



REC Limited

A Maharatna Company



Investor Presentation Performance Highlights Q1 FY 2023-24

**54 Glorious years of contribution to
the Sustainable Development of the
Nation**



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REC Overview



**Operational
Performance**



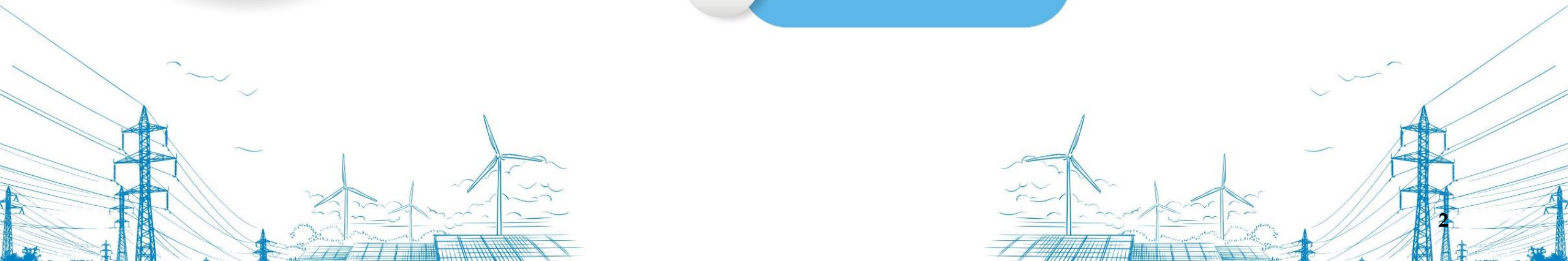
Asset Quality



**Borrowing
Profile**



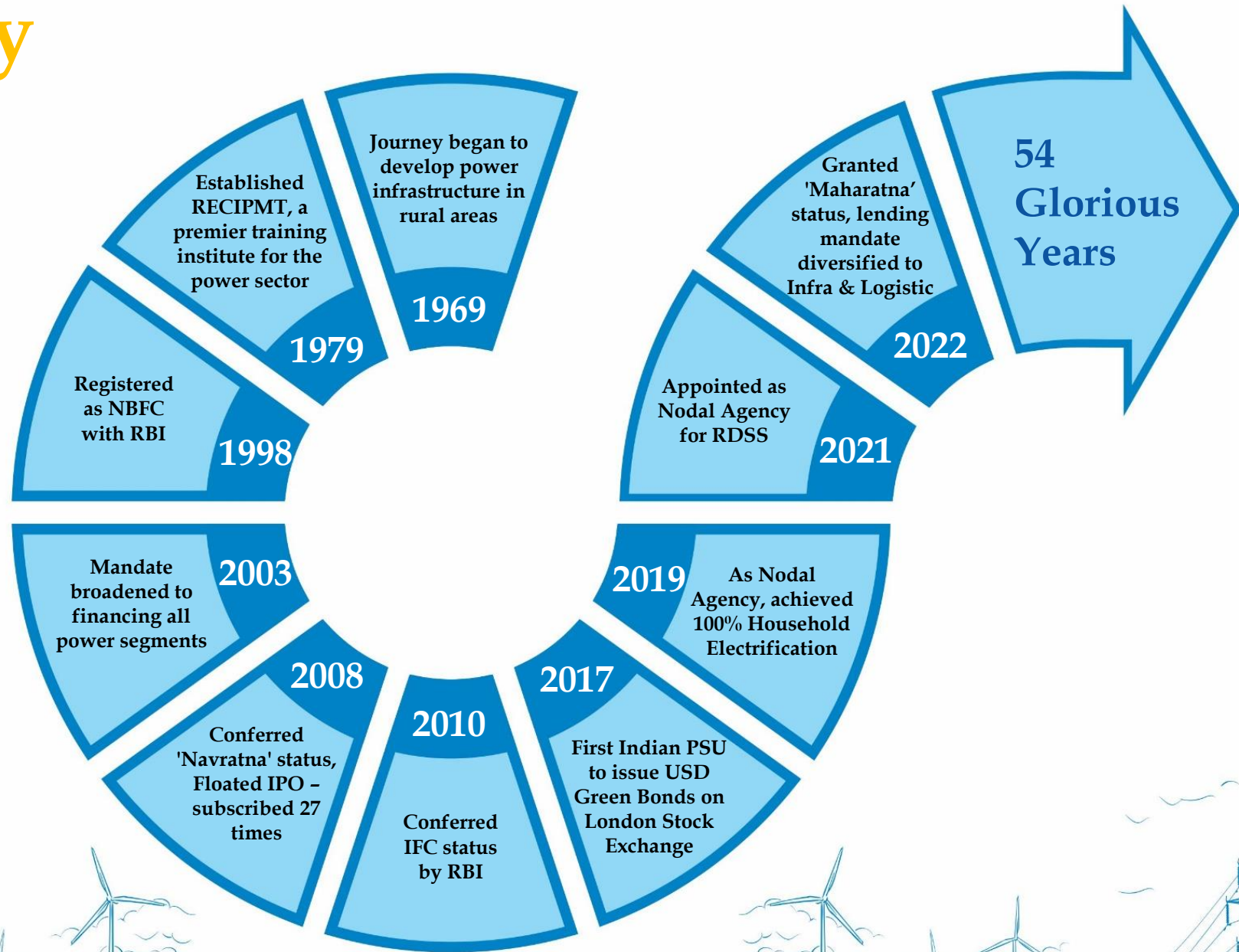
**Financial
Highlights**



REC Overview



REC Journey



Key Strengths

**Experienced
Management
Team With
Sector Expertise**

**Occupies Strategic
Position in the
Growth and
development of the
Power Sector across
India**

**Strong
Fundamentals
and Profitable
Business**

**Unique and close
relationship with
all major players –
Public & Private –
in Indian Power
sector**

**Highest Domestic
Rating of “AAA”;
International Ratings
of “Baa3” & “BBB-”
from Moody’s and
Fitch respectively**

**Registered as
NBFC, PFI and
IFC with RBI and
a Notified
Institution to
issue 54EC Bonds**

**Major Player in
Renewable
Energy segment
and creation of
India’s Green
Energy Corridor**

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



'Best PSU'

in the
Financial
Services
category by
Dun &
Bradstreet

India's Top 20

Profitable
Companies by
Moneycontrol

Ranked

53rd

in Fortune
India 500
(2022)

**'Excellence in Corporate
Governance'**

Golden
Peacock
Award
(2022)

**'Operational
Performance Excellence'**

Awarded by
Indian
Chamber of
Commerce

The jewel that illuminates the nation
shines even brighter

REC

A MAHARATNA COMPANY



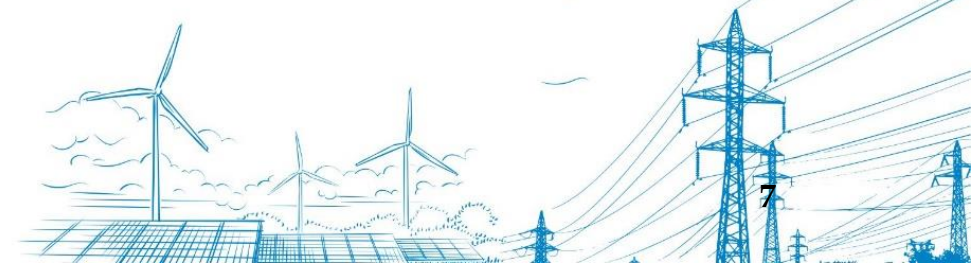
"Accorded Maharatna Status in FY 2022-23"

