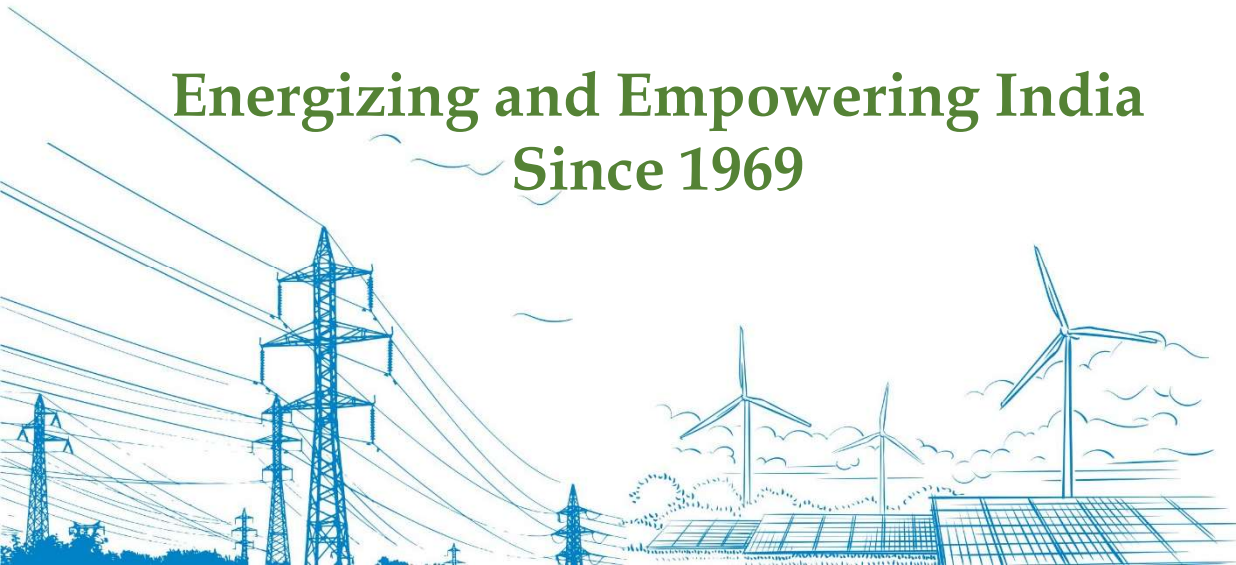
# REC Limited

*A Maharatna Company*



## Investor Presentation Performance Highlights for H1 FY 2023-24

**Energizing and Empowering India  
Since 1969**



# Table of Contents



**REC Overview**



**Operational  
Performance**



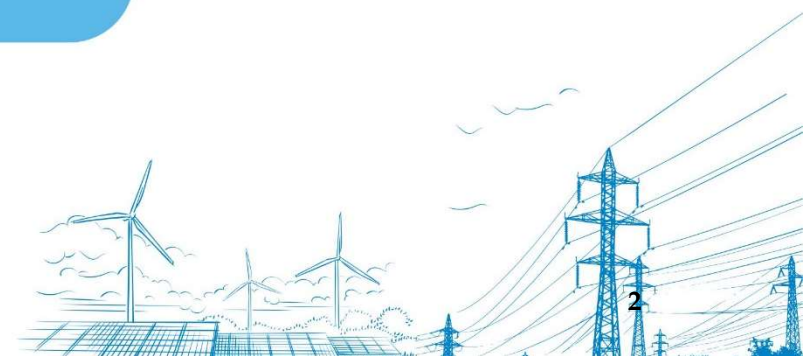
**Asset Quality**



**Borrowing  
Profile**



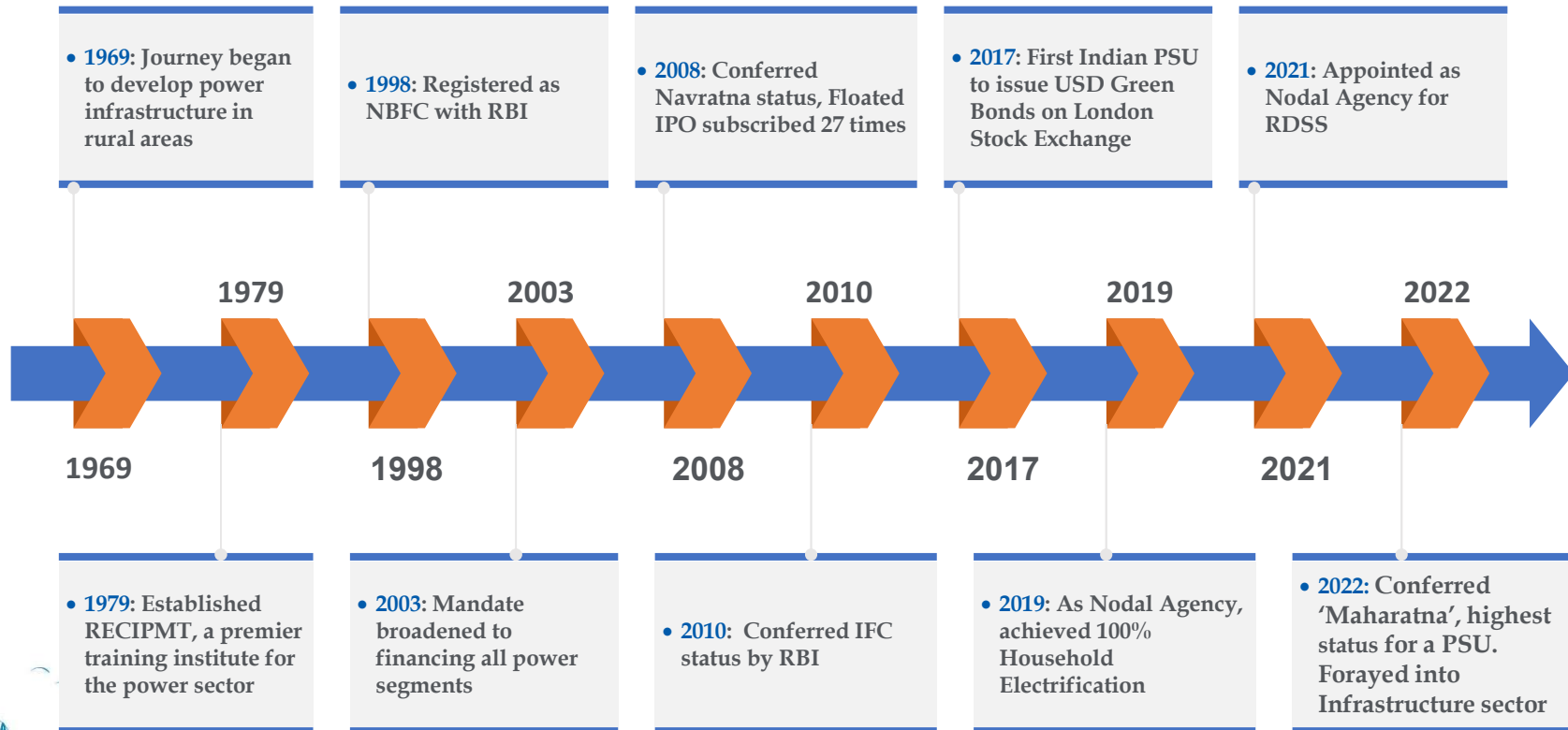
**Financial  
Highlights**



# REC Overview



# REC Journey



# Key Strengths

Experienced Management Team with Sector Expertise

Nodal Agency for major Govt. of India's power sector programmes – RDSS, Saubhagya, DDUGJY, etc.

