



REC Limited

A Maharatna Company



Investor Presentation Performance Highlights for Q3 & 9M FY 2023-24

Funding India's Ambitions



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REC Overview



**Operational
Performance**



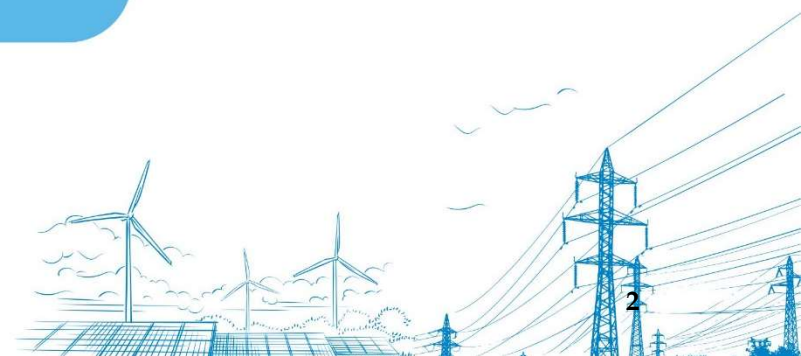
Asset Quality



**Borrowing
Profile**



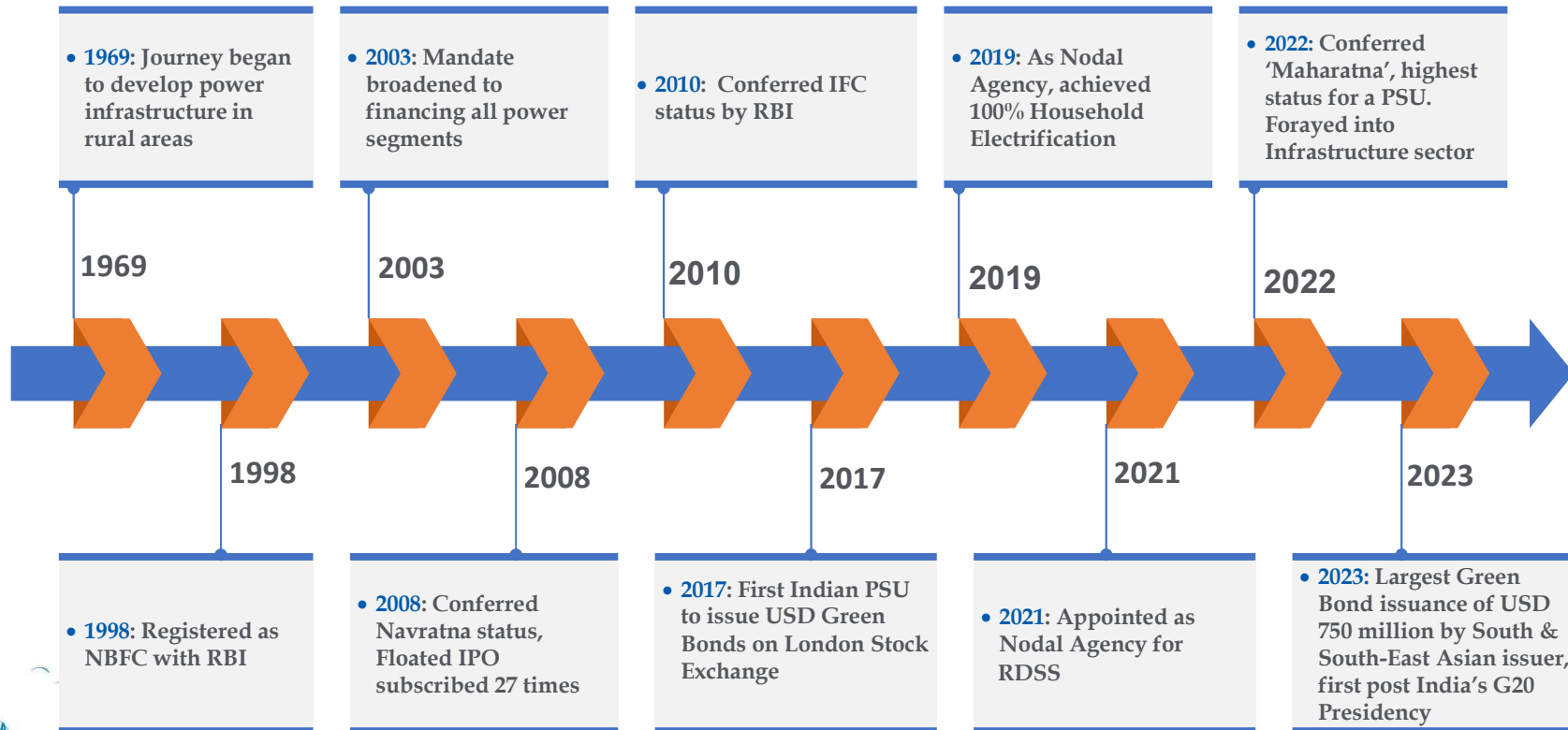
**Financial
Highlights**



REC Overview



REC Journey



Key Strengths

Experienced Management Team with Sector Expertise

Nodal Agency for major Govt. of India's power sector programmes – RDSS, Saubhagya, DDUGJY, Rooftop Solar (RTS) 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 and a major player In Renewable Energy segment and creation of India's Green Energy Corridor



Awards and Accolades

Awarded 'Plaque' under 'Financial Services Sector (Other than Banking and Insurance)' category at the ICAI Awards for Excellence in Financial Reporting for FY 2022-23

'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

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

Miniratna I

- 3rd highest rank of PSUs in India
- Total of 57 PSUs accorded this status

Miniratna II

- 4th rank of PSUs in India
- Total of 11 PSUs accorded this status

Maharatna - Business advantages



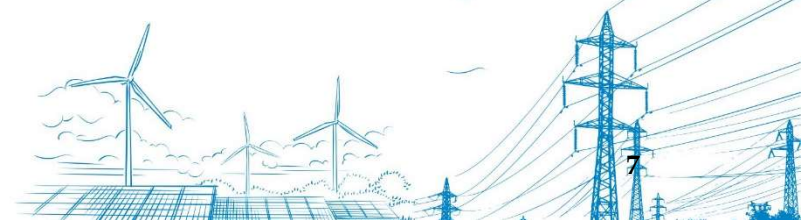
Gives greater operational & financial autonomy