Maharatna - Business advantages

Give 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



Metro



Road & Highways



Ports Waterways



IT Infra/Fiber Optics



Airport



Steel Infra



Oil Refinery



Health Sector

Diversifying the Loan Profile

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

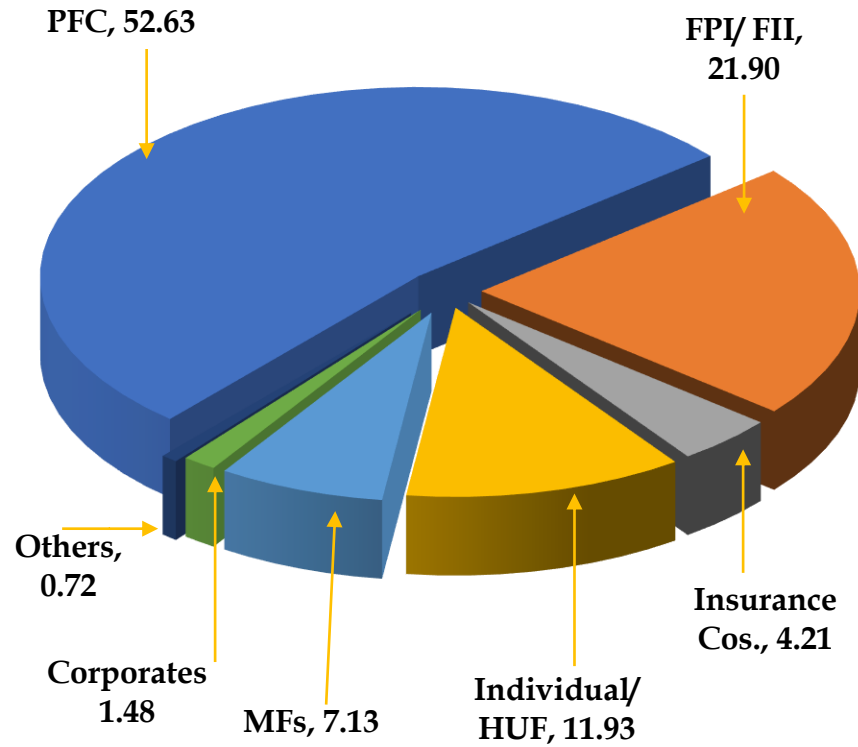


Government's Trusted Arm



Shareholders Outlook

Shareholding Pattern
as at 30.06.2023



EPS
(Quarter)
₹ 11.24

EPS
(Annualised)
₹ 44.96

Book Value
Per Share
₹ 231.22

First Interim
Dividend for
FY24
₹ 3.00 per share

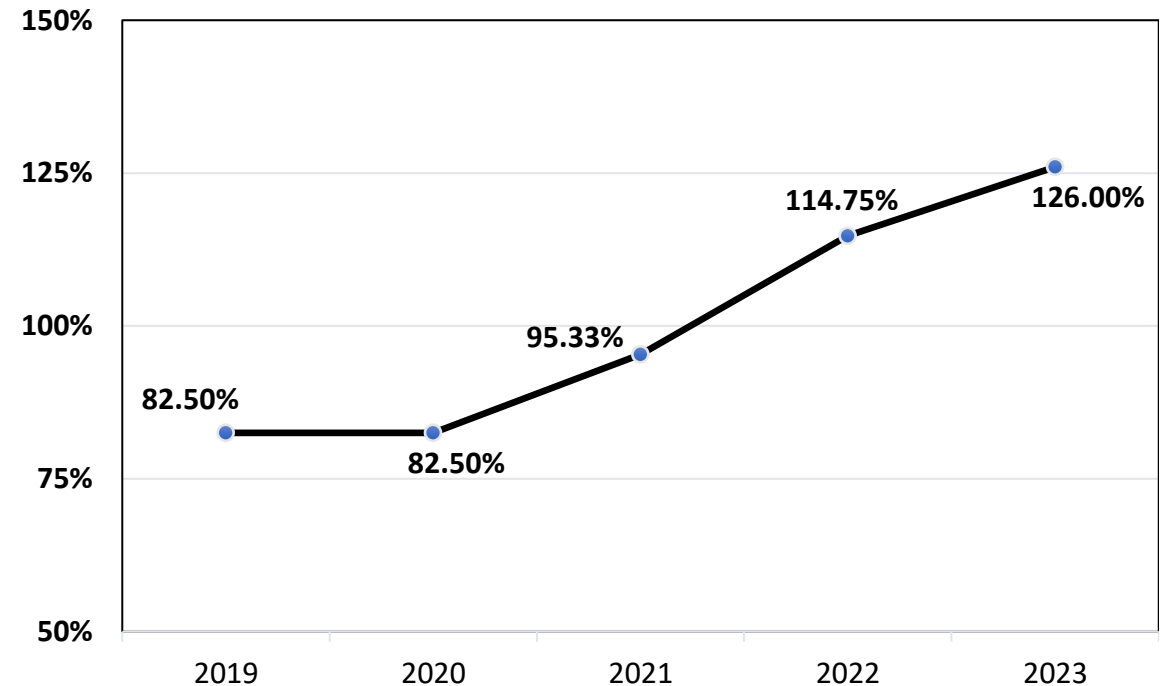
Shareholders Outlook

Top 10 Shareholders as at June 30, 2023

| Rank | Particulars | Shareholding (%) |
|------|---|------------------|
| 1 | Power Finance Corporation Ltd | 52.63 |
| 2 | HDFC Trustee Company Limited | 4.45 |
| 3 | The WindAcre Partnership Master Fund LP | 3.38 |
| 4 | Life Insurance Corporation of India | 1.21 |
| 5 | HDFC Life Insurance Company Limited | 0.98 |
| 6 | India Capital Fund Limited | 0.78 |
| 7 | Stichting Depositary APG Emerging Markets Equity Pool | 0.71 |
| 8 | Vanguard Emerging Markets Stock Index Fund | 0.65 |
| 9 | Vanguard Total International Stock Index Fund | 0.63 |
| 10 | CIM Investment Fund ICAV | 0.53 |
| | TOTAL | 65.95 |