Highest Domestic Rating of "AAA"; International Ratings of "Baa3" & "BBB-" from Moody's & Fitch respectively at par with Sovereign rating`

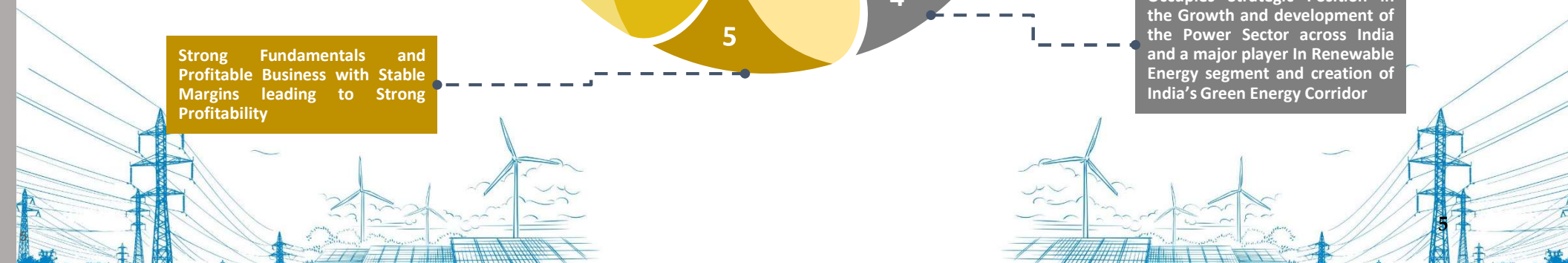
Strong Fundamentals and Profitable Business with Stable Margins leading to Strong Profitability

'Maharatna' Company and a strategic player in the Indian Power, Infrastructure and Logistics Sector

Diversified Asset Base with robust Access to Diversified Funding Sources

Healthy Asset Quality with adequate provisiiong coverage ratio

Occupies Strategic Position in the Growth and development of the Power Sector across India and a major player In Renewable Energy segment and creation of India's Green Energy Corridor





# Awards and Accolades

## **'Best PSU'**

In the  
Financial  
Services  
category by  
Dun &  
Bradstreet

## **'Ranked 53rd'**

In Fortune  
India 500  
(FY 22)

## **'Golden Peacock Award'**

For Risk  
Management  
(FY 23)

## **'Golden Peacock Award'**

For  
Excellence in  
Corporate  
Governance  
(FY 22)

## **India's Top 20**

Profitable  
Companies by  
Money Control

## **'Operational Performance Excellence'**

Awarded by  
Indian  
Chamber of  
Commerce



# Accorded Maharatna Status in FY 2022-23

## REC is amongst the Coveted Few Indian PSUs

**Maharatna**

- Highest rank for top-performing PSUs in India
- Total of 13 PSUs accorded this status

**Navratna**

- 2<sup>nd</sup> highest rank of top-performing PSUs in India
- Total of 16 PSUs accorded this status

**Miniratna I**

- 3<sup>rd</sup> highest rank of PSUs in India
- Total of 58 PSUs accorded this status

**Miniratna II**

- 4<sup>th</sup> rank of PSUs in India
- Total of 11 PSUs accorded this status

## Maharatna - Business advantages

Gives greater operational & financial autonomy.

Allows strategic investments by incorporating JVs, Subsidiaries and M&A activities in India and abroad.

Accelerating growth and supporting Govt's vision for power sector.

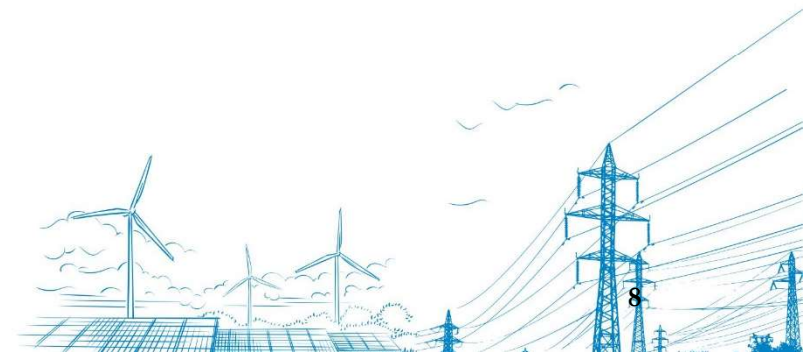


# Forayed into Infra Sector: For Nation's Accelerated Development



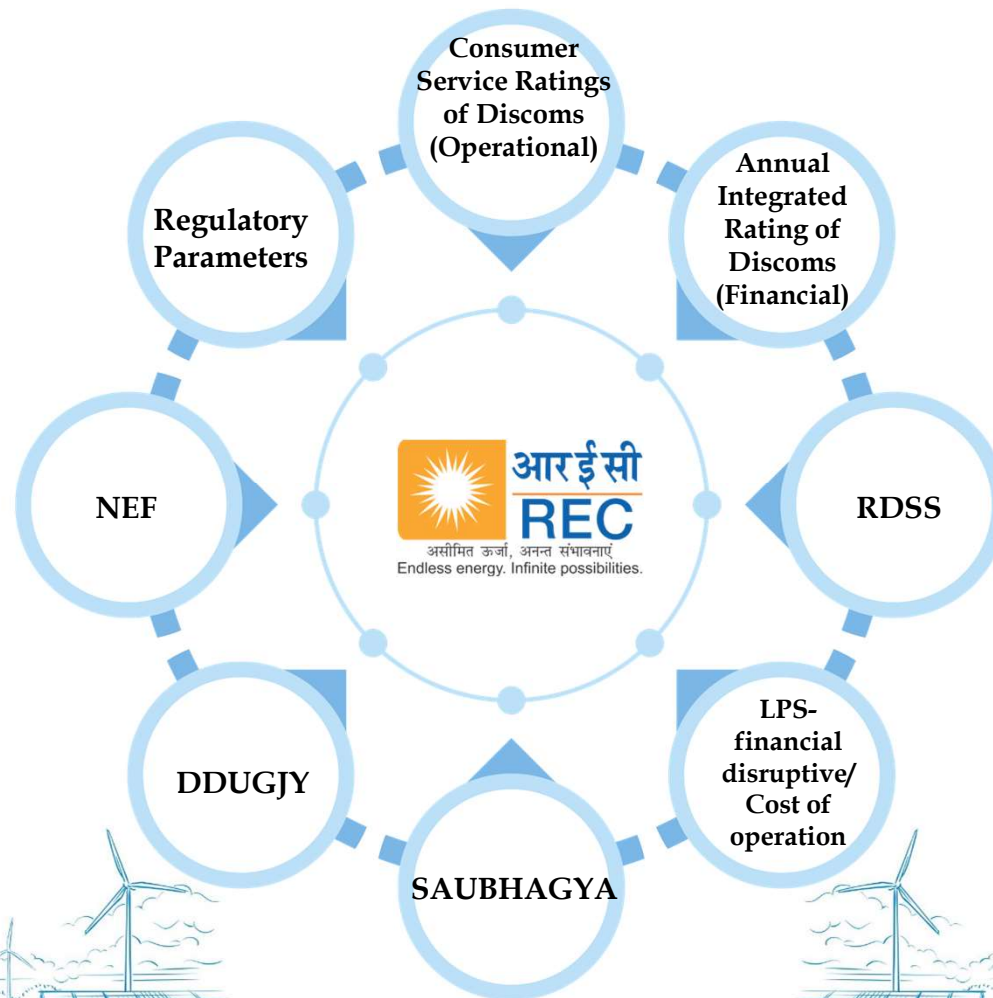
**Diversifying the Loan Profile**

**REC is now lending to  
Infrastructure and Logistics  
sector**



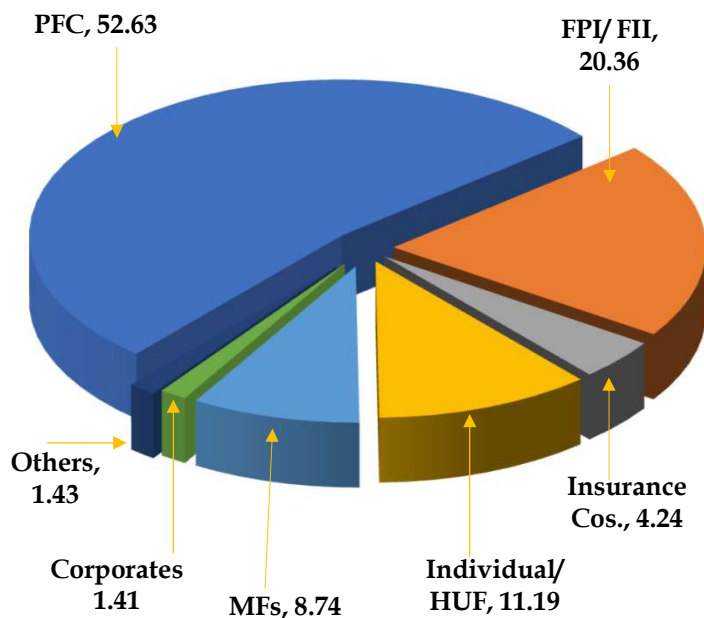


# Government's Trusted Arm



# Shareholders Outlook

Shareholding Pattern  
as at 30.09.2023



EPS  
(Annualized)  
Rs. 51.14

Book Value  
Per Share  
Rs. 239.70

Share price rallied  
from  
Rs. 115.45 as on  
Mar 31, 2023 to  
**Rs. 287.40 as on  
Sept. 29, 2023,  
increase of 149%**