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

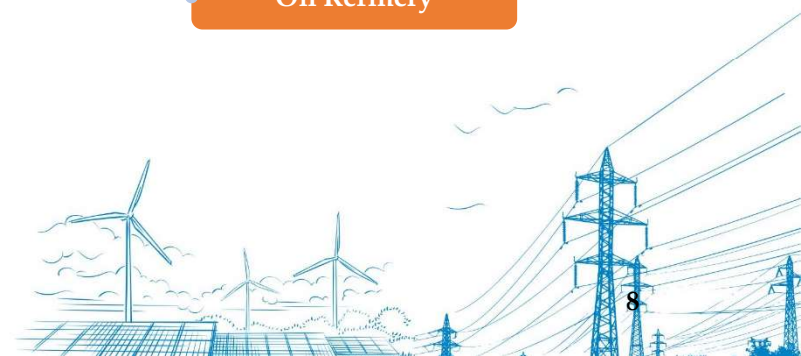
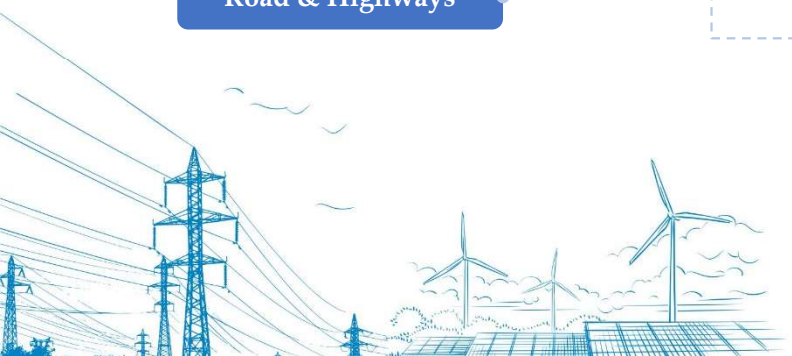
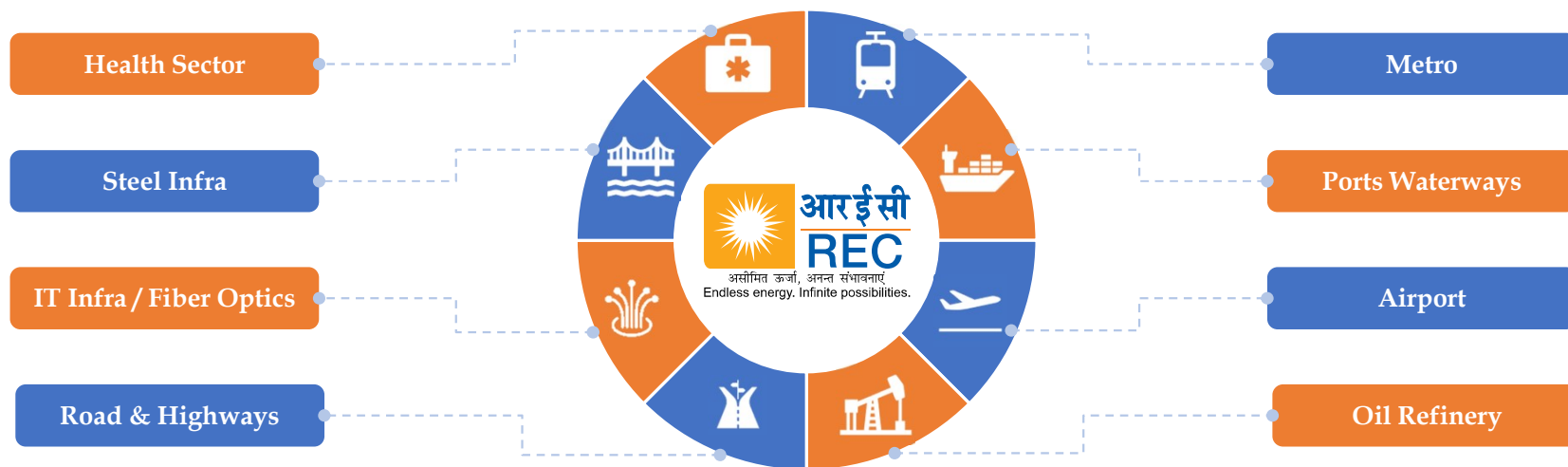


Accelerating growth and supporting Govt's vision for power sector.

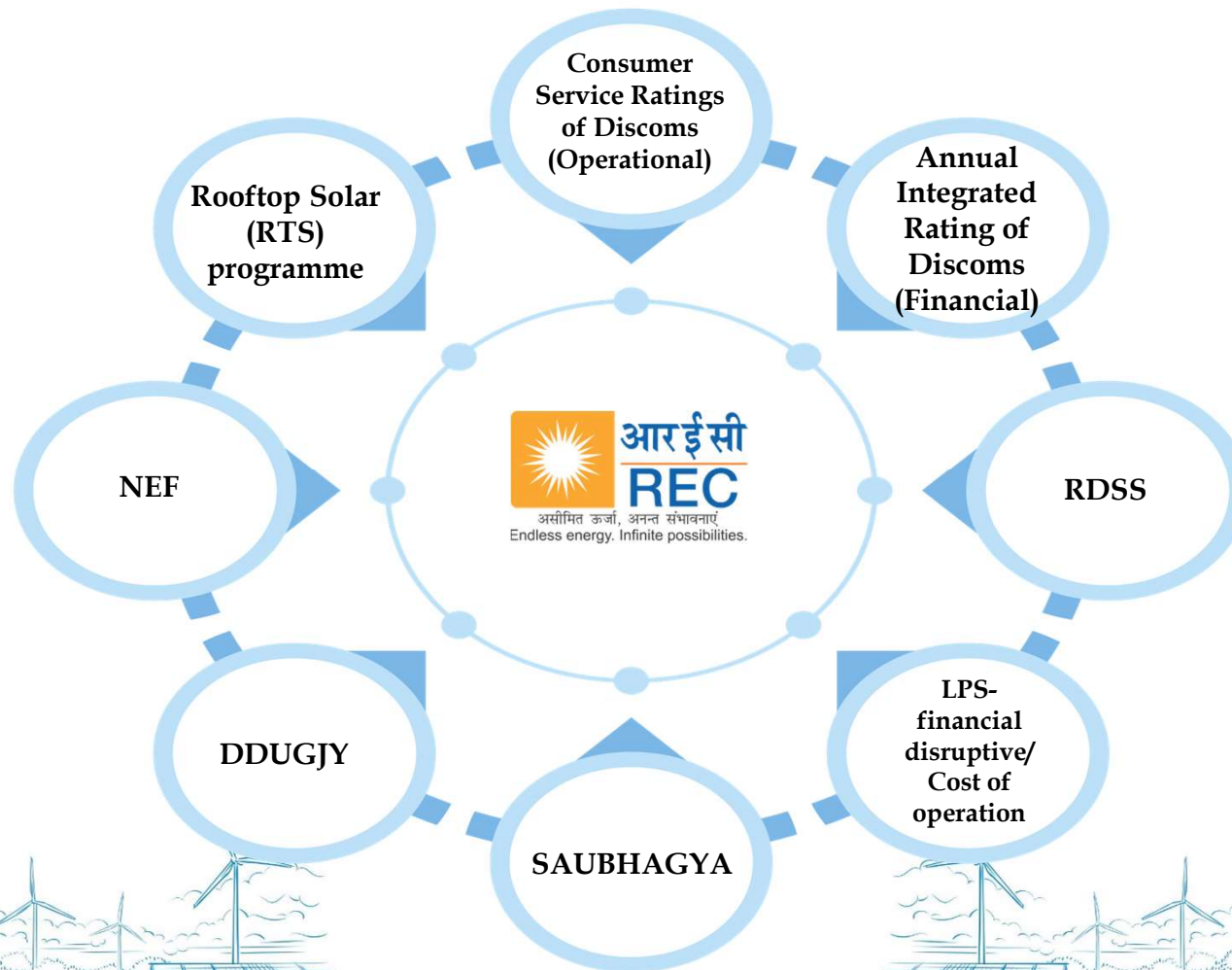


Forayed into Infra Sector: For Nation's Accelerated Development

REC has diversified its loan portfolio with a mandate of up to 33% loans in the Infrastructure and Logistics sector