Dividend Payout as a % of Equity Share Capital

Consistently high dividend paying company



- 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

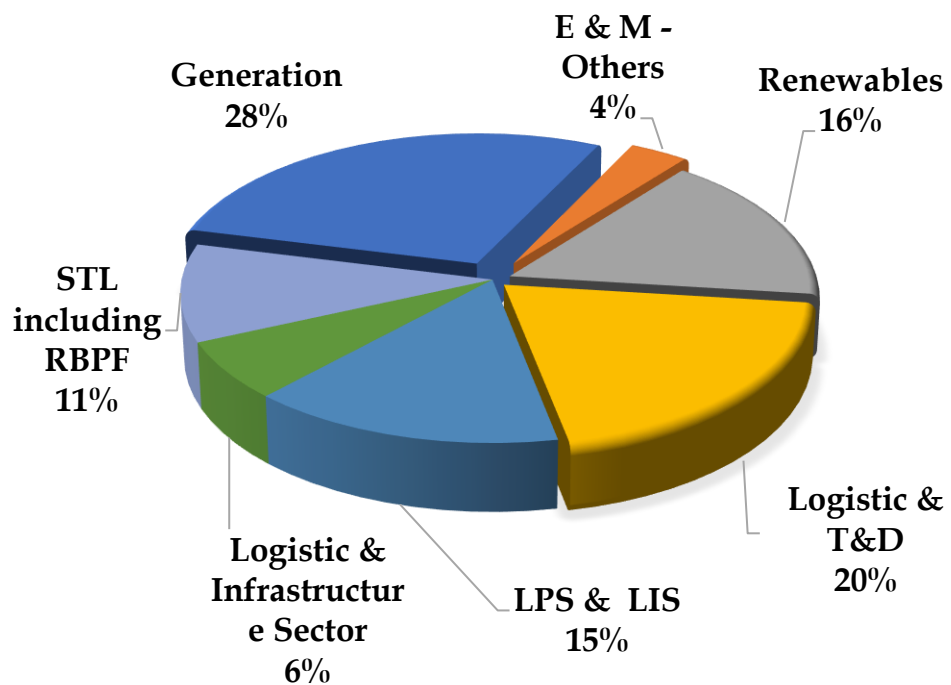
Operational Performance



Sanctions - Composition

(₹ in Crores)

Sector-wise breakup of Sanctions in 3M FY 24



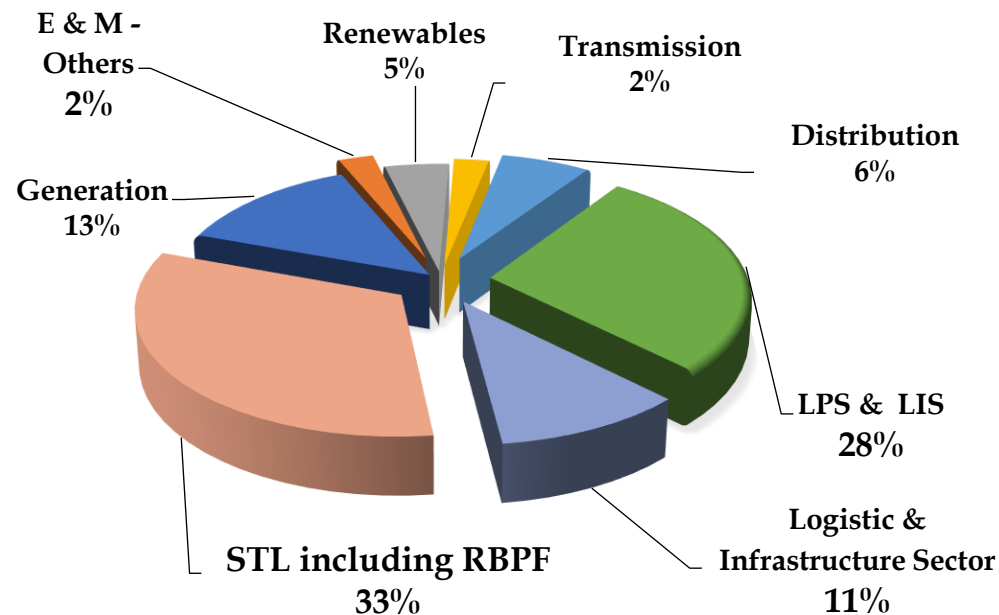
Highest ever quarterly Sanctions during Q1FY24 : ₹ 90,797 crores



| Discipline-wise | Q1 | | | | Q4 | | 12M | |
|----------------------------------|---------------|------------|---------------|------------|---------------|------------|-----------------|------------|
| | FY 24 | % | FY 23 | % | FY 23 | % | FY 23 | % |
| Generation | 25,669 | 28 | 21,228 | 35 | 3,807 | 5 | 33,494 | 12 |
| E & M - Others | 3,114 | 4 | 14,434 | 24 | 3,000 | 4 | 25,969 | 10 |
| Renewables | 14,835 | 16 | 9,885 | 17 | 350 | 1 | 21,371 | 8 |
| T&D | 18,149 | 20 | 8,998 | 15 | 1,461 | 2 | 24,408 | 9 |
| LPS & LIS | 13,620 | 15 | - | - | 2,381 | 3 | 57,190 | 21 |
| Logistic & Infrastructure Sector | 5,810 | 6 | - | - | 58,016 | 76 | 60,801 | 23 |
| STL/ RBPF | 9,600 | 11 | 5,350 | 9 | 6,950 | 9 | 45,228 | 17 |
| Total Sanctions | 90,797 | 100 | 59,895 | 100 | 75,965 | 100 | 2,68,461 | 100 |

Disbursements – Composition

Sector-wise breakup of Disbursements in 3M FY 24



Disbursements during
Q1FY24 : ₹ 34,133 crores

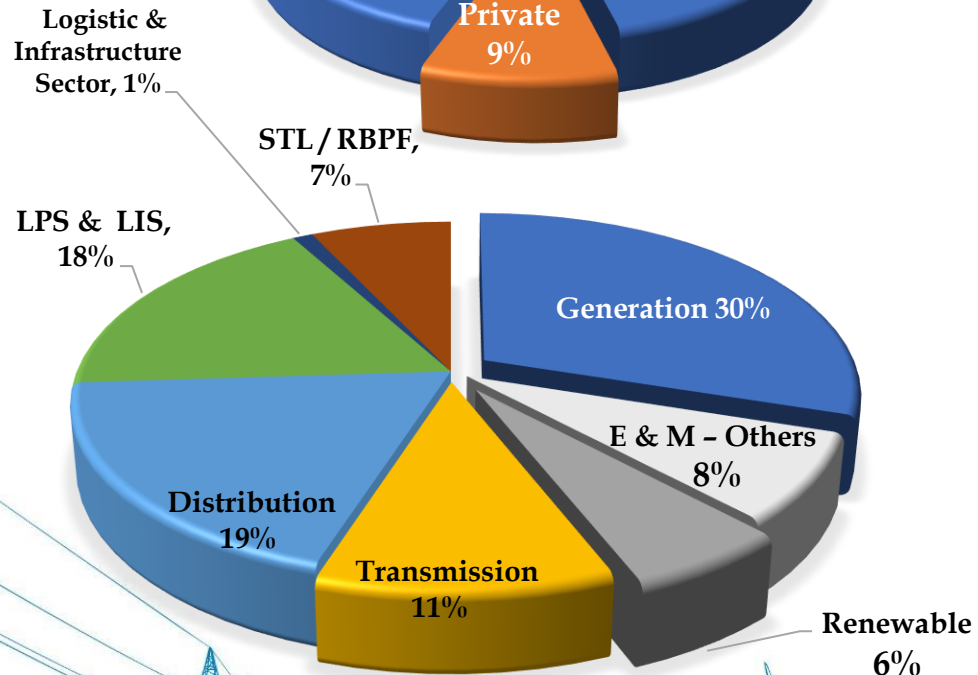
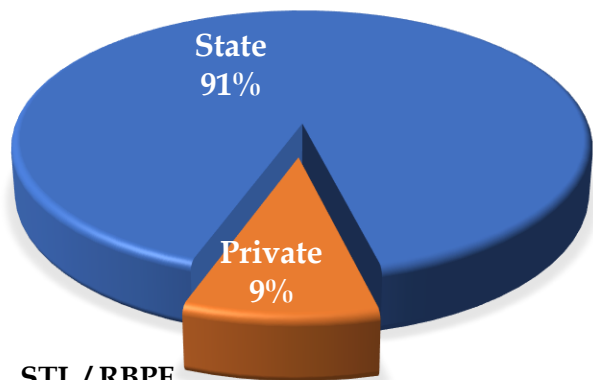