Second Interim  
Dividend for  
FY24  
**Rs. 3.50 per  
share**

*FPIs have reposed faith in REC and have consistently held more than 20% since IPO in 2008*

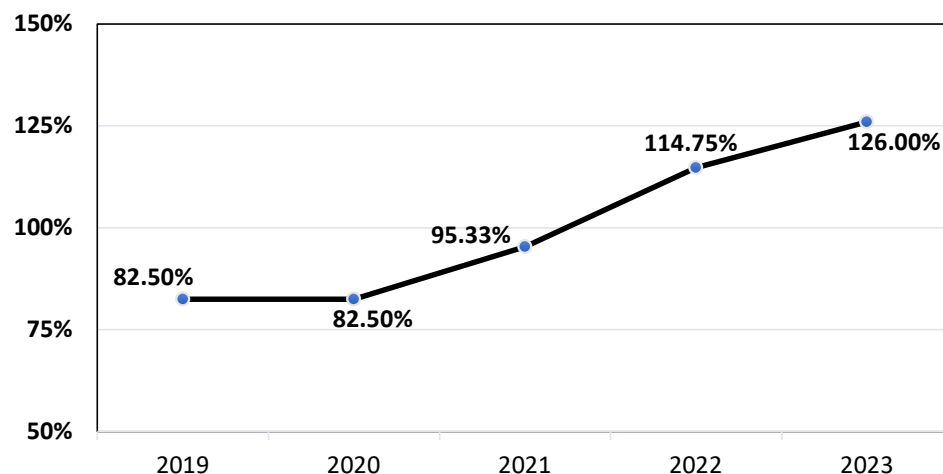
# Shareholders Outlook

## Top 10 Shareholders as at September 30, 2023

Rank	Particulars	Shareholding (%)
1	Power Finance Corporation Ltd	52.63
2	HDFC Trustee Company Limited	3.93
3	Nippon Life India Trustee Ltd - A/C Nippon India Vision Fund	1.06
4	HDFC Life Insurance Company Limited	0.93
5	Life Insurance Corporation of India	0.86
6	TATA AIG General Insurance Company Limited	0.77
7	DSP Tax Saver Fund	0.75
8	Stichting Depositary APG Emerging Markets Equity Pool	0.75
9	India Capital Fund Limited	0.75
10	Vanguard Emerging Markets Stock Index Fund	0.65
	<b>TOTAL</b>	<b>63.08</b>

## Dividend Payout as a % of Equity Share Capital

Consistently high dividend paying company



**1<sup>st</sup> interim dividend paid for Q1 FY 24 of Rs. 3 per share and declared for Q2 FY 24 of Rs. 3.50 per share, totaling to Rs. 6.50 per share of Rs. 10 each (65%).**

- Dividend adjusted for Bonus in the ratio of 1:3 in Aug 2022
- Actual dividend 110.00%, 110.00%, 127.10% and 153.00% pre bonus for the year 2019, 2020, 2021 & 2022

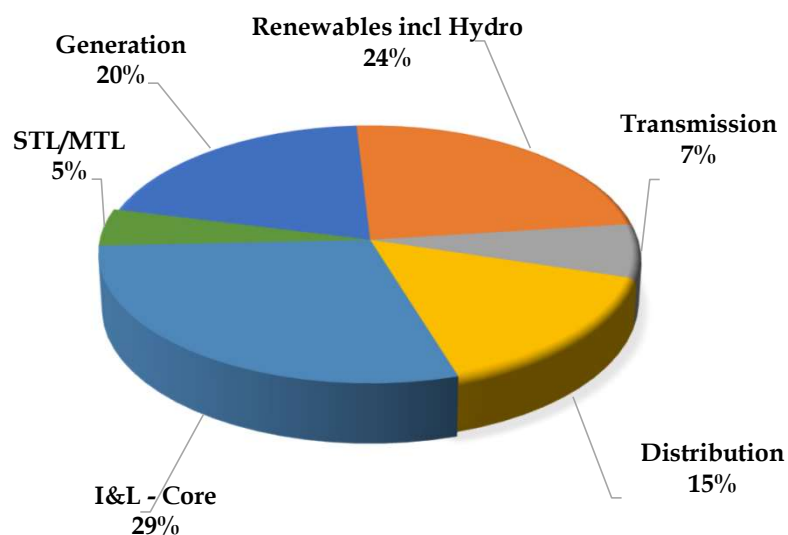
# Operational Performance





# Sanctions - Composition

Sector-wise breakup of Sanctions in Q2 FY 24



**Highest ever quarterly Sanctions during Q2FY24**  
**Rs. 1,04,366 crores**



(Rs. in Crores)

Discipline-wise	12M		Q2				H1			
	FY 23	%	FY 23	%	FY 24	%	FY 23	%	FY 24	%
Generation	31,253	12	1,732	2	21,085	20	25,344	18	36,604	19
Renewables incl Large Hydro	21,279	8	1,821	2	24,944	24	11,705	8	49,929	25
Transmission	8,464	3	2,055	2	7,023	7	4,830	3	13,831	7
Distribution	1,13,587	42	76,832	91	16,195	15	82,803	57	50,056	25
a) Distribution Capex	15,943	6	1,170	1	13,195	13	6,641	5	24,536	12
b) LPS & LIS *	57,190	21	54,809	65	-	-	54,809	37	13,620	7
c) RBPF **	40,454	15	20,853	25	2,500	2	21,353	15	6,000	3
d) Special Loan	-	-	-	-	500	-	-	-	5,900	3
I&L - Core ***	60,801	23	-	-	30,319	29	-	-	36,129	19
I&L - E&M ****	26,402	10	1,299	2	-	-	15,902	11	3,114	2
STL/MTL	6,675	2	1,150	1	4,800	5	4,200	3	5,500	3
<b>Total Sanctions</b>	<b>2,68,461</b>	<b>100</b>	<b>84,889</b>	<b>100</b>	<b>1,04,366</b>	<b>100</b>	<b>1,44,784</b>	<b>100</b>	<b>1,95,163</b>	<b>100</b>

\* LPS – Late payment surcharge

\* LIS – Liquidity infusion scheme

\*\* RBPF - Revolving Bills Payment Facility

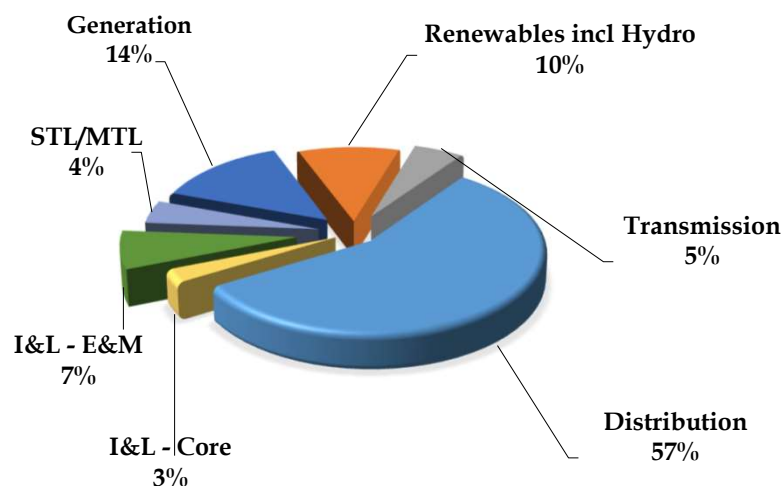
\*\*\* I&L – Infrastructure & Logistics

\*\*\*\* Electrical and Mechanical



# Disbursements – Composition

## Sector-wise breakup of Disbursements in Q2 FY 24



**Highest ever quarterly  
Disbursements during Q2FY24  
Rs. 41,598 crores**



(Rs. in Crores)