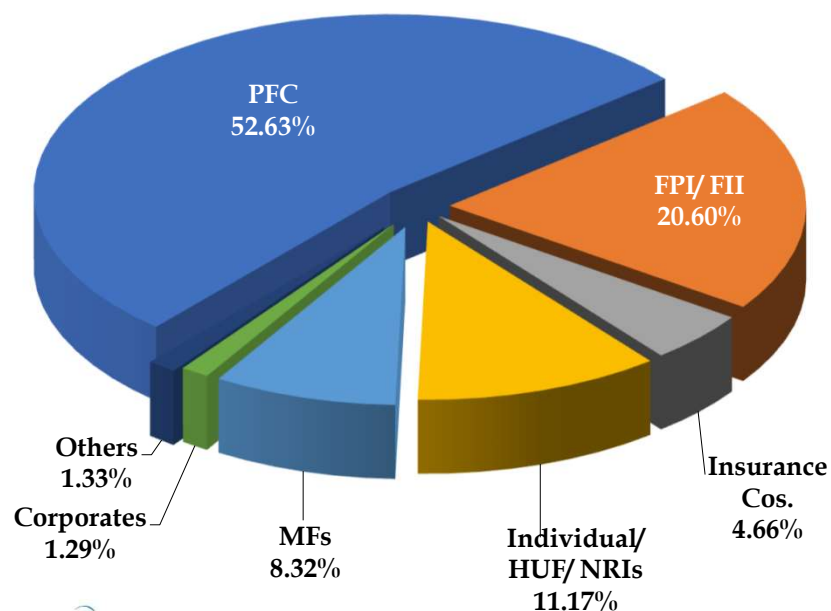


Government's Trusted Arm



Shareholders Outlook

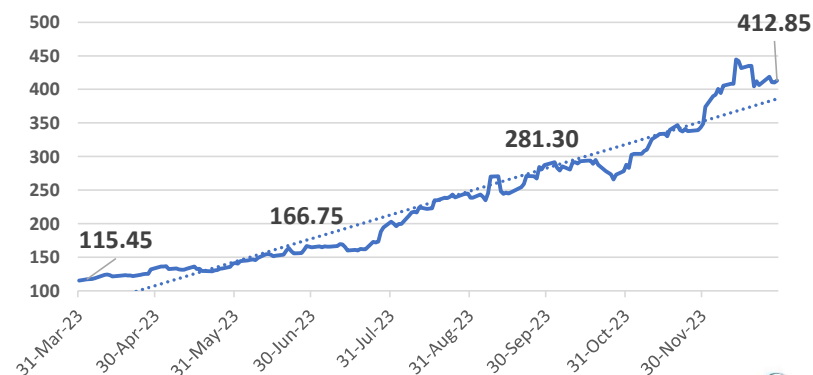
Shareholding Pattern
as at 31.12.2023



EPS
(Annualized)
Rs. 50.65

Book Value
Per Share
Rs. 246.04

Consistent increase in share price from Rs. 115.45 as on Mar 31, 2023 to Rs. 412.85 as on Dec. 29, 2023, increase of 258%



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

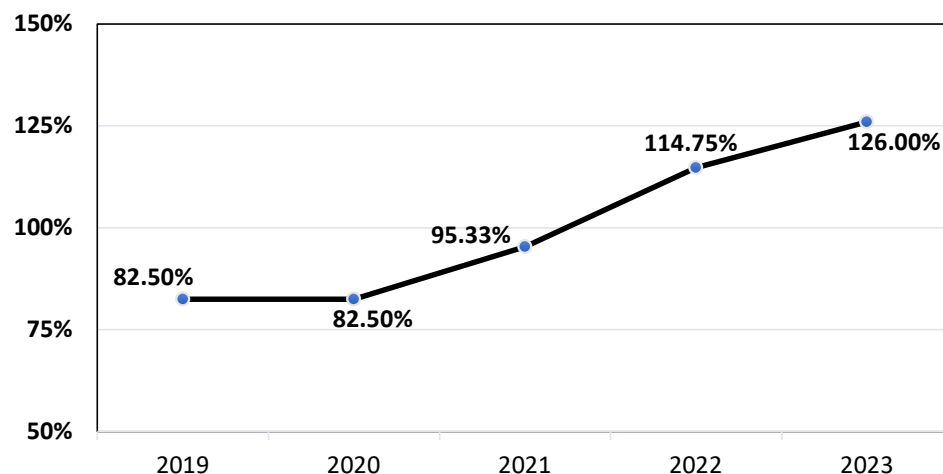
Shareholders Outlook

Top 10 Shareholders as at December 31, 2023

Rank	Particulars	Shareholding (%)
1	Power Finance Corporation Ltd	52.63
2	HDFC Balanced Advantage Fund	2.81
3	HDFC Life Insurance Company Limited	0.88
4	Nippon India Quant fund	0.84
5	Life Insurance Corporation of India - P& GS fund	0.78
6	TATA AIG General Insurance Company Limited	0.77
7	DSP Flexi Cap Fund	0.71
8	Vanguard Emerging Markets Stock Index Fund, A series of Vanguard International Equity Index Funds	0.64
9	Vanguard Total International Stock Index Fund	0.64
10	Max Life Insurance Company Limited - Dynamic Opportunities Fund	0.57
	TOTAL	61.27

Dividend Payout as a % of Equity Share Capital

Consistently high dividend paying company



1st and 2nd interim dividend paid for FY 24 of Rs. 3 and Rs. 3.50 per share respectively, totaling to Rs. 6.50 per share of Rs. 10 each (65%).

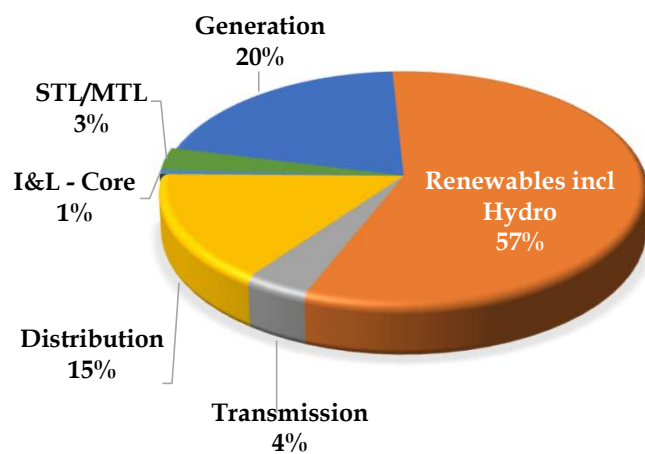
- Dividend adjusted for Bonus in the ratio of 1:3 in Aug 2022
- Actual dividend 110.00%, 110.00%, 127.10% and 153.00% pre bonus for the year 2019, 2020, 2021 & 2022

Operational Performance



Sanctions - Composition

Sector-wise breakup of Sanctions in Q3 FY 24



Highest ever quarterly Sanctions during Q3 FY24
Rs. 1,32,049 crores



(Rs. in Crores)

Discipline-wise	12M		Q3				9 M FY 24			
	FY 23	%	FY 23	%	FY 24	%	FY 23	%	FY 24	%
Generation	31,253	12	2,506	5	26,797	20	27,783	14	63,402	19
Renewables incl Large Hydro	21,279	8	9,498	20	75,125	57	21,203	11	1,25,054	39
Transmission	8,464	3	2,768	6	5,261	4	7,598	4	19,090	6
Distribution	1,13,587	42	20,854	44	20,040	15	1,03,657	54	68,825	21
a) Distribution Capex	15,943	6	7,354	15	10,540	7	13,995	7	33,805	10
b) LPS & LIS *	57,190	21	-	-	1,000	1	54,809	29	14,620	5
c) RBPF **	40,454	15	13,500	29	5,000	4	34,853	18	11,000	3
d) Special Loan	-	-	-	-	3,500	3	-	-	9,400	3
I&L - Core ***	60,801	23	3,461	7	826	1	3,461	2	36,956	11
I&L - E&M ****	26,402	10	7,500	16	-	-	23,469	12	3,114	1
STL/MTL	6,675	2	1,125	2	4,000	3	5,325	3	9,500	3
Total Sanctions	2,68,461	100	47,712	100	1,32,049	100	192,496	100	3,25,941	100