(₹ in Crores)

| Discipline-wise | Q1 | | | | Q4 | | | |
|----------------------------------|--------|-----|--------|-----|--------|-----|--------|-----|
| | FY 24 | % | FY 23 | % | FY 23 | % | FY 23 | % |
| Generation | 4,487 | 13 | 1,908 | 15 | 7,638 | 21 | 18,954 | 20 |
| E & M - Others | 849 | 3 | - | - | 3,476 | 9 | 9,308 | 9 |
| Renewables | 1,534 | 4 | 6,057 | 49 | 2,798 | 8 | 11,226 | 12 |
| Transmission | 837 | 2 | 965 | 8 | 712 | 2 | 3,051 | 3 |
| Distribution | 2,163 | 6 | 1,950 | 15 | 3,024 | 8 | 8,509 | 9 |
| LPS & LIS | 9,551 | 28 | - | - | 6,213 | 17 | 16,177 | 16 |
| Logistic & Infrastructure Sector | 3,605 | 11 | - | - | - | - | - | - |
| STL / RBPF | 11,107 | 33 | 1,561 | 13 | 13,078 | 35 | 29,621 | 31 |
| Total | 34,133 | 100 | 12,441 | 100 | 36,939 | 100 | 96,846 | 100 |

Outstanding Loans – Composition

(₹ in Crores)



| Discipline-wise | As at | | | | | |
|---------------------------|----------------------------|------------|-----------------------------|------------|-----------------------------|------------|
| | 30 th June 2023 | | 31 st March 2023 | | 31 st March 2022 | |
| | Amount | % | Amount | % | Amount | % |
| State | 4,11,540 | 91 | 3,93,225 | 90 | 3,50,456 | 91 |
| Private | 42,853 | 9 | 41,787 | 10 | 34,915 | 9 |
| Total | 4,54,393 | 100 | 4,35,012 | 100 | 3,85,371 | 100 |
| Generation | 1,34,416 | 30 | 1,33,647 | 31 | 1,27,702 | 33 |
| E & M - Others | 38,151 | 8 | 37,549 | 9 | 28,659 | 7 |
| Renewable | 28,021 | 6 | 27,095 | 6 | 19,187 | 5 |
| Transmission | 47,792 | 11 | 48,333 | 11 | 51,407 | 13 |
| Distribution | 89,453 | 19 | 90,515 | 21 | 99,010 | 26 |
| LPS & LIS | 80,429 | 18 | 71,325 | 16 | 57,345 | 15 |
| Logistic & Infrastructure | 3,605 | 1 | - | - | - | - |
| STL / RBPF | 32,526 | 7 | 26,548 | 6 | 2,061 | 1 |

Asset Diversification - PAN India Presence

Lending across 27 States and 1 Union Territories

State/ Joint Sector Borrowers

₹ 4,11,540 Crores

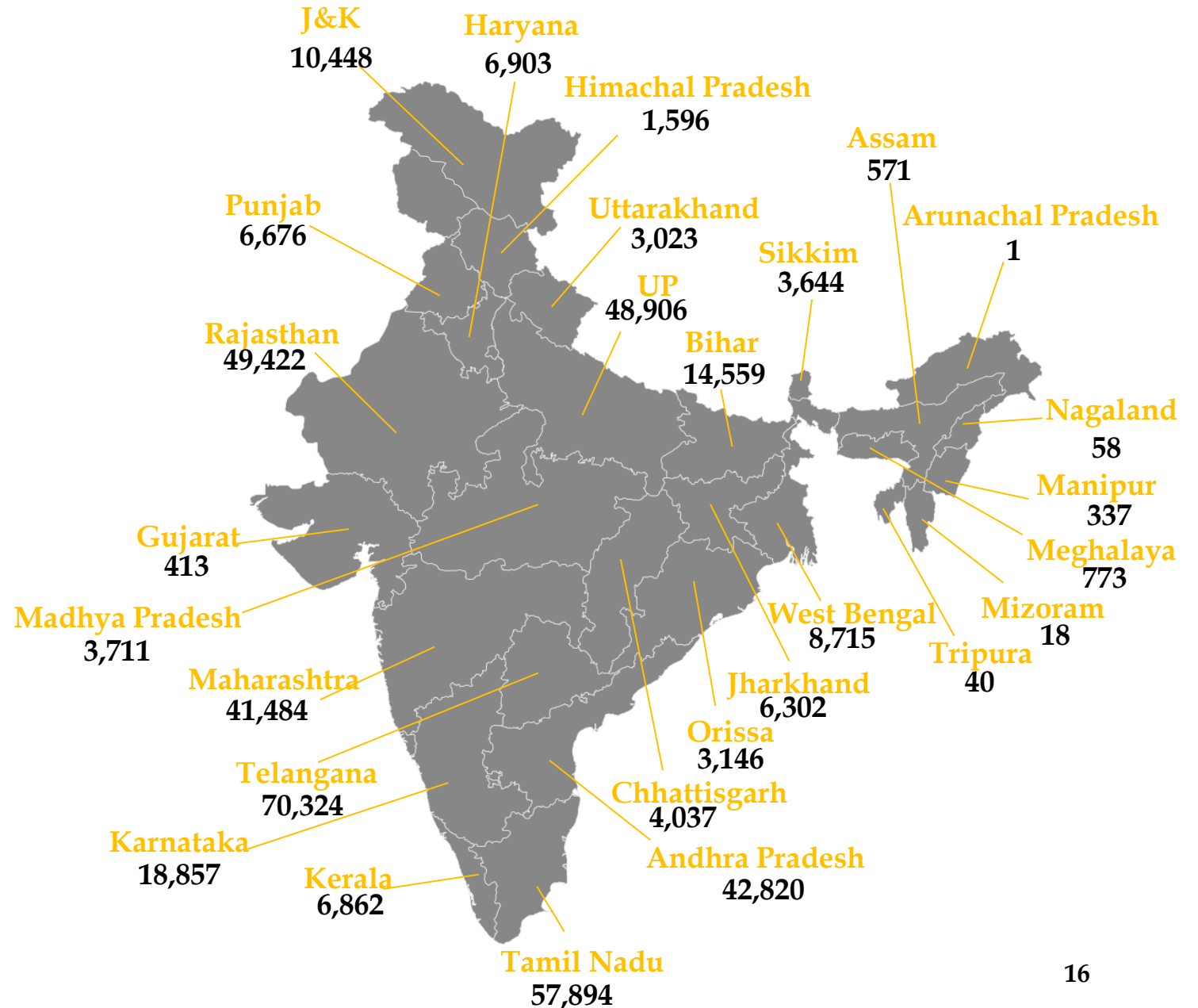
Private Sector Borrowers

₹ 42,853 Crores

Total Loan Outstanding

₹ 4,54,393 Crores

Figures in ₹ Crores



Outstanding Loans – Major Borrowers

Major Borrowers (as at June 30, 2023)