Discipline-wise	12M		Q2				H1			
	FY 23	%	FY 23	%	FY 24	%	FY 23	%	FY 24	%
Generation	18,754	19	4,334	24	5,713	14	6,042	20	10,200	13
Renewables incl Large Hydro	11,226	12	1,371	8	4,309	10	7,427	25	5,843	8
Transmission	3,050	3	791	4	2,132	5	1,756	6	2,969	4
Distribution	50,847	52	9,968	56	23,536	57	11,918	39	45,947	61
a) Distribution Capex	8,509	9	2,016	11	3,117	8	3,966	13	4,980	7
b) LPS & LIS *	16,177	17	3,353	19	7,833	19	3,353	11	17,383	23
c) RBPF **	26,161	26	4,599	26	12,586	30	4,599	15	23,584	31
I&L - Core ***	-	-	-	-	1,085	3	-	-	4,690	6
I&L - E&M ****	9,308	10	1,058	6	3,023	7	1,058	3	3,872	5
STL/MTL	3,661	4	306	2	1,800	4	2,068	7	2,210	3
<b>Total Disbursements</b>	<b>96,846</b>	<b>100</b>	<b>17,828</b>	<b>100</b>	<b>41,598</b>	<b>100</b>	<b>30,269</b>	<b>100</b>	<b>75,731</b>	<b>100</b>

\* LPS – Late payment surcharge

\* LIS – Liquidity infusion scheme

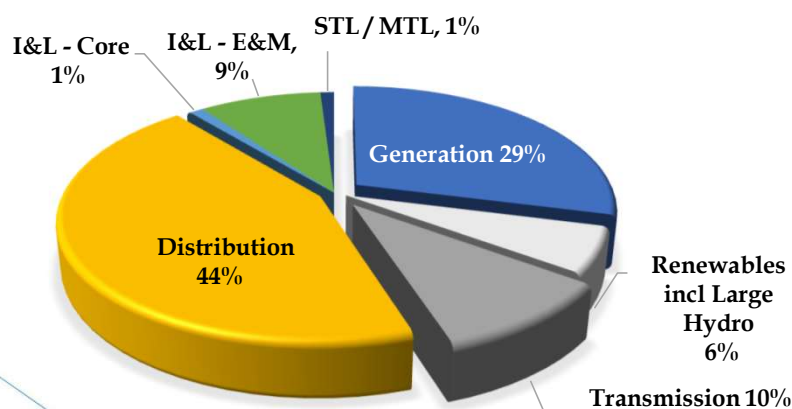
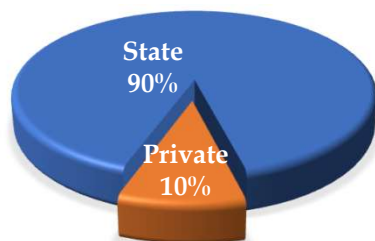
\*\* RBPF - Revolving Bills Payment Facility

\*\*\* I&L – Infrastructure & Logistics

\*\*\*\* E&M – Electrical and Mechanical

# Outstanding Loans – Composition

(Rs. in Crores)



Discipline-wise	As at					
	30 <sup>th</sup> September 2023		31 <sup>st</sup> March 2023		31 <sup>st</sup> March 2022	
	Amount	%	Amount	%	Amount	%
State	4,29,140	90	3,93,225	90	3,50,456	91
Private	45,135	10	41,787	10	34,915	9
<b>Total</b>	<b>4,74,275</b>	<b>100</b>	<b>4,35,012</b>	<b>100</b>	<b>3,85,371</b>	<b>100</b>
Generation	1,37,556	29	1,32,517	30	1,26,449	33
Renewables incl Large Hydro	29,833	6	27,095	6	19,187	5
Transmission	48,393	10	48,327	11	51,259	13
Distribution	2,10,172	44	1,85,806	43	1,54,851	40
a) Distribution Capex	87,668	19	90,287	21	97,506	25
b) LPS & LIS *	33,468	7	16,147	4	-	-
c) RBPF **	34,930	7	24,194	6	-	-
d) Special Loan	54,106	11	55,178	12	57,345	15
I&L - Core ***	4,690	1	-	-	-	-
I&L - E&M ****	40,925	9	38,248	9	28,659	7
STL/MTL	2,706	1	3,019	1	4966	2

\* LPS – Late payment surcharge, \* LIS – Liquidity infusion scheme, \*\* RBPF - Revolving Bills Payment Facility,  
 \*\*\* I&L – Infrastructure & Logistics, \*\*\*\* E&M – Electrical & Mechanical

Loan book has grown at a healthy rate of 20% YoY

# PAN India presence - Loan Assets

Lending across 28 States

**State/ Joint Sector Borrowers**

**Rs. 4,29,140 Crores**

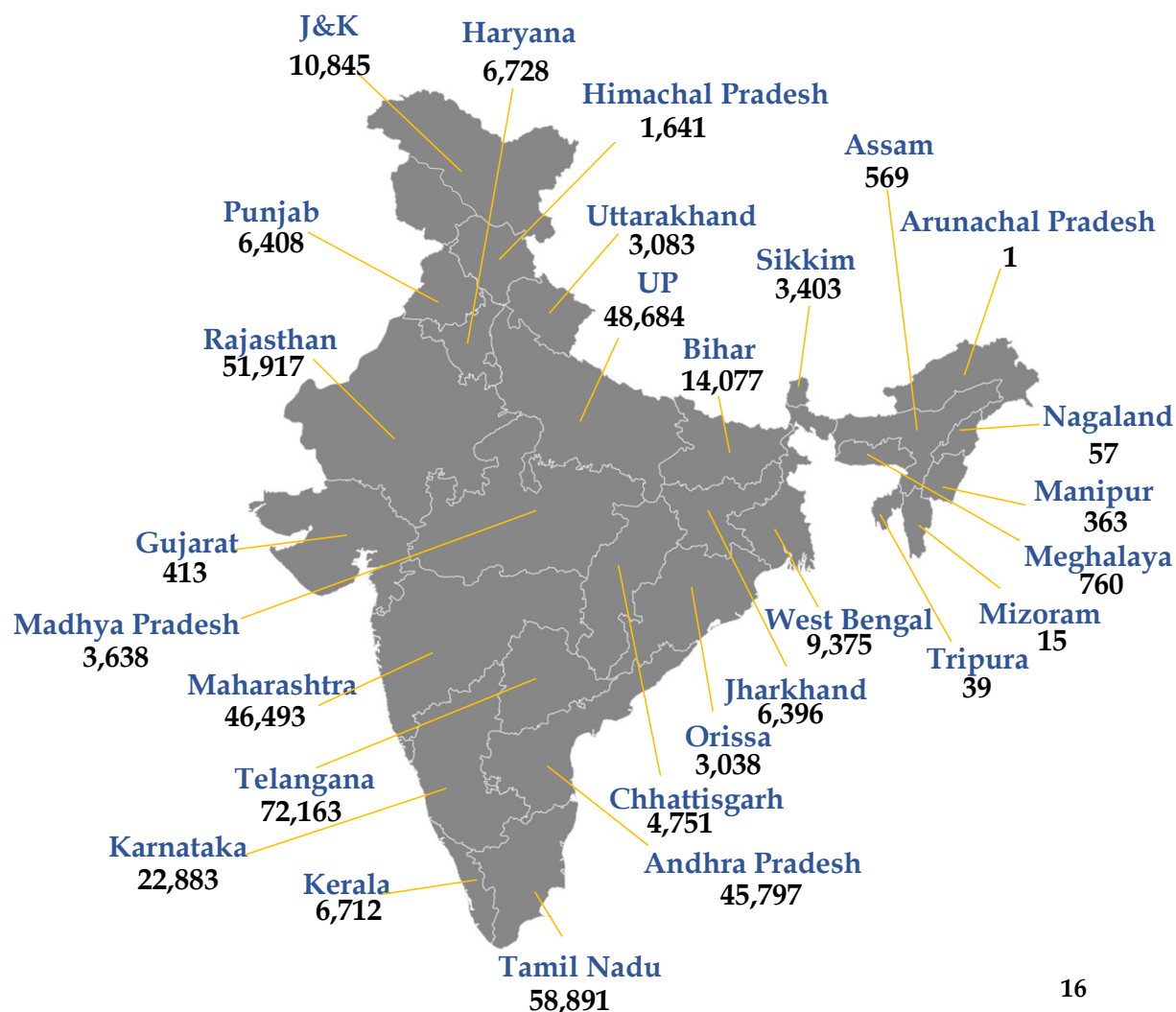
**Private Sector Borrowers**

**Rs. 45,135 Crores**

**Total Loan Outstanding**

**Rs. 4,74,275 Crores**

*Figures in Rs. Crores*

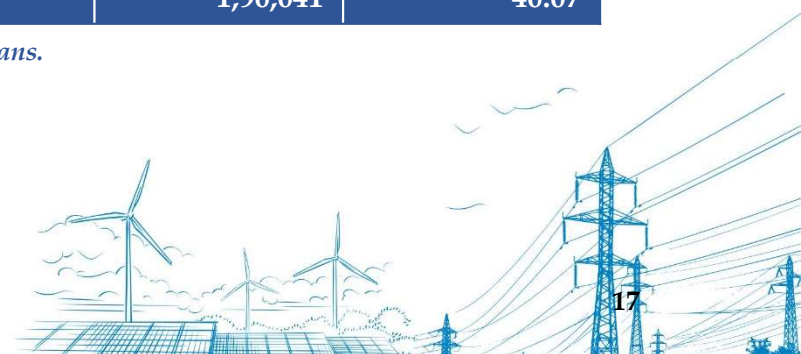


# Outstanding Loans – Major Borrowers

Major State Borrowers (as at September 30, 2023)