* LPS – Late payment surcharge

* LIS – Liquidity infusion scheme

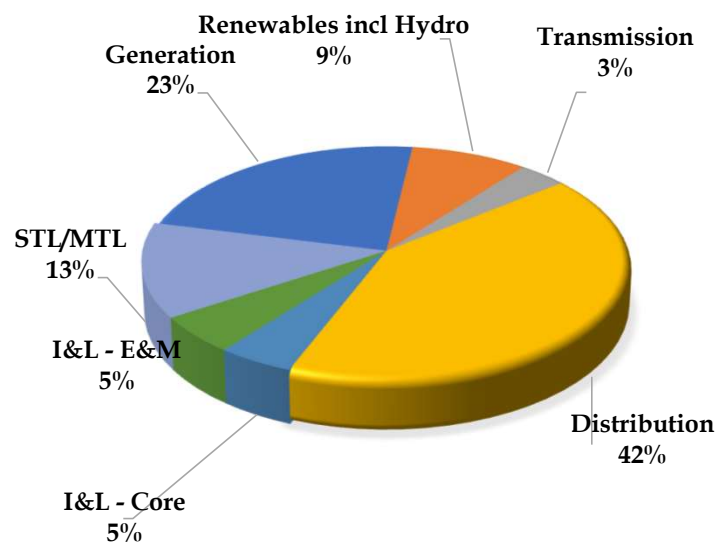
** RBPF - Revolving Bills Payment Facility

*** I&L – Infrastructure & Logistics

**** Electrical and Mechanical

Disbursements - Composition

Sector-wise breakup of Disbursements in Q2 FY 24



**Highest ever quarterly
Disbursements during Q3 FY24
Rs. 46,358 crores**



(Rs. in Crores)

Discipline-wise	12M		Q3				9 M FY 24			
	FY 23	%	FY 23	%	FY 24	%	FY 23	%	FY 24	%
Generation	18,754	19	5,072	17	10,675	23	11,114	19	20,875	17
Renewables incl Large Hydro	11,226	12	1,002	3	4,014	9	8,430	14	9,858	8
Transmission	3,050	3	582	2	1,681	3	2,339	4	4,649	4
Distribution	50,847	52	17,747	60	19,355	42	29,664	49	65,302	53
a) Distribution Capex	8,509	9	1,519	5	1,900	4	5,485	9	6,880	6
b) LPS & LIS *	16,177	17	6,612	22	4,842	10	9,964	17	22,226	18
c) RBPF **	26,161	26	9,616	33	12,613	28	14,215	23	36,196	29
d) Special Loan	-	-	-	-	-	-	-	-	-	-
I&L - Core ***	-	-	-	-	2,155	5	-	-	6,845	6
I&L - E&M ****	9,308	10	4,774	16	2,440	5	5,831	10	6,311	5
STL/MTL	3,661	4	461	2	6,039	13	2,529	4	8,249	7
Total Sanctions	96,846	100	29,638	100	46,358	100	59,907	100	1,22,089	100

* LPS – Late payment surcharge

* LIS – Liquidity infusion scheme

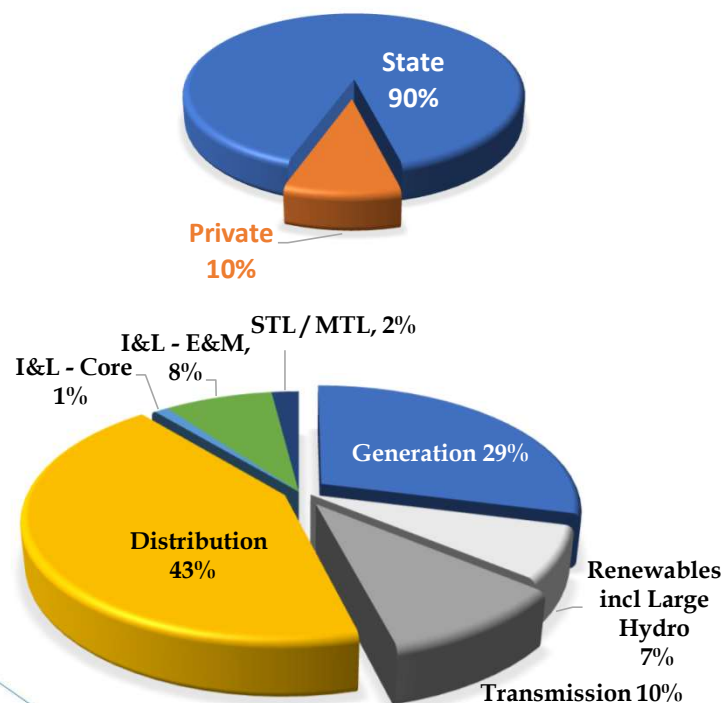
** RBPF - Revolving Bills Payment Facility

*** I&L – Infrastructure & Logistics

**** Electrical and Mechanical

Outstanding Loans – Composition

(Rs. in Crores)



Discipline-wise	As at					
	31 st December 2023		31 st March 2023		31 st March 2022	
	Amount	%	Amount	%	Amount	%
State	4,50,031	90	3,93,225	90	3,50,456	91
Private	47,435	10	41,787	10	34,915	9
Total	4,97,466	100	4,35,012	100	3,85,371	100
Generation	1,44,280	29	1,32,517	30	1,26,449	33
Renewables incl Large Hydro	33,253	7	27,095	6	19,187	5
Transmission	48,129	10	48,327	11	51,259	13
Distribution	2,13,661	43	1,85,806	43	1,54,851	40
a) Distribution Capex	87,131	17	90,287	21	97,506	25
b) LPS & LIS *	37,950	8	16,147	4	-	-
c) RBPF **	35,484	7	24,194	6	-	-
d) Special Loan	53,096	11	55,178	12	57,345	15
I&L - Core ***	6,845	1	-	-	-	-
I&L - E&M ****	43,728	8	38,248	9	28,659	7
STL/MTL	7,570	2	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 18% YoY