| S. No. | Top Ten Borrowers | Amount Outstanding (₹ in Crores) | % of Total Loan Assets |
|--------|--|-------------------------------------|---------------------------|
| 1 | Tamil Nadu Generation and Distribution Corporation Limited | 43,768 | 9.63 |
| 2 | Uttar Pradesh Power Corporation Limited | 20,060 | 4.41 |
| 3 | Maharashtra State Electricity Distribution Company Limited | 19,258 | 4.24 |
| 4 | Kaleshwaram Irrigation Project Corporation Ltd | 18,059 | 3.97 |
| 5 | Telangana State Power Generation Corporation Limited | 17,316 | 3.81 |
| 6 | Andhra Pradesh Southern Power Distribution Company Limited | 15,107 | 3.32 |
| 7 | Maharashtra State Power Generation Company Limited | 14,124 | 3.11 |
| 8 | Telangana State Southern Power Distribution Company Limited | 12,106 | 2.66 |
| 9 | Jodhpur Vidhyut Vitran Nigam Limited | 11,985 | 2.64 |
| 10 | Telangana State Water Resources Infrastructure Development Corporation Limited | 11,985 | 2.64 |
| | Total | 1,83,769 | 40.43 |

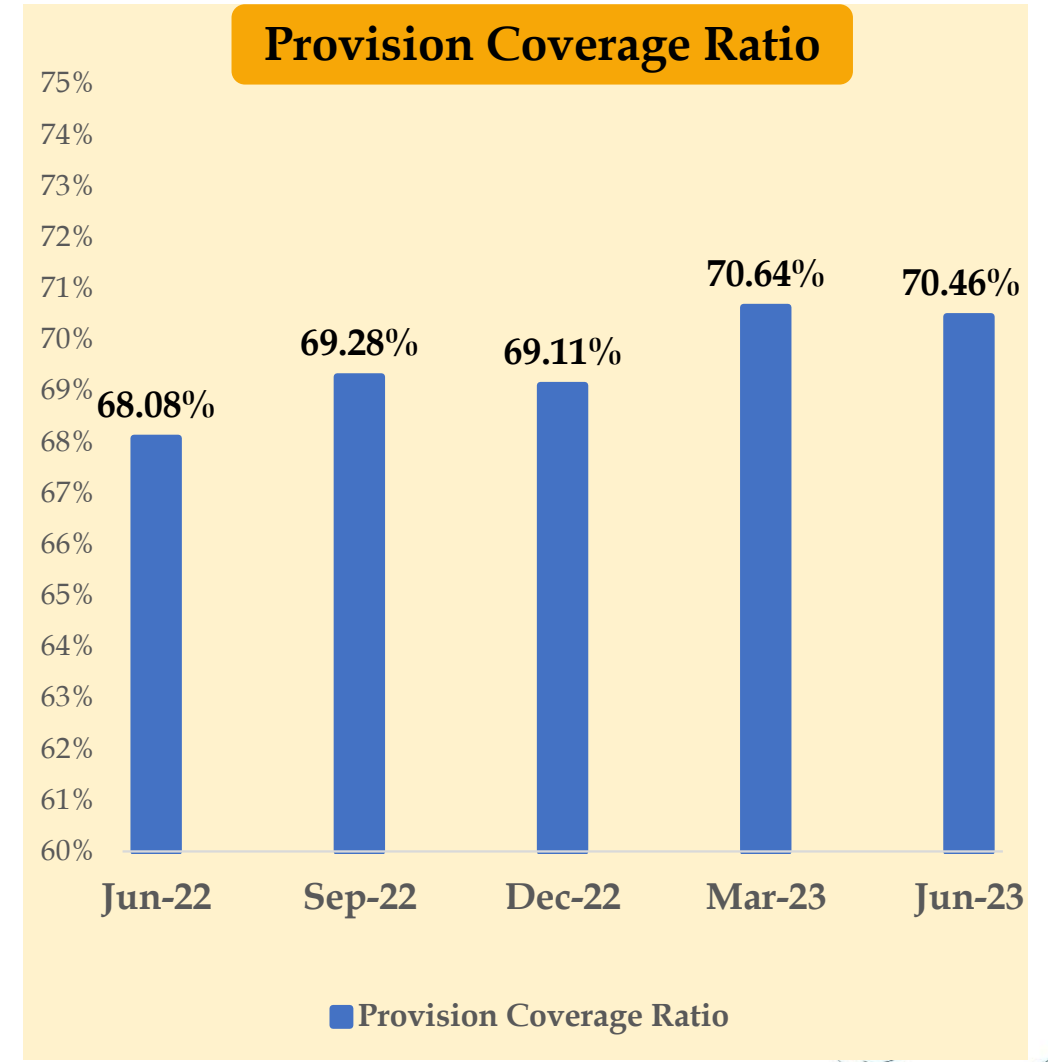
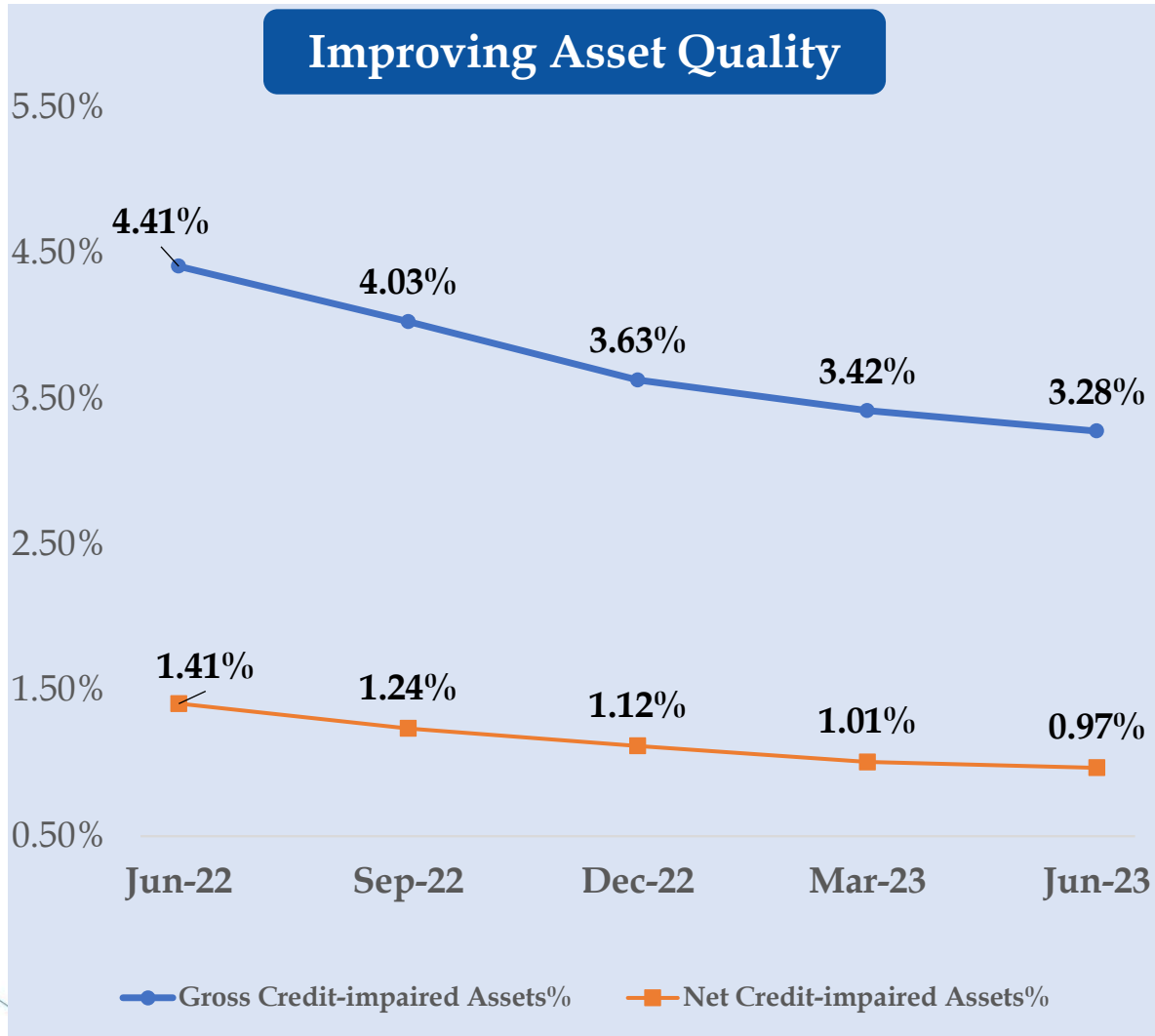
Well-diversified asset portfolio with Top 10 borrowers accounting for ~40% of current loans.