S. No.	Top Ten Borrowers	Amount Outstanding (Rs. in Crores)	% of Total Loan Assets
1	Tamil Nadu Generation and Distribution Corporation Limited	45,018	9.49
2	Maharashtra State Electricity Distribution Company Limited	21,323	4.49
3	Uttar Pradesh Power Corporation Limited	19,328	4.08
4	Kaleshwaram Irrigation Project Corporation Ltd	18,059	3.81
5	Telangana State Power Generation Corporation Limited	17,732	3.74
6	Andhra Pradesh Southern Power Distribution Company Limited	16,181	3.41
7	Maharashtra State Power Generation Company Limited	13,829	2.92
8	Jodhpur Vidhyut Vitran Nigam Limited	13,018	2.74
9	Jaipur Vidyut Vitran Nigam Limited	12,892	2.72
10	Telangana State Southern Power Distribution Company Limited	12,661	2.67
	<b>Total</b>	<b>1,90,041</b>	<b>40.07</b>

- Well-diversified asset portfolio with Top 10 borrowers accounting for ~40% of current loans.
- None of the top 10 borrowers account for more than 10% of the total Loan Book
- No slippage in Top 10 accounts

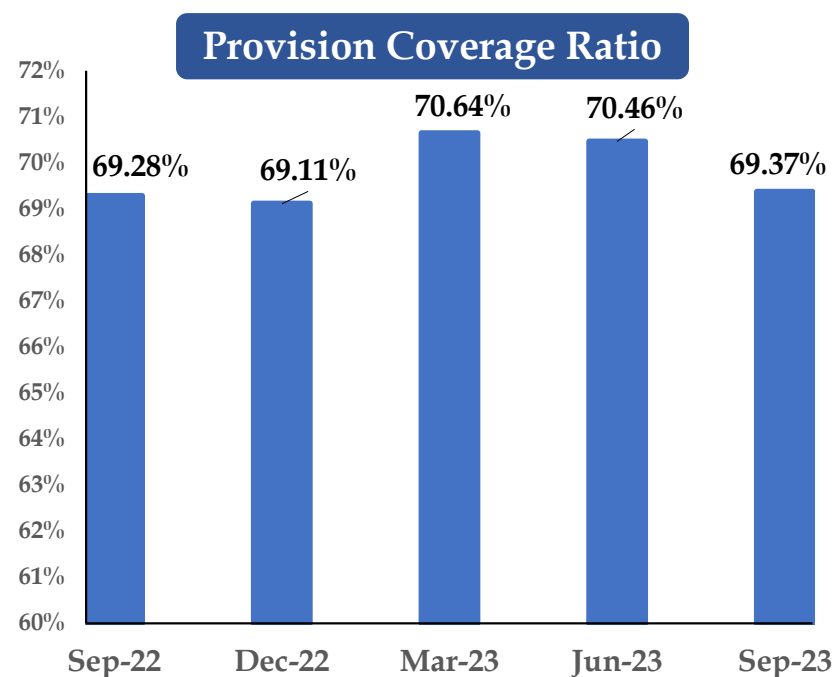
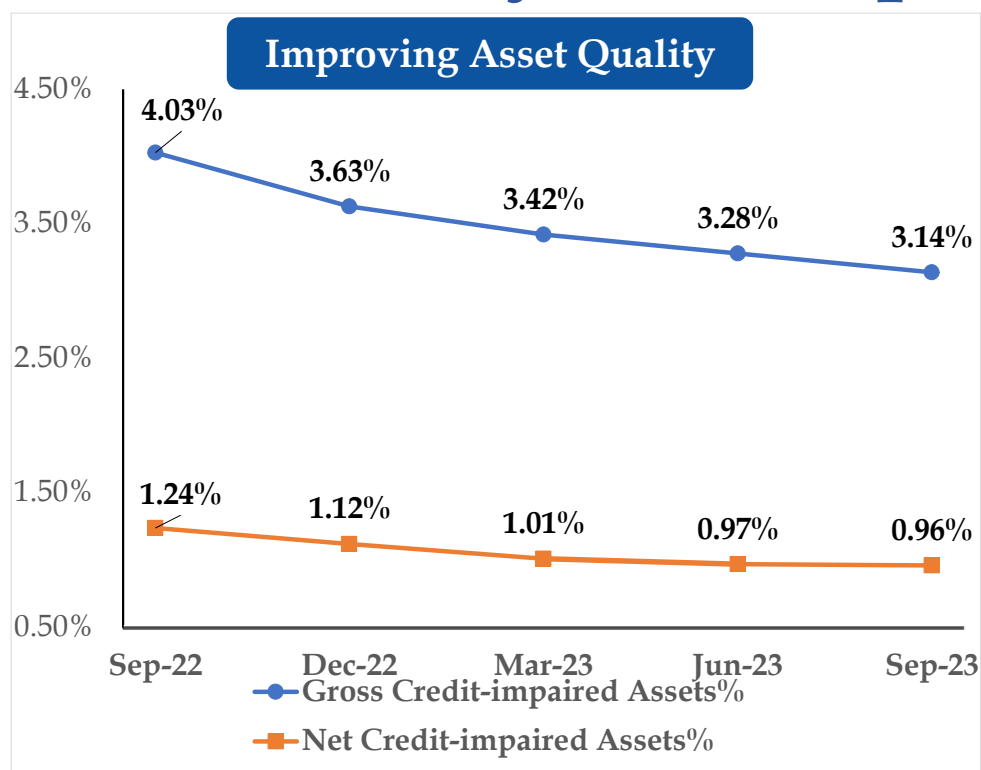


# Asset Quality





# Asset Quality as at September 30, 2023



- No New NPAs during last 7 quarters
- Provision coverage ratio has come down as provision for two stressed assets adjusted for the recoveries under the resolution plan, resulting in Provision Coverage ratio by 1.09%

# Loan Portfolio as at September 30, 2023

(Rs. in Crores)