PAN India presence - Loan Assets

Lending across 28 States

State/ Joint Sector Borrowers

Rs. 4,50,031 Crores

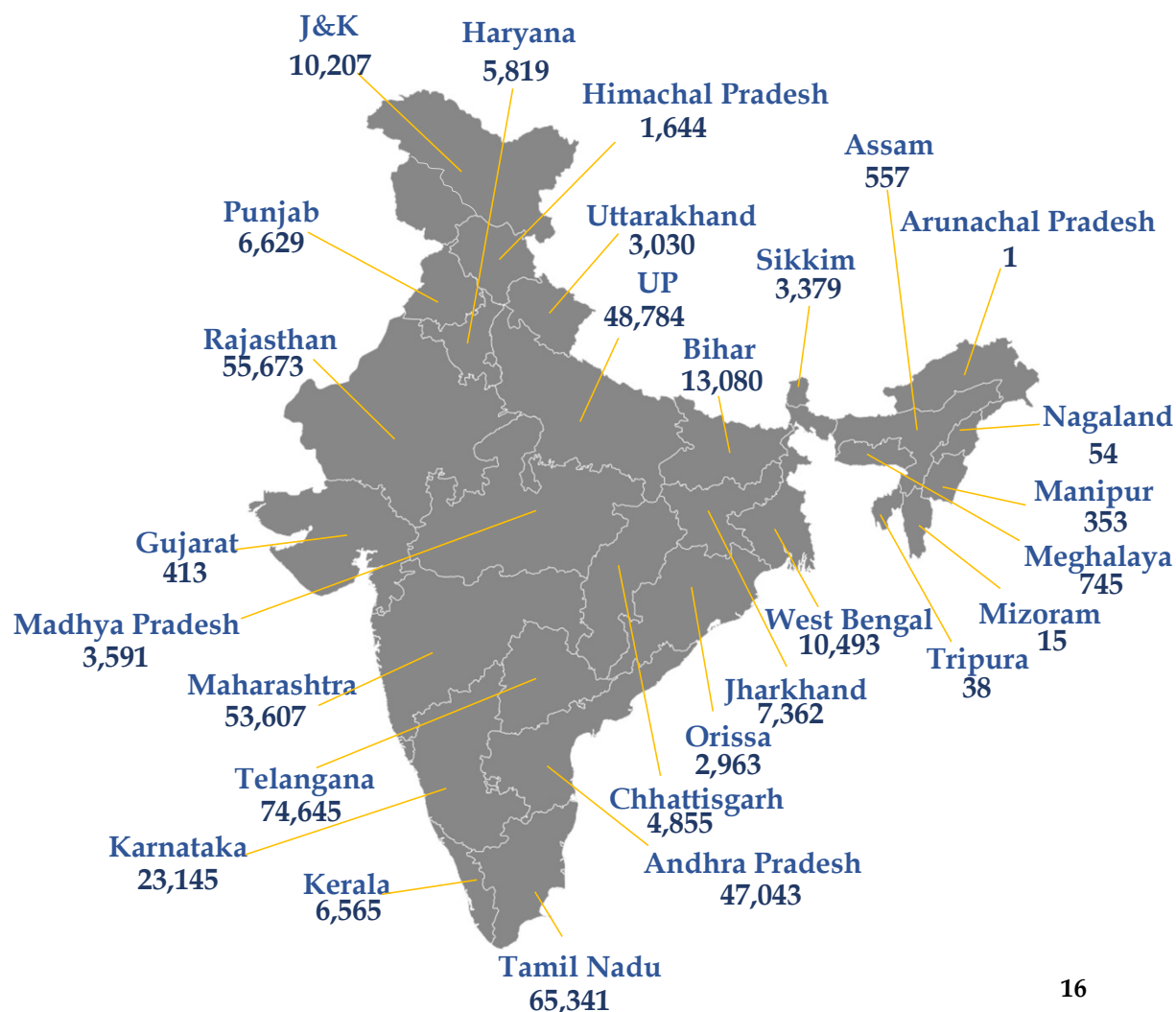
Private Sector Borrowers

Rs. 47,435 Crores

Total Loan Outstanding

Rs. 4,97,466 Crores

Figures in Rs. Crores

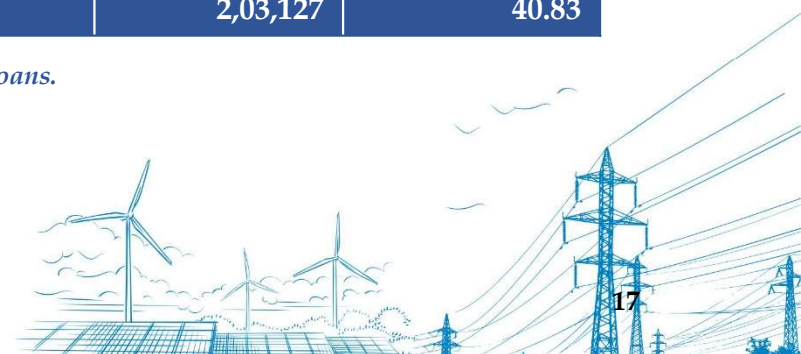


Outstanding Loans – Major Borrowers

Major State Borrowers (as at December 31, 2023)

S. No.	Top Ten Borrowers	Amount Outstanding (Rs. in Crores)	% of Total Loan Assets
1	Tamil Nadu Generation and Distribution Corporation Limited	51,035	10.26
2	Maharashtra State Electricity Distribution Company Limited	24,483	4.92
3	Uttar Pradesh Power Corporation Limited	18,908	3.80
4	Kaleshwaram Irrigation Project Corporation Ltd	17,972	3.61
5	Telangana State Power Generation Corporation Limited	17,656	3.55
6	Andhra Pradesh Southern Power Distribution Company Limited	16,841	3.39
7	Telangana State Southern Power Distribution Company Limited	14,525	2.92
8	Maharashtra State Power Generation Company Limited	14,333	2.88
9	Jodhpur Vidhyut Vitran Nigam Limited	13,763	2.77
10	Jaipur Vidyut Vitran Nigam Limited	13,611	2.74
	Total	2,03,127	40.83

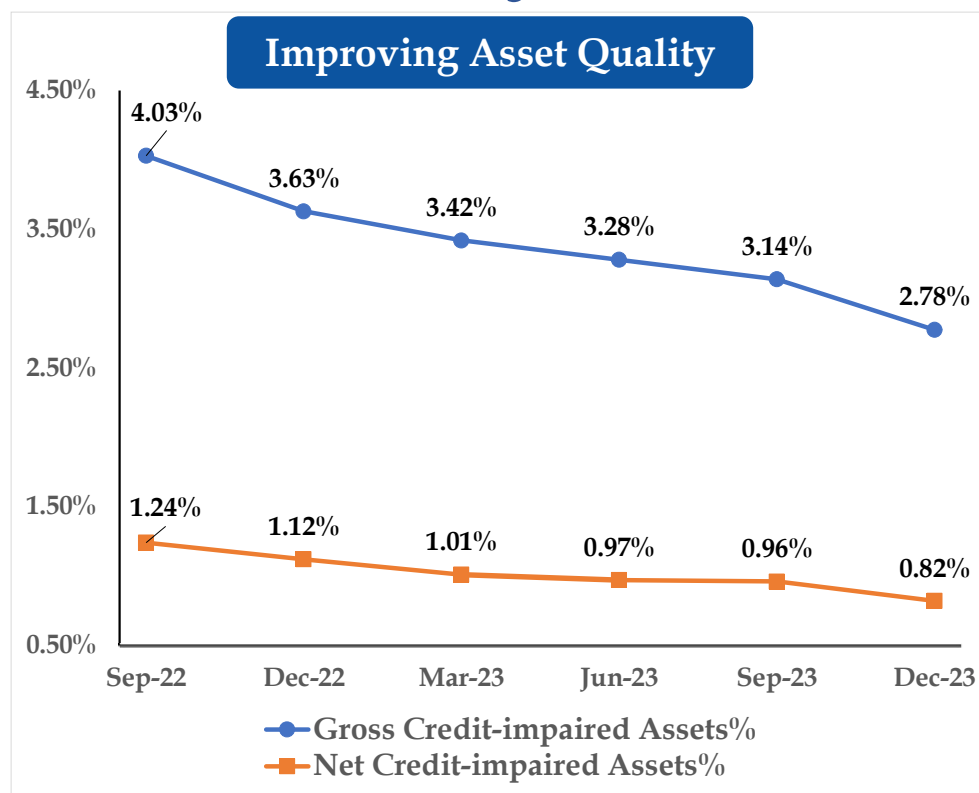
- Well-diversified asset portfolio with Top 10 borrowers accounting for ~41% of current loans.
- None of the top 10 borrowers account for more than ~ 10% of the total Loan Book
- No slippage in Top 10 accounts