No slippage in Top 10 accounts

Asset Quality



Asset Quality as at June 30, 2023



No New NPA during last 6 quarters

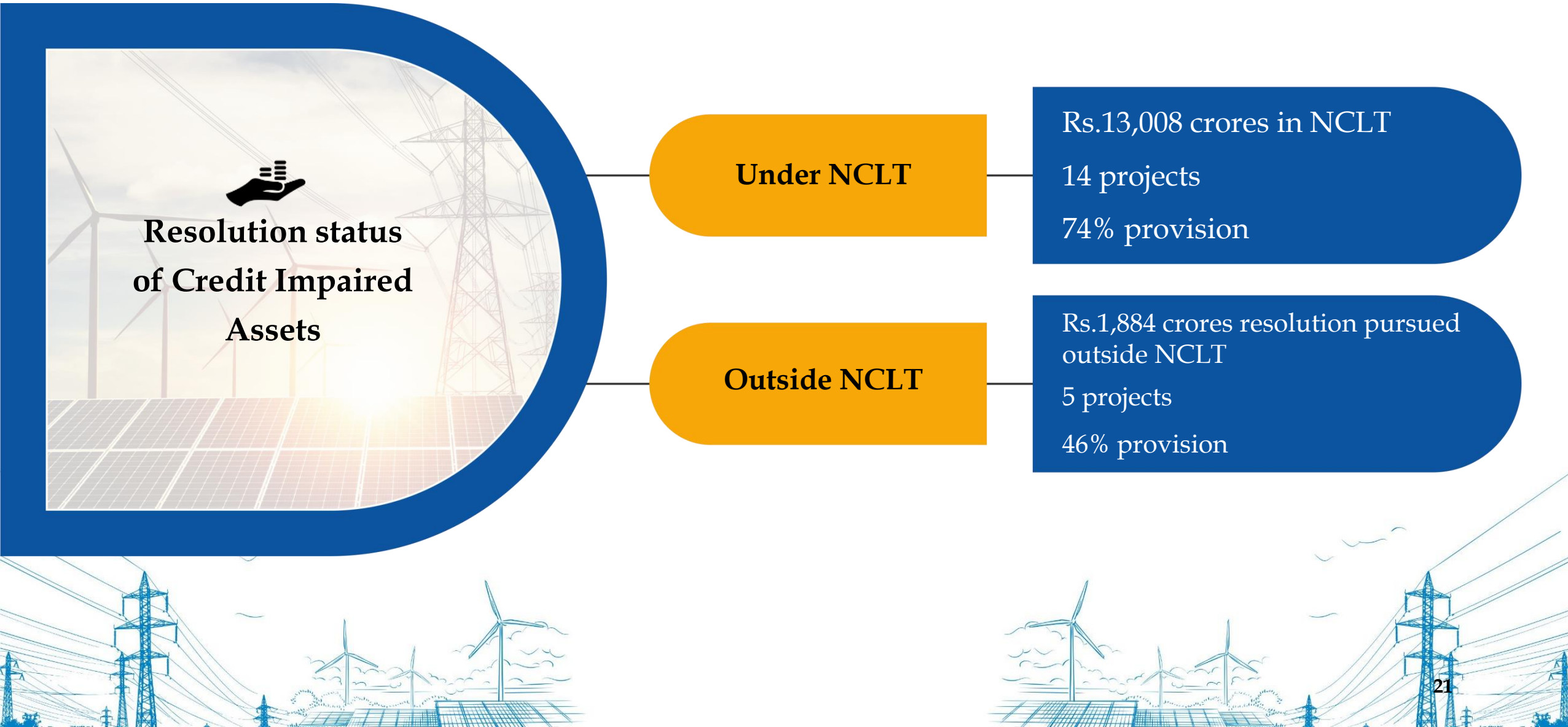
Loan Portfolio as at June 30, 2023

(₹ 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 | | | | | | | | |
| - Generation | 1,12,531 | - | - | - | 1,12,531 | 846 | 0.75 | 846 |
| - E & M - Others | 38,151 | - | - | - | 38,151 | 154 | 0.40 | 154 |
| - Renewable | 10,154 | - | - | - | 10,154 | 88 | 0.87 | 88 |
| - Transmission | 44,691 | - | - | - | 44,691 | 179 | 0.40 | 179 |
| - Distribution | 1,44,186 | - | - | - | 1,44,186 | 1,609 | 1.12 | 1,609 |
| - LPS & LIS | 25,697 | - | - | - | 25,697 | 222 | 0.86 | 222 |
| - Logistic & Infrastructure | 3,605 | - | - | - | 3,605 | 14 | 0.40 | 14 |
| - STL / RBPF | 32,526 | - | - | - | 32,526 | 344 | 1.06 | 344 |
| Total State Sector | 4,11,541 | - | - | - | 4,11,541 | 3,456 | 0.84 | 3,456 |
| Private Sector | | | | | | | | |
| - Generation | 21,885 | 14,229 | 10,119 | 71.11 | 7,656 | 81 | 1.05 | 10,200 |
| - Renewable | 17,866 | 663 | 374 | 56.37 | 17,203 | 276 | 1.61 | 650 |
| - Transmission | 3,101 | | | | 3,101 | 16 | 0.5 | 16 |
| Total Private Sector | 42,852 | 14,892 | 10,493 | 70.46 | 27,960 | 373 | 1.34 | 10,866 |
| Grand Total | 4,54,393 | 14,892 | 10,493 | 70.46 | 4,39,501 | 3,829 | 0.87 | 14,322 |

*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)(viii) of the Income Tax Act, 1961 amounting to ₹ 8,783 crores.