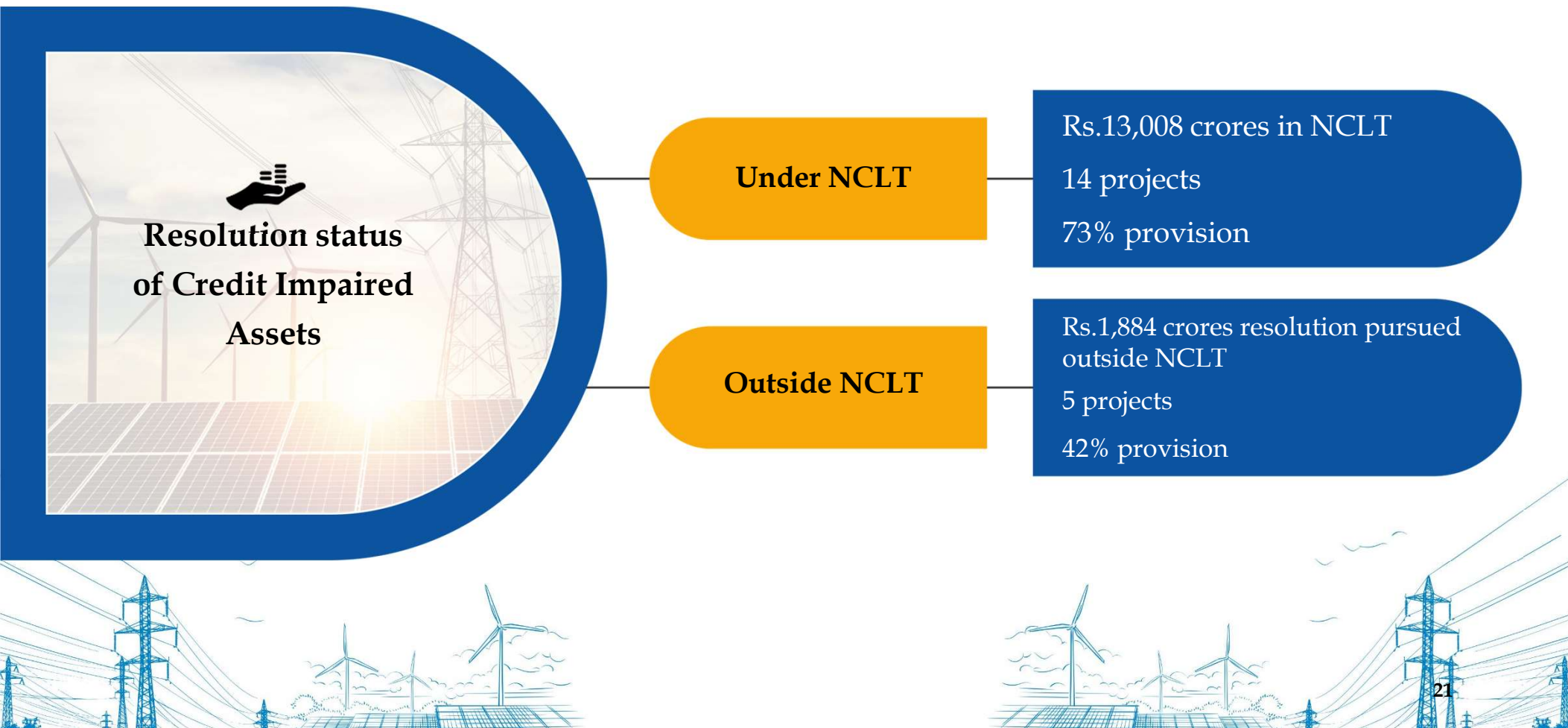
Particulars	Loan O/s	Credit Impaired Assets (Stage - III)			Standard Assets (Stage - I & II)			Total ECL #
		O/s	ECL	Provision coverage ratio (%)	O/s	ECL	Provision coverage ratio (%) @	
<b>State Sector</b>								
- Generation	1,14,946	-	-	-	1,14,946	517	0.45	517
- Renewables incl Large Hydro	10,395	-	-	-	10,395	64	0.62	64
- Transmission	44,567	-	-	-	44,567	20	0.05	20
- Distribution	2,10,171	-	-	-	2,10,171	2,122	1.01	2,122
a) Distribution Capex	87,668	-	-	-	87,668	700	0.8	700
b) LPS & LIS *	33,468	-	-	-	33,468	251	0.75	251
c) RBPF **	34,929	-	-	-	34,929	375	1.07	375
d) Special Loan	54,106	-	-	-	54,106	796	1.47	796
- I&F - Core ***	4,690	-	-	-	4,690	2	0.05	2
- I&F - E&M ****	41,665	-	-	-	41,665	207	0.5	207
- STL/MTL	2,706	-	-	-	2,706	6	0.23	6
<b>Total State Sector</b>	<b>4,29,140</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,29,140</b>	<b>2,938</b>	<b>0.68</b>	<b>2,938</b>
<b>Private Sector</b>								
- Generation	21,870	14,229	10,029	70.48	7,641	60	0.8	10,089
- Renewables incl Large Hydro	19,438	663	301	45.4	18,775	216	1.15	517
- Transmission	3,827	0	0	0	3,827	12	0.33	12
<b>Total Private Sector</b>	<b>45,135</b>	<b>14,892</b>	<b>10,330</b>	<b>69.37</b>	<b>30,243</b>	<b>288</b>	<b>0.95</b>	<b>10,618</b>
<b>Grand Total</b>	<b>4,74,275</b>	<b>14,892</b>	<b>10,330</b>	<b>69.37</b>	<b>4,59,383</b>	<b>3,226</b>	<b>0.70</b>	<b>13,556</b>

\* LPS – Late payment surcharge, \* LIS – Liquidity infusion scheme, \*\* RBPF – Revolving Bills Payment Facility, \*\*\* I&L – Infrastructure & Logistics, \*\*\*\* E&M – Electrical & Mechanical

@ The Company based on the experience has revised methodology of ECL computation to floor of 0.40% and 1.00% for Stage 1 & 2 assets respectively on aggregate basis in place of the floor of 0.40% for all Stage 1 and 2 assets at borrower level

# In addition to the above, Reserves available in the form of Statutory Reserve u/s 45-IC of RBI Act and Reserve for Bad & Doubtful debts u/s 36(1)(vii) of the Income Tax Act, 1961 amounting to ₹ 9,693 crores.

# Credit Impaired Assets – Resolution Status

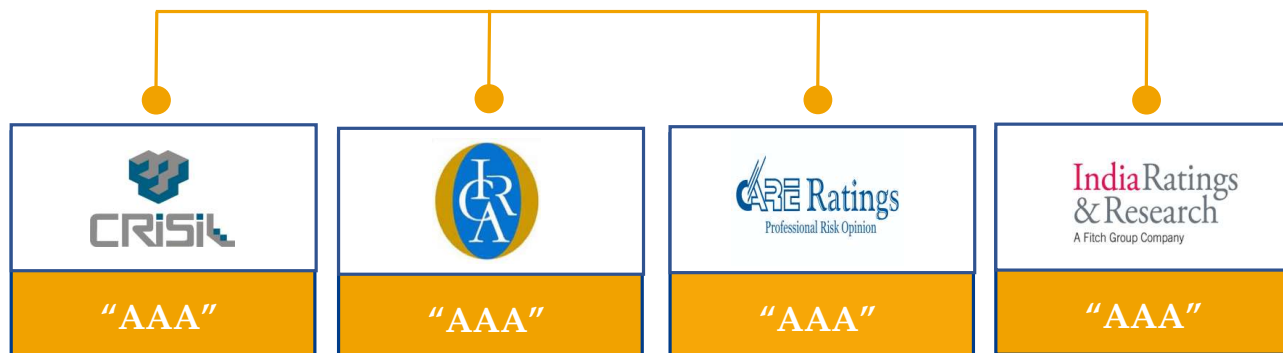


# Borrowing Profile



# Credit Ratings for Long Term Borrowings

## Highest Domestic Credit Ratings



*Rating for Perpetual  
Debt Instruments  
upgraded to "AAA" by  
CARE Ratings during  
the current quarter*