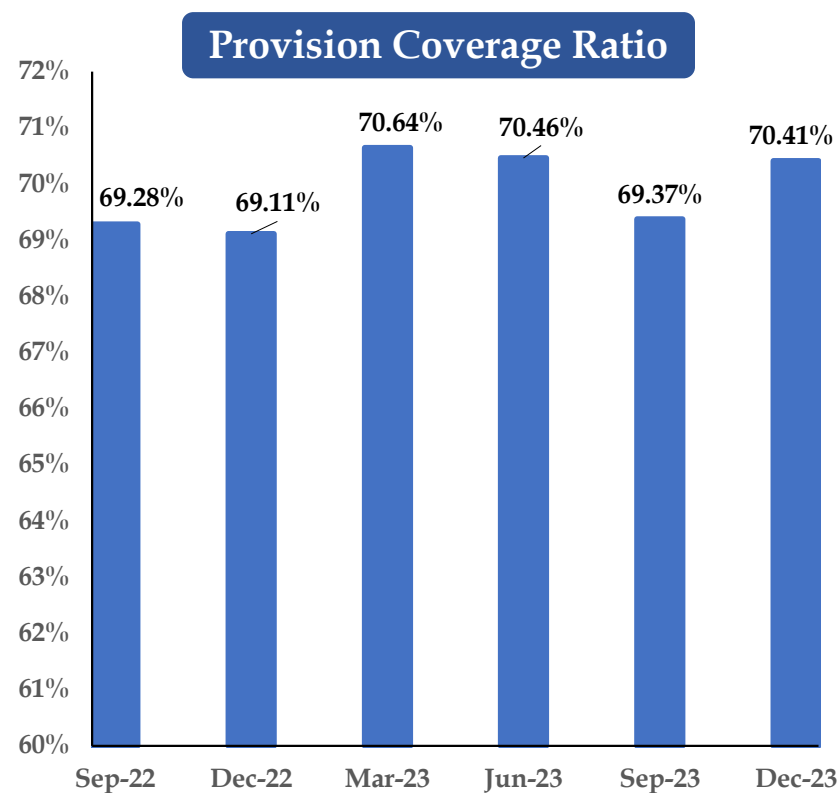
Asset Quality



Asset Quality as at December 31, 2023



➤ No New NPAs during last 8 quarters



Loan Portfolio as at December 31, 2023

(Rs. in Crores)

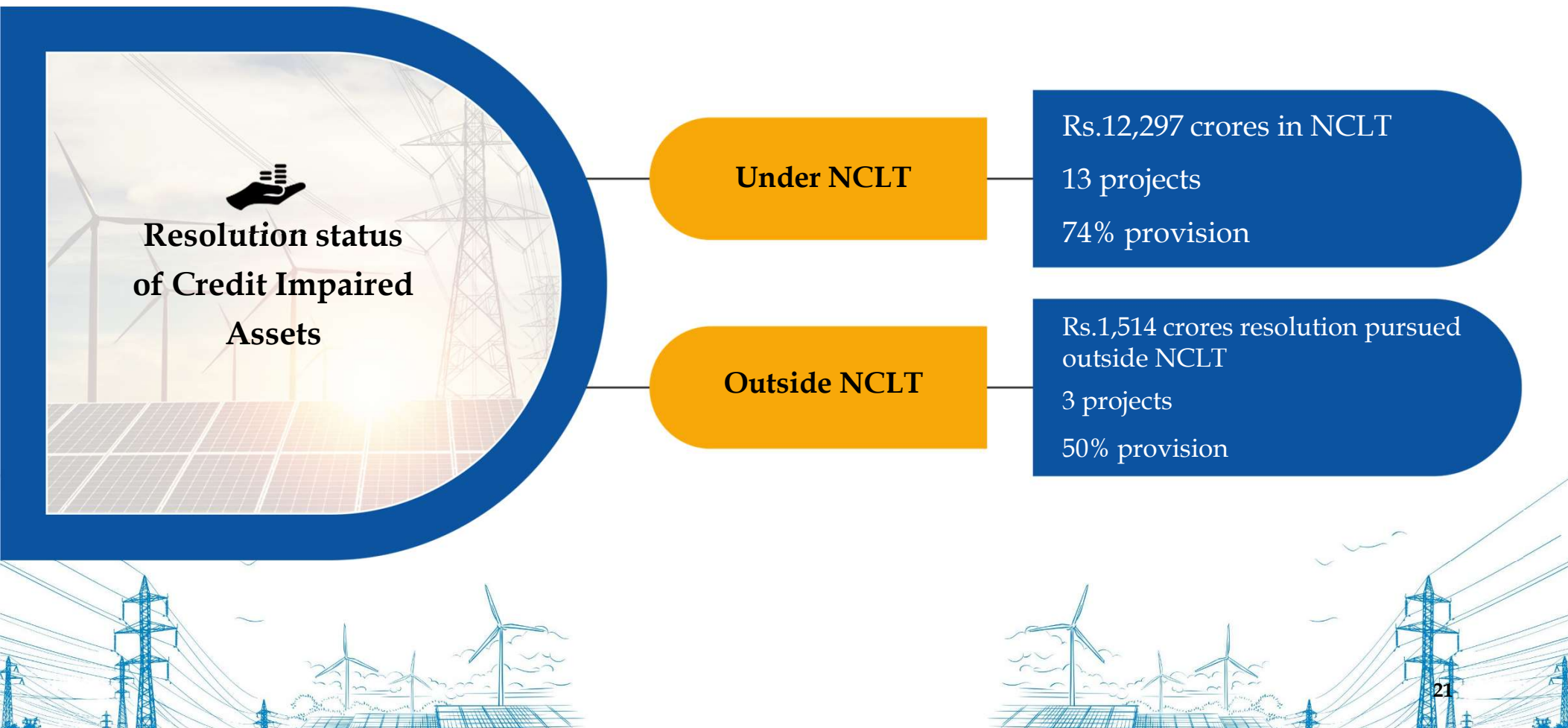
Particulars ⁰	Loan O/s	Credit Impaired Assets (Stage - III)			Standard Assets (Stage - I & II)			Total ECL #
		O/s	ECL	Provision coverage ratio (%)	O/s	ECL	Provision coverage ratio (%) @	
State Sector								
- Generation	1,22,639	-	-	-	1,22,639	554	0.45	554
- Renewables incl Large Hydro	10,701	-	-	-	10,701	49	0.46	49
- Transmission	45,077	-	-	-	45,077	21	0.05	21
- Distribution	2,13,661	-	-	-	2,13,661	2,231	1.04	2,231
a) Distribution Capex	87,131	-	-	-	87,131	689	0.79	689
b) LPS & LIS *	37,950	-	-	-	37,950	337	0.89	337
c) RBPF **	35,484	-	-	-	35,484	420	1.18	420
d) Special Loan	53,096	-	-	-	53,096	785	1.48	785
- I&F - Core ***	6,845	-	-	-	6,845	4	0.06	4
- I&F - E&M ****	43,578	-	-	-	43,578	162	0.37	162
- STL/MTL	7,531	-	-	-	7,531	25	0.33	25
Total State Sector	4,50,032	-	-	-	4,50,032	3,046	0.68	3,046
Private Sector								
- Generation	21,641	13,518	9,466	70.03	8,123	51	0.63	9,517
- Renewables incl Large Hydro	22,552	294	258	87.76	22,258	270	1.21	528
- Transmission	3,052	-	-	-	3,052	13	0.43	13
- I&F - E&M ****	150	-	-	-	150	-	-	-
- STL	39	-	-	-	39	-	-	-
Total Private Sector	47,434	13,812	9,724	70.41	33,622	334	0.99	10,058
Grand Total	4,97,466	13,812	9,724	70.41	4,83,654	3,380	0.70	13,104

* 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)(viiia) of the Income Tax Act, 1961 amounting to ₹ 10,531 crores.

Credit Impaired Assets – Resolution Status



Borrowing Profile



Credit Ratings for Long Term Borrowings

Long-term International Ratings

MOODY'S

Baa3 (Stable)–Key Highlights

- ✓ REC Limited (REC) remains strategically important to the Indian power sector and plays a key role in implementing the central government policy initiatives.
- ✓ REC finances all segments of domestic power infrastructure projects, covering transmission, distribution and generation facilities throughout the country, with a focus on rural electrification projects.

FitchRatings

BBB- (Stable)–Key Highlights

- ✓ REC remains an important government-related entity (GRE) due to its strategic role in supporting India's power sector. Hence, Fitch believes the government has strong incentive to provide extraordinary support to REC, if needed.



Japan Credit Rating Agency, Ltd.