Credit Impaired Assets – Resolution Status



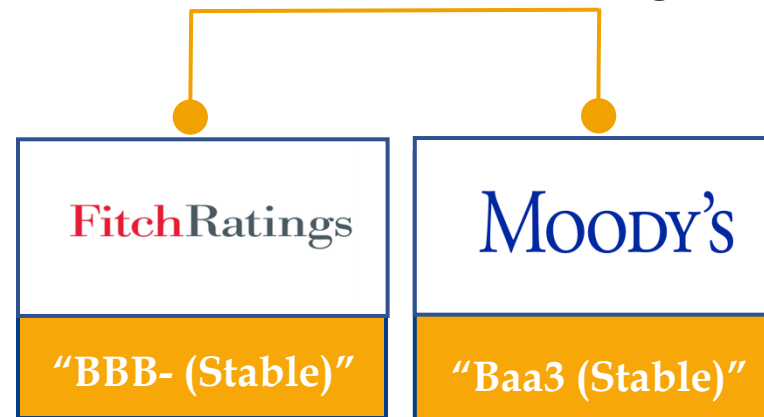
Borrowing Profile



Domestic Credit Ratings for Long Term Borrowings



International Issuer Ratings

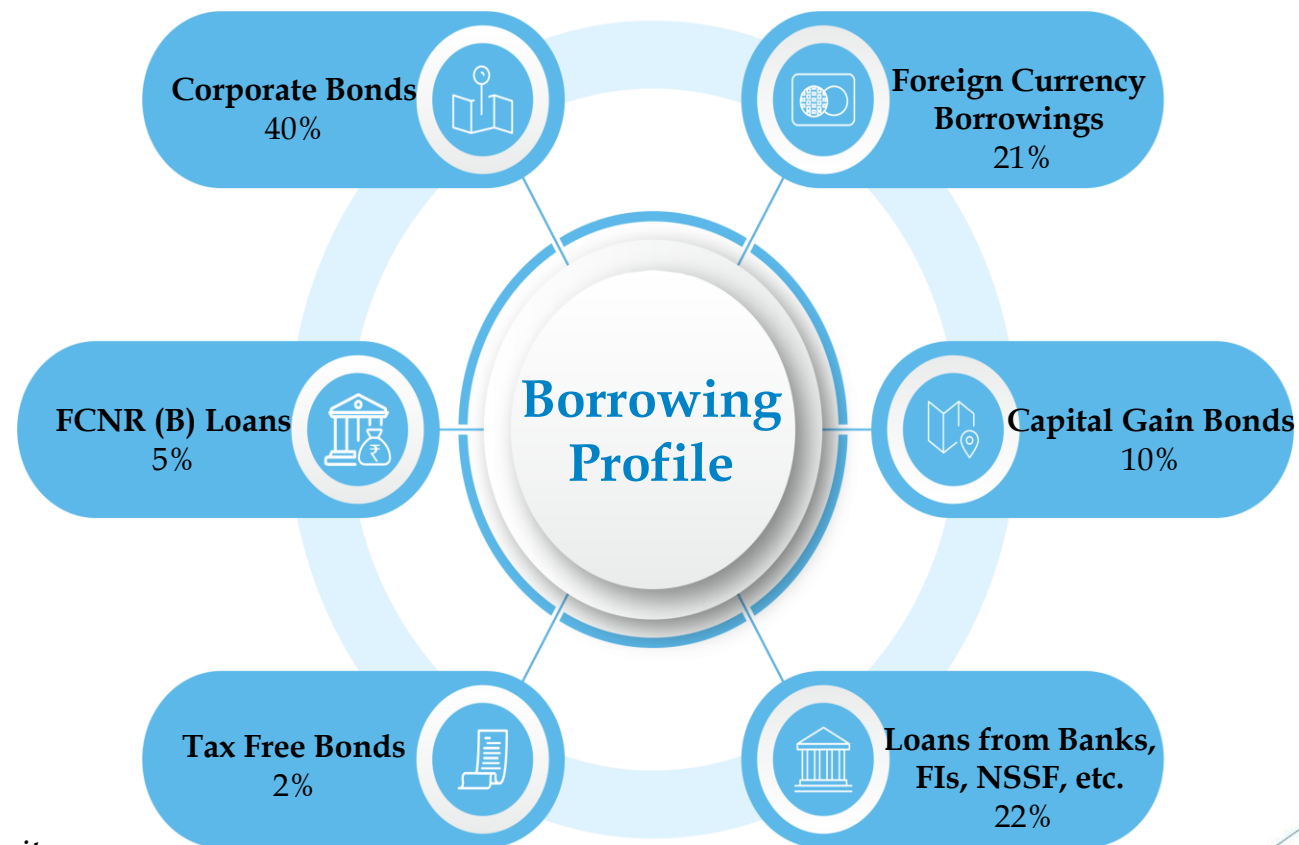


Outstanding Borrowings

(₹ in Crores)

| Particulars | 30 th June 2023 | 31 st March 2023 |
|-----------------------------------|----------------------------|-----------------------------|
| Corporate Bonds | 1,60,325 | 1,56,868 |
| Foreign Currency Borrowings | 83,464 | 78,440 |
| FCNR (B) Loans | 19,082 | 15,424 |
| Capital Gain Bonds | 38,908 | 37,587 |
| Tax Free Bonds | 10,307 | 10,307 |
| Commercial Papers | - | - |
| Loans from Banks, FIs, NSSF, etc. | 85,492 | 75,986 |
| Infra Bonds | 4 | 4 |
| Grand Total | 3,97,582 | 3,74,616 |

~ 91% of foreign currency exposure with remaining tenure upto 5 years hedged till maturity.



Funds Raised During The Period

(₹ in Crores)

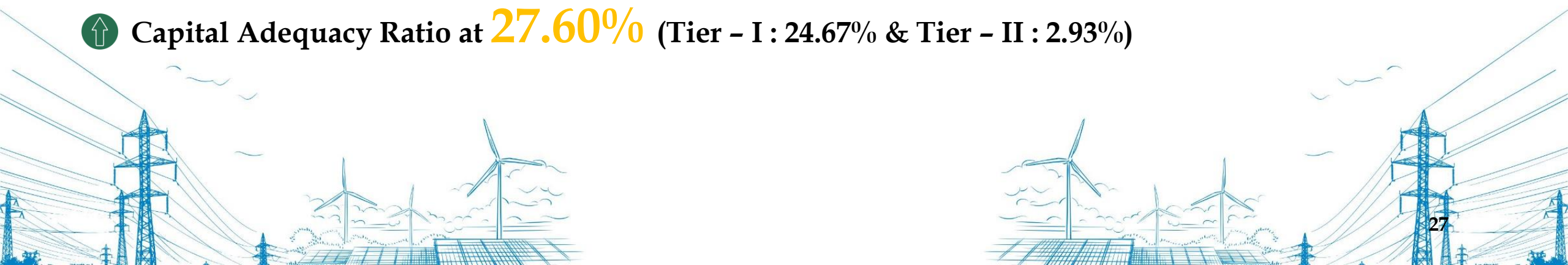
| Category | Q1 | | 12M | |
|--|---------------|---------------|---------------|---------------|
| | FY24 | FY23 | FY22 | FY23 |
| (A) Long Term | | | | |
| Capital Gains Bonds | 2,543 | 2,670 | 7,316 | 12,154 |
| Institutional Bonds/ Subordinate Debt | 14,842 | - | 9,080 | 25,545 |
| Loans from Banks/FIs/ NSSF | 8,300 | 2,150 | 25,850 | 22,911 |
| Foreign Currency Borrowings | 9,922 | 778 | 19,683 | 10,036 |
| Total (A) | 35,607 | 5,598 | 61,929 | 70,646 |
| (B) Short Term | | | | |
| FCNR (B) Loan | 10,087 | 6,017 | 10,495 | 15,088 |
| Commercial Papers | - | - | 2,000 | - |
| Loans from Banks (Tenor more than 6 months) | 3,500 | - | 3,950 | 1,150 |
| Total (B) | 13,587 | 6,017 | 16,445 | 16,238 |
| Total (A + B) | 49,194 | 11,615 | 78,374 | 86,884 |