## International Issuer Ratings at par with Sovereign Rating



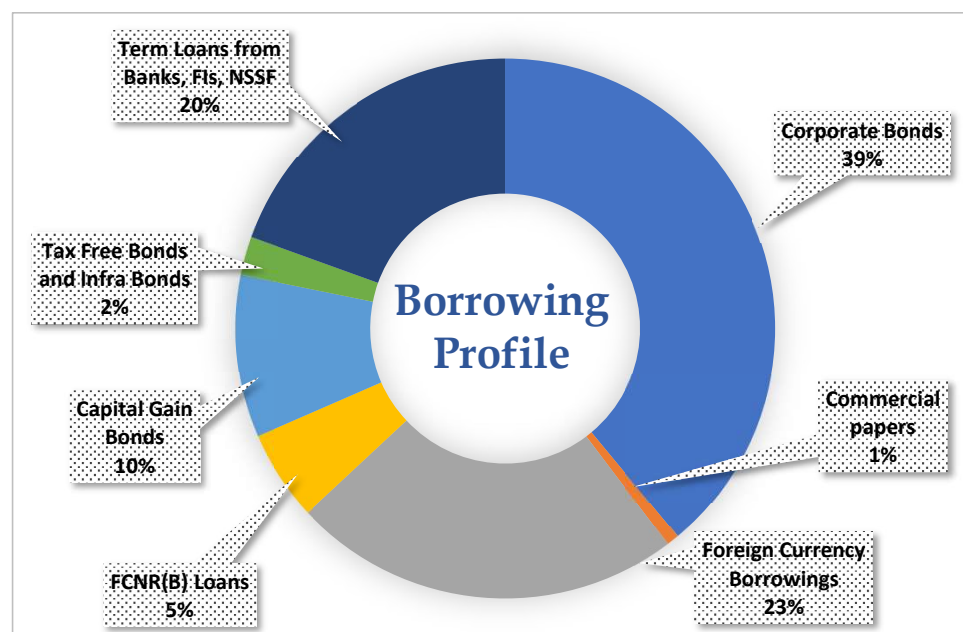


# Outstanding Borrowings

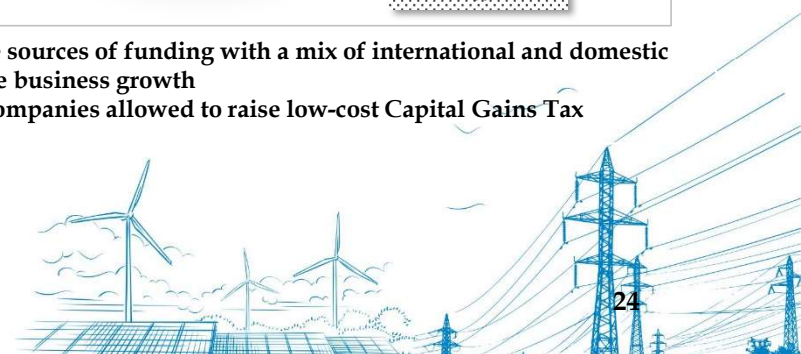
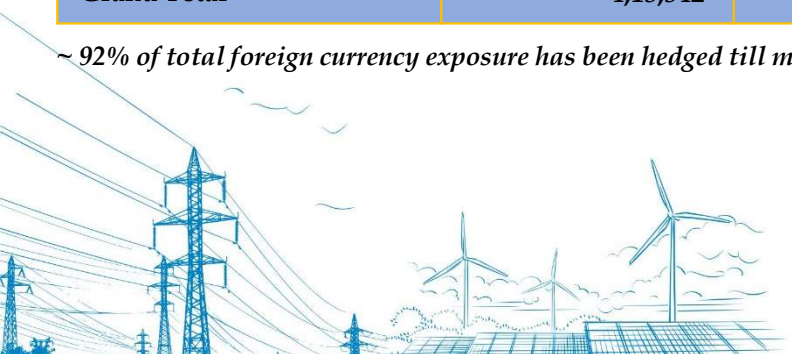
(Rs. in Crores)

Particulars	30 <sup>th</sup> September 2023	31 <sup>st</sup> March 2023
Corporate Bonds	1,61,141	1,56,868
Foreign Currency Borrowings	96,553	78,440
FCNR (B) Loans	22,416	15,424
Capital Gain Bonds	40,144	37,587
Tax Free Bonds	9,523	10,307
Commercial Papers	3,100	-
Loans from Banks, FIs, NSSF, etc.	80,661	75,986
Infra Bonds	4	4
<b>Grand Total</b>	<b>4,13,542</b>	<b>3,74,616</b>

~ 92% of total foreign currency exposure has been hedged till maturity



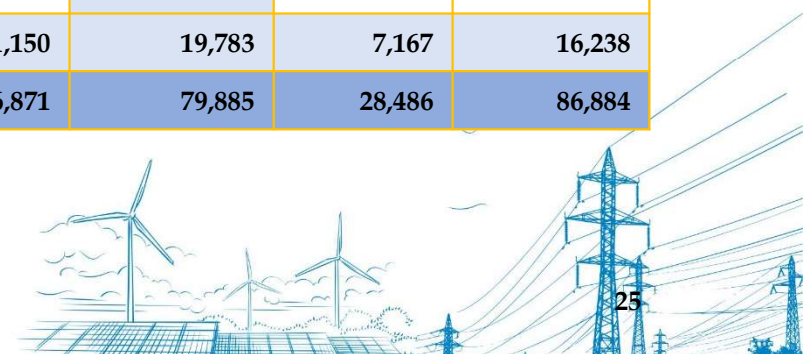
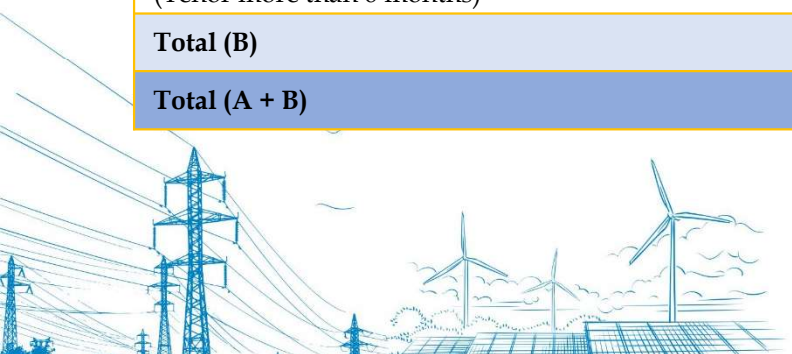
- Access to multiple sources of funding with a mix of international and domestic sources to meet the business growth
- One of the four Companies allowed to raise low-cost Capital Gains Tax Exemption Bonds



# Funds Raised During the Period

(Rs. in Crores)

Category	Q2		H1		12M
	FY24	FY23	FY24	FY23	FY23
<b>(A) Long Term</b>					
Capital Gains Bonds	2,914	2,953	5,457	5,623	12,154
Institutional Bonds/ Subordinate Debt	3,590	2,738	18,432	2,738	25,545
Loans from Banks/FIs/ NSSF	3,000	7,240	11,300	9,390	22,911
Foreign Currency Borrowings	14,991	2,790	24,913	3,568	10,036
<b>Total (A)</b>	<b>24,495</b>	<b>15,721</b>	<b>60,102</b>	<b>21,319</b>	<b>70,646</b>
<b>(B) Short Term</b>					
FCNR (B) Loan	3,096	-	13,183	6,017	15,088
Commercial Papers	3,100	-	3,100	-	-
Loans from Banks (Tenor more than 6 months)	-	1,150	3,500	1,150	1,150
<b>Total (B)</b>	<b>6,196</b>	<b>1,150</b>	<b>19,783</b>	<b>7,167</b>	<b>16,238</b>
<b>Total (A + B)</b>	<b>30,691</b>	<b>16,871</b>	<b>79,885</b>	<b>28,486</b>	<b>86,884</b>

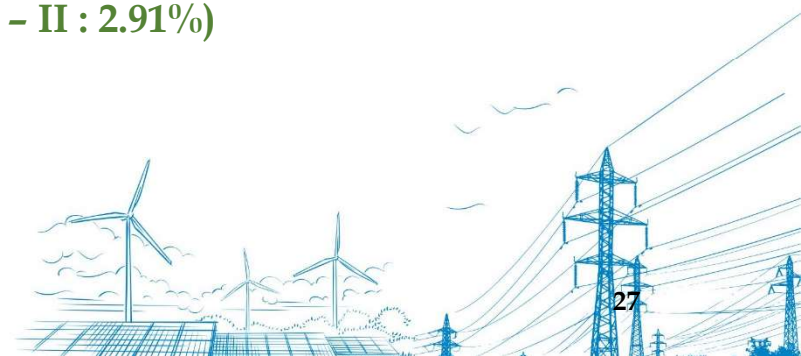
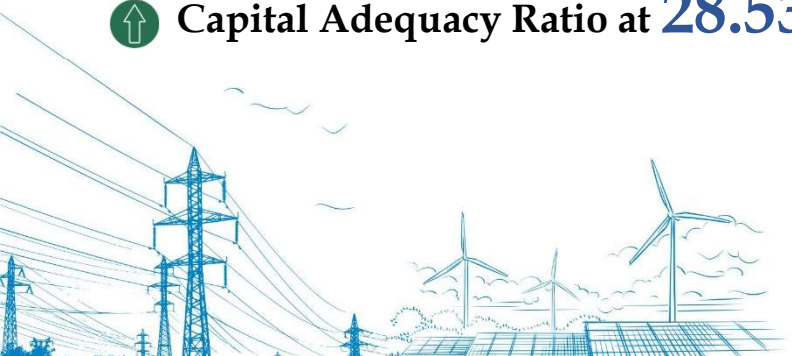


# Financial Highlights



# Key Financial Highlights for H1 FY24

- ↑ Total Income stands at Rs. **22,571** crores (↑ 16% YoY)
- ↑ Net Profit stands at Rs. **6,734** crores (↑ 30% YoY)
- ↑ Total Comprehensive Income Rs. **7,331** crores (↑ 99% YoY)
- ↑ Loan book reached to Rs. **4.74** lakh crores (↑ 20% YoY)
- ↑ Assets Quality improved with Net Credit impaired Assets at **0.96%** (vs. 1.24% YoY)
- ↑ Net-worth stands at **₹ 63,117** crores (↑ 18% YoY)
- ↑ Capital Adequacy Ratio at **28.53%** (Tier – I : 25.62% & Tier – II : 2.91%)