BBB+ (Stable)–Key Highlights

REC plays a very important role in the implementation of the Government of India's (GOI) power sector plans. The ratings strongly reflect the country's creditworthiness and are in line with the Republic of India's Long-term Issuer Ratings (FC: BBB+/Stable and LC: BBB+/Stable). It is based on REC's strong capital and personal relationship with GOI, its **important position as an institution that financially supports the development of power infrastructure across India**, and its strong integration with GOI, supported by its position as a Nodal agency for power policy initiatives in India.

Long-term Domestic Ratings

CRISIL
An S&P Global Company

"AAA"



"AAA"

CARE Ratings
Professional Risk Opinion

"AAA"

India Ratings & Research
A Fitch Group Company

"AAA"

Perpetual Debt Instruments also rated "AAA" by CARE Ratings and CRISIL

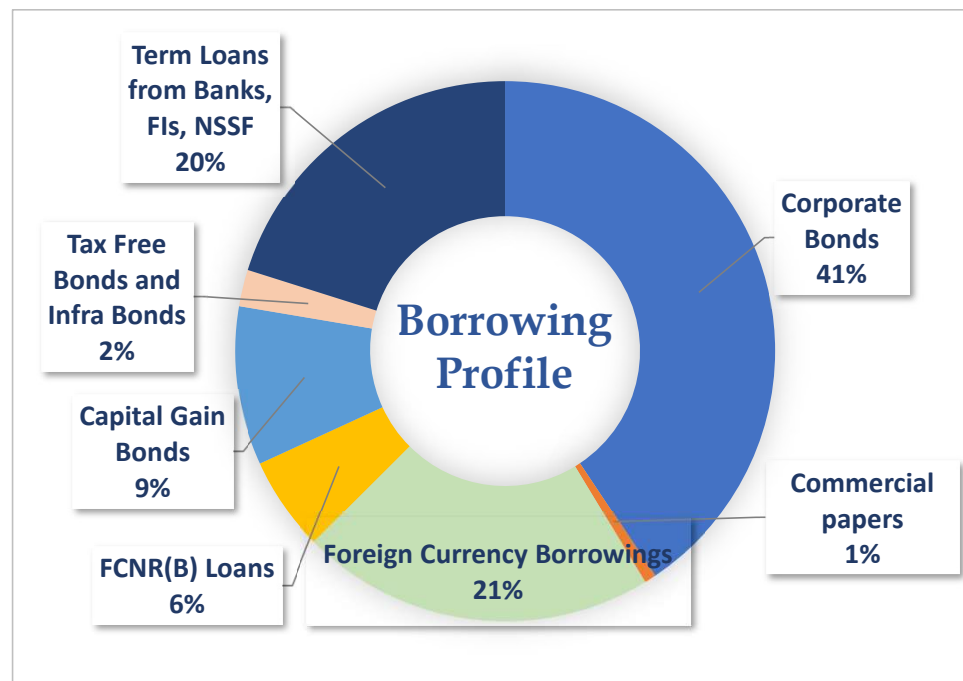
Outstanding Borrowings

(Rs. in Crores)

Particulars	31 st December 2023	31 st March 2023
Corporate Bonds	1,75,782	1,56,868
Foreign Currency Borrowings	91,627 *	78,440
FCNR (B) Loans	24,423	15,424
Capital Gain Bonds	41,132	37,587
Tax Free Bonds	9,418	10,307
Commercial Papers	2,985	0
Loans from Banks, FIs, NSSF, etc.	87,185	75,986
Infra Bonds	4	4
Grand Total	4,32,556	3,74,616

~ 98% of total foreign currency exposure has been hedged till maturity

* The above is after redemption of USD 700 million bonds (~ 5,800 crores) on completion of their tenor of 5 years

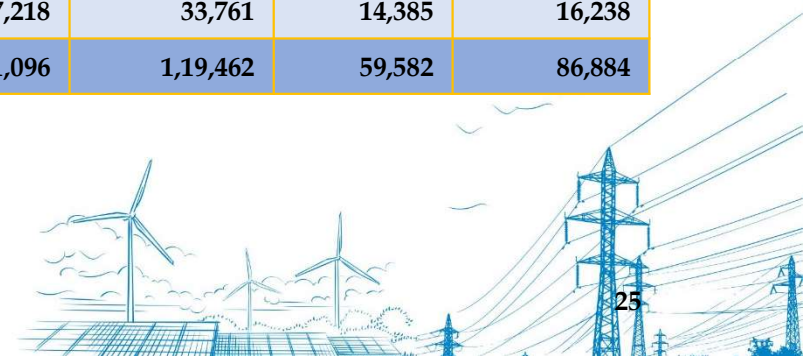
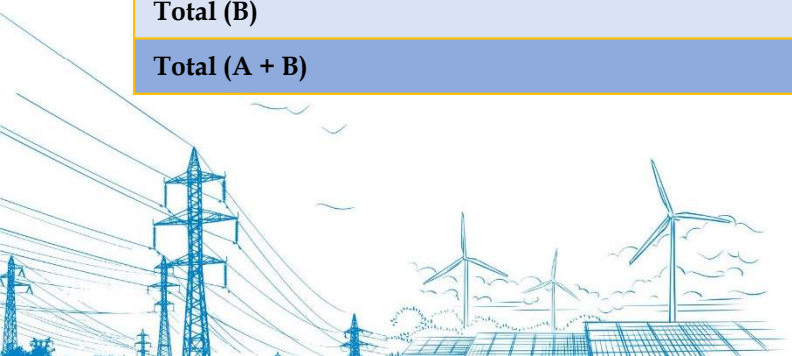


- Access to multiple sources of funding with a mix of international and domestic sources to meet the business growth
- One of the four Companies allowed to raise low-cost Capital Gains Tax Exemption Bonds

Funds Raised During the Period

(Rs. in Crores)

Category	Q3		9M		12M
	FY24	FY23	FY24	FY23	FY23
(A) Long Term					
Capital Gains Bonds	2,580	2,822	8,037	8,445	12,154
Institutional Bonds/ Subordinate Debt	14,640	11,055	33,072	13,793	25,545
Loans from Banks/FIs/ NSSF	8,200	6,660	19,500	16,050	22,911
Foreign Currency Borrowings	179	3,341	25,092	6,909	10,036
Total (A)	25,599	23,878	85,701	45,197	70,646
(B) Short Term					
FCNR (B) Loan	9,243	7,218	22,426	13,235	15,088
Commercial Papers	4,635	-	7,735	-	-
Loans from Banks (Tenor more than 6 months)	100	-	3,600	1,150	1,150
Total (B)	13,978	7,218	33,761	14,385	16,238
Total (A + B)	39,577	31,096	1,19,462	59,582	86,884

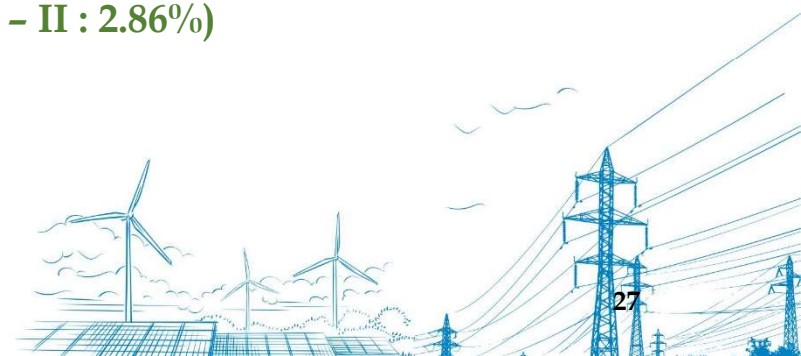
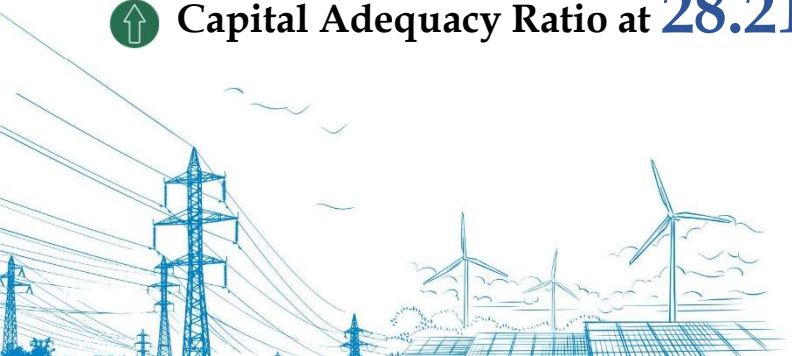