Financial Highlights



Key Financial Highlights for 3M FY24

- ↑ Total Income stands at ₹ 10,964 crores. (↑ 16% YoY).
- ↑ Net Profit stands at ₹ 2,961 crores (↑ 21% YoY).
- ↑ Loan book reached to ₹ 4.54 lakh crores (↑ 17% YoY)
- ↑ Assets Quality improved with Net Credit impaired Assets at 0.97% (vs. 1.41% YoY)
- ↑ Net-worth stands at ₹ 60,886 crores (↑ 16% YoY)
- ↑ Capital Adequacy Ratio at 27.60% (Tier - I : 24.67% & Tier - II : 2.93%)



Standalone Statement of Profit & Loss

₹ in Crores

| Particulars | Q1 | | 12M FY 23 |
|--|--------------|--------------|---------------|
| | FY 24 | FY 23 | |
| Interest Income on Loan assets | 10,465 | 9,262 | 38,360 |
| Less: Finance Costs ** | 7,053 | 5,382 | 23,754 |
| Net Interest Income | 3,412 | 3,880 | 14,606 |
| Other Operating Income | 244 | 167 | 802 |
| Net notional gain/ (loss) on fair value changes | 250 | 30 | 45 |
| Other Income | 5 | 9 | 45 |
| Total Income (Net of Finance Cost) | 3,911 | 4,086 | 15,498 |
| Less: Translation/ transaction exchange loss/ (gain) | 50 | 480 | 1,114 |
| Less: Other costs * | 91 | 162 | 530 |
| Less: Impairment on financial instruments | 58 | 504 | 115 |
| Profit Before Tax | 3,712 | 2,940 | 13,739 |
| Less: Tax Expense | 751 | 493 | 2,684 |
| Profit After Tax | 2,961 | 2,447 | 11,055 |
| Add: Other Comprehensive Income/ (Loss) | 182 | (672) | (971) |
| Total Comprehensive Income/ (Loss) | 3,143 | 1,775 | 10,084 |

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

**Finance Costs includes fees and commission expense.

Statement of Assets and Liabilities

₹ in Crores

| Particulars | As at 30.06.2023 | As at 30.06.2022 | As at 31.03.2023 |
|---|------------------|------------------|------------------|
| Assets | | | |
| (A) Financial Assets | 4,85,680 | 409,302 | 4,60,591 |
| Cash and bank balances | 7,221 | 1,325 | 1,987 |
| Derivative financial instruments | 8,598 | 6,577 | 8,982 |
| Loans (Ind-AS) | 4,41,942 | 3,74,578 | 4,22,084 |
| Investments | 3,182 | 2,102 | 3,138 |
| Other financial assets | 24,737 | 24,720 | 24,400 |
| (B) Non-Financial Assets | 4,281 | 4,365 | 4,286 |
| Current tax assets (net) | 296 | 252 | 296 |
| Deferred tax assets (net) | 3,264 | 3,432 | 3,277 |
| Fixed Assets | 643 | 628 | 643 |
| Other non-financial assets | 78 | 53 | 70 |
| Total Assets (A+B) | 4,89,961 | 4,13,667 | 4,64,877 |
| Liabilities | | | |
| (C) Financial Liabilities | 4,28,460 | 360,484 | 4,06,988 |
| Derivative financial instruments | 698 | 1,258 | 977 |
| Borrowings (Ind-AS) | 4,02,615 | 3,34,253 | 3,80,836 |
| Other financial liabilities | 25,147 | 24,973 | 25,175 |
| (D) Non-Financial Liabilities | 615 | 583 | 209 |
| (E) Net Worth | 60,886 | 52,600 | 57,680 |
| Equity Share Capital | 2,633 | 1,975 | 2,633 |
| Instruments entirely equity in nature | 558 | 558 | 558 |
| Other equity | 57,695 | 50,067 | 54,489 |
| Total Equity & Liabilities (C+D+E) | 4,89,961 | 4,13,667 | 4,64,877 |

Key Ratios

| Particulars | Q1 | | 12M |
|---------------------------------|-------|-------|-------|
| | FY 24 | FY 23 | FY 23 |
| Yield on Loan Assets (%) | 9.82 | 10.07 | 9.73 |
| Cost of Funds (%) | 7.23 | 6.73 | 7.28 |
| Interest Spread (%) | 2.59 | 3.34 | 2.45 |
| Net Interest Margin (%) | 3.28 | 4.09 | 3.38 |
| Return on Net Worth (%) | 19.98 | 18.90 | 20.35 |
| Interest Coverage Ratio (Times) | 1.53 | 1.55 | 1.58 |
| Debt Equity Ratio (Times) | 6.42 | 6.26 | 6.49 |

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

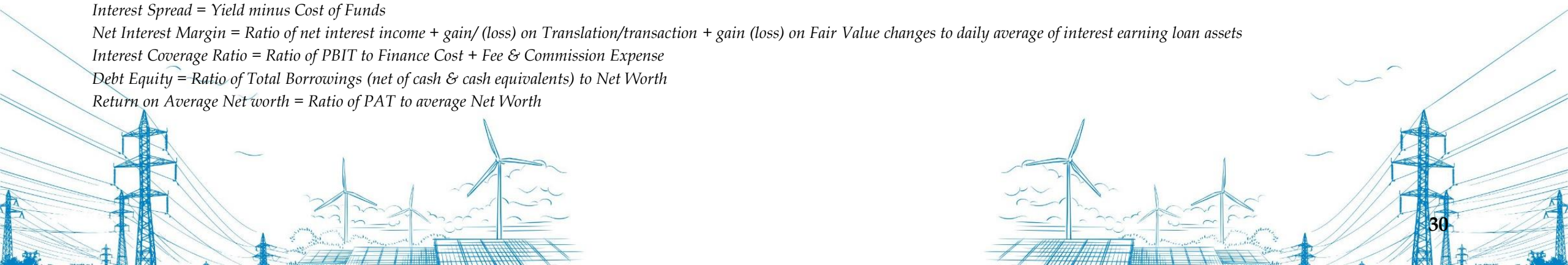
Interest Spread = Yield minus Cost of Funds

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!