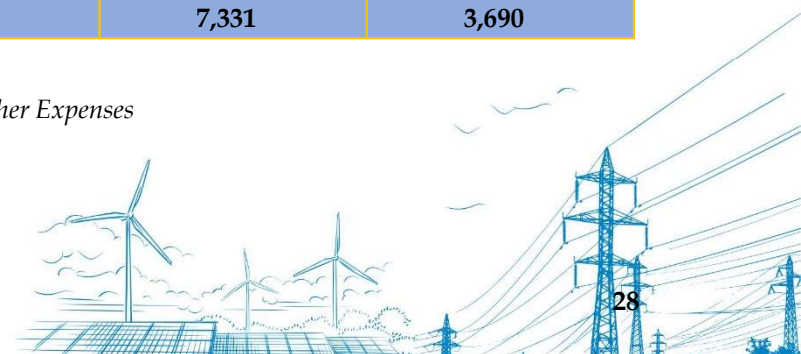
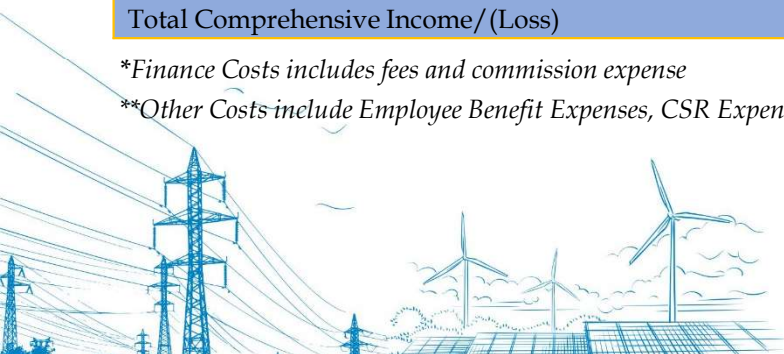
# Standalone Statement of Profit & Loss

Rs. in Crores

Particulars	Q2		H1	
	FY 24	FY 23	FY 24	FY 23
<b>Interest Income on Loan assets</b>	<b>11,213</b>	<b>9,534</b>	<b>21,678</b>	<b>18,796</b>
Less: Finance Costs *	7,357	5,730	14,410	11,112
Net Interest Income	3,856	3,804	7,268	7,684
Other Operating Income	259	199	519	366
Net notional gain/ (loss) on fair value changes	104	208	354	238
Other Income	14	8	19	17
Total Income (Net of Finance Cost)	4,233	4,219	8,160	8,305
Less: Translation/transaction exchange loss/(gain)	81	456	131	936
Less: Other costs **	105	110	212	272
Less: Impairment on financial instruments	(760)	224	(702)	728
<b>Profit Before Tax</b>	<b>4,807</b>	<b>3,429</b>	<b>8,519</b>	<b>6,369</b>
Less: Tax Expense	1,034	700	1,785	1,193
<b>Profit After Tax</b>	<b>3,773</b>	<b>2,729</b>	<b>6,734</b>	<b>5,176</b>
Add: Other Comprehensive Income/ (Loss)	415	(814)	597	(1,486)
<b>Total Comprehensive Income/ (Loss)</b>	<b>4,188</b>	<b>1,915</b>	<b>7,331</b>	<b>3,690</b>

\*Finance Costs includes fees and commission expense

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





# Statement of Assets and Liabilities

Rs. in Crores

Particulars	As at 30.09.2023	As at 30.09.2022	As at 31.03.2023
<b>Assets</b>			
<b>(A) Financial Assets</b>	<b>5,08,744</b>	<b>4,19,847</b>	<b>4,60,591</b>
Cash and bank balances	6,603	4,511	1,987
Derivative financial instruments	11,354	7,437	8,982
Loans (Ind-AS)	4,63,096	3,80,964	4,22,084
Investments	3,253	2,541	3,138
Other financial assets	24,438	24,394	24,400
<b>(B) Non-Financial Assets</b>	<b>3,716</b>	<b>4,597</b>	<b>4,286</b>
Current tax assets (net)	296	260	296
Deferred tax assets (net)	2,695	3,656	3,277
Fixed Assets	642	627	643
Other non-financial assets	83	54	70
<b>Total Assets (A+B)</b>	<b>5,12,460</b>	<b>4,24,444</b>	<b>4,64,877</b>
<b>Liabilities</b>			
<b>(C) Financial Liabilities</b>	<b>4,48,901</b>	<b>3,70,636</b>	<b>4,06,988</b>
Derivative financial instruments	935	1,245	977
Borrowings (Ind-AS)	4,19,564	3,43,794	3,80,836
Other financial liabilities	28,402	25,597	25,175
<b>(D) Non-Financial Liabilities</b>	<b>442</b>	<b>351</b>	<b>209</b>
<b>(E) Net Worth</b>	<b>63,117</b>	<b>53,457</b>	<b>57,680</b>
Equity Share Capital	2,633	2,633	2,633
Instruments entirely equity in nature	558	558	558
Other equity	59,926	50,266	54,489
<b>Total Equity &amp; Liabilities (C+D+E)</b>	<b>5,12,460</b>	<b>4,24,444</b>	<b>4,64,877</b>



# Key Ratios

Particulars	Q2		H1		12M
	FY 24	FY 23	FY 24	FY 23	FY 23
Yield on Loan Assets (%)	<b>9.97</b>	9.98	<b>9.90</b>	9.99	9.73
Cost of Funds (%)	<b>7.23</b>	7.07	<b>7.17</b>	6.99	7.28
Interest Spread (%)	<b>2.74</b>	2.91	<b>2.73</b>	3.00	2.45
Net Interest Margin (%)	<b>3.45</b>	3.73	<b>3.41</b>	3.75	3.38
Return on Net Worth (%)	<b>24.34</b>	20.58	<b>22.30</b>	19.82	20.35
Interest Coverage Ratio (Times)	<b>1.65</b>	1.57	<b>1.60</b>	1.54	1.58
Debt Equity Ratio (Times)	<b>6.46</b>	6.28	<b>6.46</b>	6.28	6.49

*The yield on loans has improved in Q2 FY 24 vs Q1 FY 24 from 9.82% to 9.97% and cost of borrowings has remained stable at 7.23% inspite of geopolitical issues and interest rates going haywire. All other parameters have also improved, resulting in better H1 FY24 ratios*

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

Cost of funds = Ratio of finance costs + loss (gain) on Forex translation/transaction + loss (gain) on Fair Value changes + Fees & Commission Expenses to daily average of borrowings

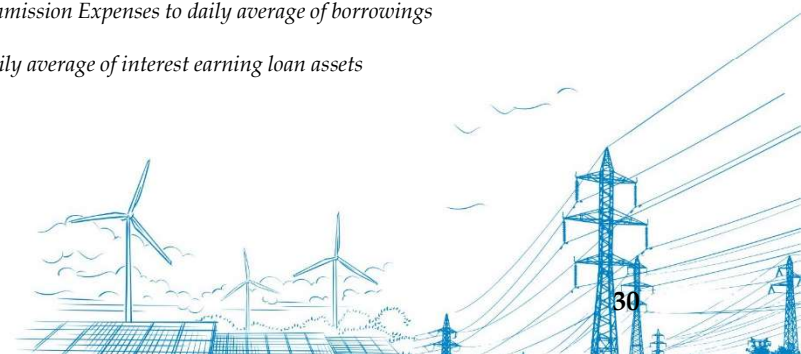
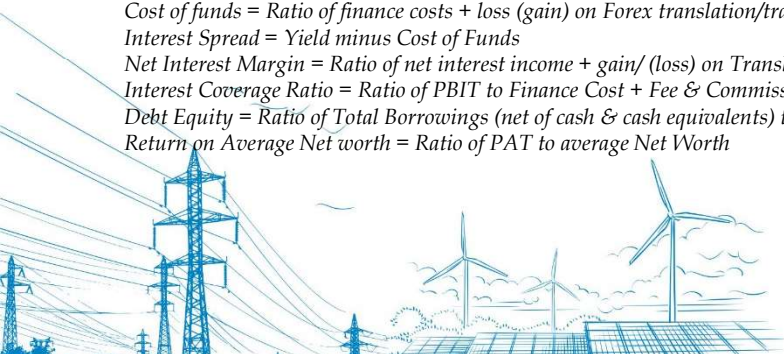
Interest Spread = Yield minus Cost of Funds

Net Interest Margin = Ratio of net interest income + gain/ (loss) on Translation/transaction + gain (loss) on Fair Value changes 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!