Financial Highlights



Key Financial Highlights for 9M FY24

- ↑ Total Income stands at Rs. **34,571** crores (↑ 19% YoY)
- ↑ Net Profit stands at Rs. **10,003** crores (↑ 24% YoY)
- ↑ Total Comprehensive Income Rs. **9,880** crores (↑ 53% YoY)
- ↑ Loan book reached to Rs. **4.97** lakh crores (↑ 21% YoY)
- ↑ Assets Quality improved with Net Credit impaired Assets at **0.82%** (vs. 1.12% YoY)
- ↑ Net-worth stands at **₹ 64,787** crores (↑ 18% YoY)
- ↑ Capital Adequacy Ratio at **28.21%** (Tier – I : 25.35% & Tier – II : 2.86%)



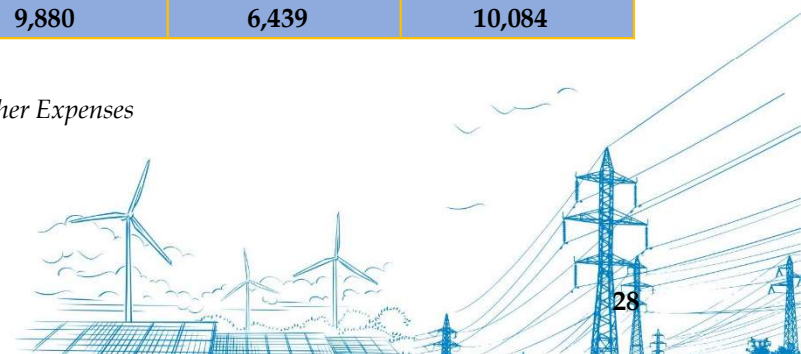
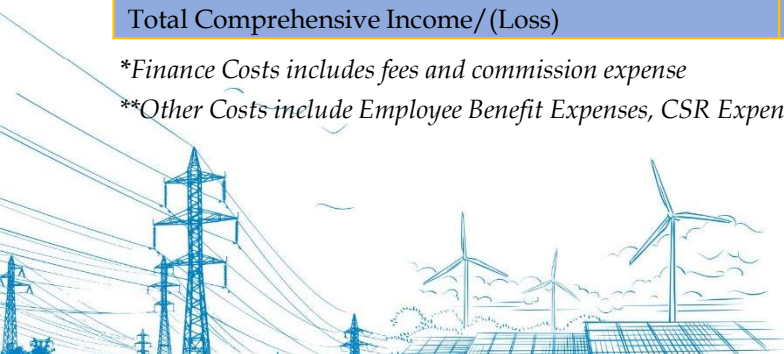
Standalone Statement of Profit & Loss

Rs. in Crores

Particulars	Q3		9M		12 M
	FY 24	FY 23	FY 24	FY 23	FY 23
Interest Income on Loan assets	11,812	9,660	33,490	28,456	38,360
Less: Finance Costs *	7,659	6,139	22,069	17,252	23,738
Net Interest Income	4,153	3,521	11,421	11,204	14,622
Other Operating Income	185	197	704	563	802
Net notional gain/ (loss) on fair value changes	(16)	(162)	339	76	45
Other Income	18	17	38	34	45
Total Income (Net of Finance Cost)	4,340	3,573	12,502	11,877	15,514
Less: Translation/transaction exchange loss/(gain)	(24)	208	107	1,144	1,114
Less: Other costs **	194	100	409	370	546
Less: Impairment on financial instruments	56	(294)	(647)	435	115
Profit Before Tax	4,114	3,559	12,633	9,928	13,739
Less: Tax Expense	845	681	2,630	1,874	2,684
Profit After Tax	3,269	2,878	10,003	8,054	11,055
Add: Other Comprehensive Income/ (Loss)	(720)	(129)	(123)	(1,615)	(971)
Total Comprehensive Income/ (Loss)	2,549	2,749	9,880	6,439	10,084

*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 31.12.2023	As at 31.12.2022	As at 31.03.2023
Assets			
(A) Financial Assets	5,29,899	4,35,235	4,60,591
Cash and bank balances	2,140	1,168	1,987
Derivative financial instruments	11,341	8,481	8,982
Loans (Ind-AS)	4,87,252	3,97,887	4,22,084
Investments	4,398	2,985	3,138
Other financial assets	24,768	24,714	24,400
(B) Non-Financial Assets	4,217	4,895	4,286
Current tax assets (net)	351	597	296
Deferred tax assets (net)	3,100	3,593	3,277
Fixed Assets	639	627	643
Other non-financial assets	127	78	70
Total Assets (A+B)	5,34,116	4,40,130	4,64,877
Liabilities			
(C) Financial Liabilities	4,68,982	3,85,094	4,06,988
Derivative financial instruments	1,512	922	977
Borrowings (Ind-AS)	4,40,074	3,58,976	3,80,836
Other financial liabilities	27,396	25,196	25,175
(D) Non-Financial Liabilities	347	197	209
(E) Net Worth	64,787	54,839	57,680
Equity Share Capital	2,633	2,633	2,633
Instruments entirely equity in nature	558	558	558
Other equity	61,596	51,648	54,489
Total Equity & Liabilities (C+D+E)	5,34,116	4,40,130	4,64,877



Key Ratios

Particulars	Q3		9M		12M
	FY 24	FY 23	FY 24	FY 23	FY 23
Yield on Loan Assets (%)	10.13	9.92	9.98	9.90	9.73
Cost of Funds (%)	7.28	7.17	7.16	7.14	7.28
Interest Spread (%)	2.85	2.75	2.82	2.76	2.45
Net Interest Margin (%)	3.61	3.55	3.52	3.55	3.38
Return on Net Worth (%)	20.45	21.26	21.78	20.29	20.35
Interest Coverage Ratio (Times)	1.54	1.58	1.57	1.58	1.58
Debt Equity Ratio (Times)	6.65	6.44	6.65	6.44	6.49

The yield on loans has improved in 9M FY 24 vs 9M FY 23 to 9.98% from 9.90% and cost of borrowings has remained almost stable at 7.16% inspite of geopolitical issues and interest rates having increased substantially during the corresponding period. All other parameters have either improved or have remained almost stable, resulting in better 9M 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

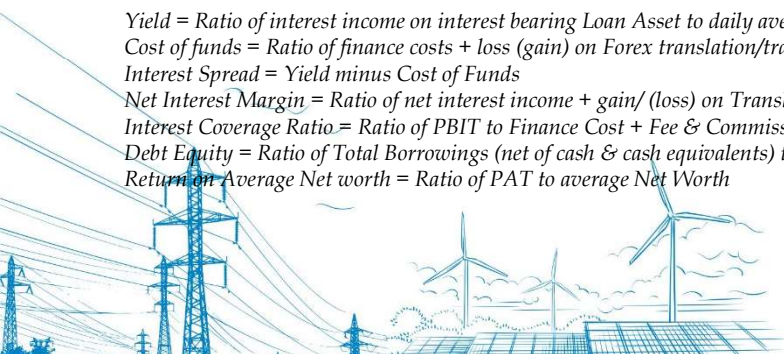
Interest Spread = Yield minus Cost of Funds

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



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