

REC Limited

A Maharatna Company

Investor Presentation Performance Highlights Q3 and 9M FY 23

More than Five Decades of
RELENTLESS GROWTH



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REC Overview



Operational
Performance



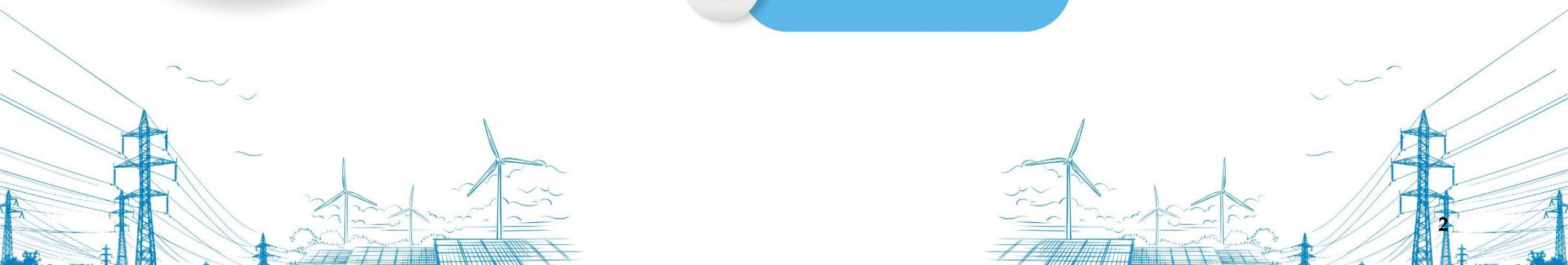
Asset Quality



Borrowing
Profile



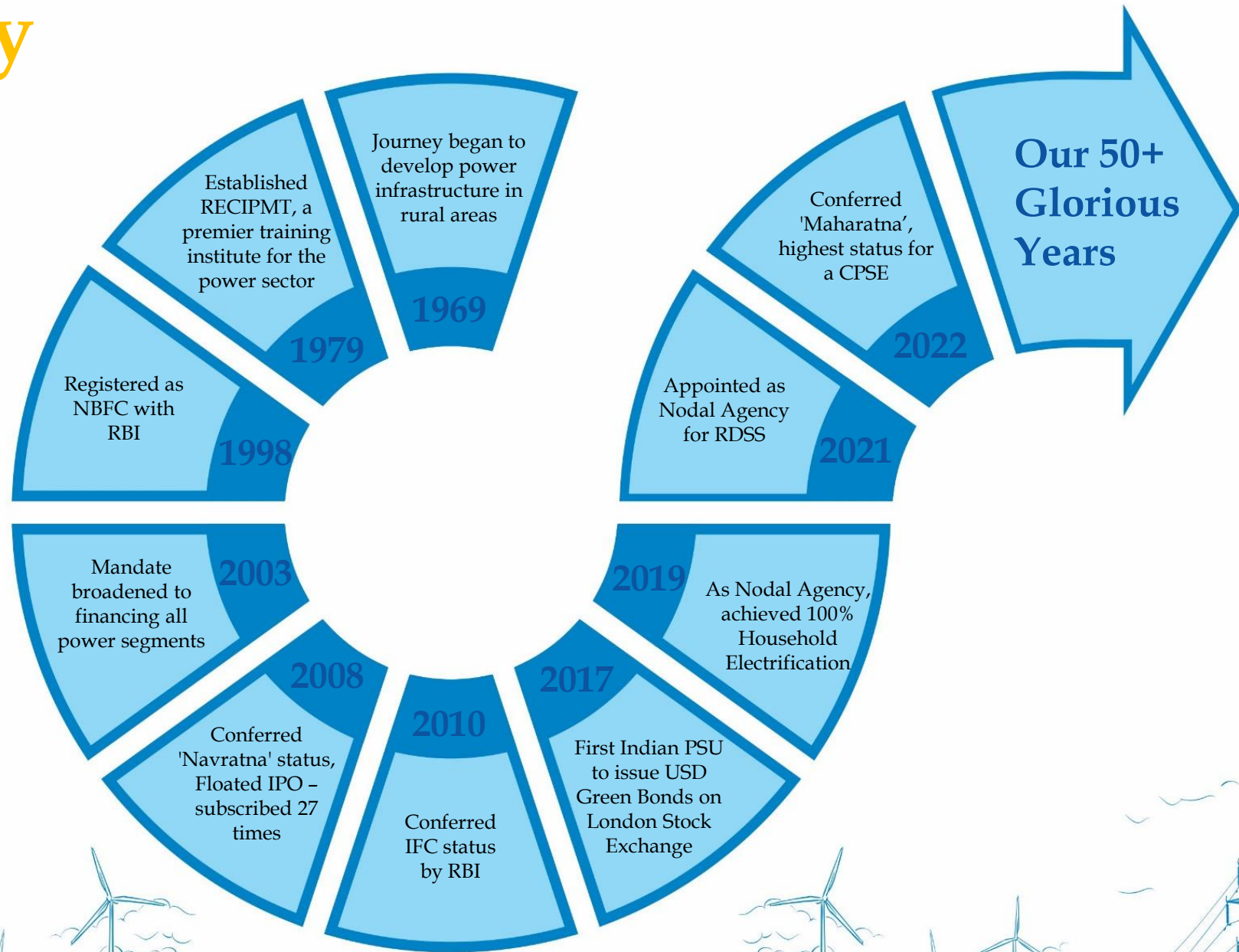
Financial
Highlights



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.**



Ranked

48th

in Fortune
India 500

'Best PSU'

in the
Financial
Services
category by
Dun &
Bradstreet

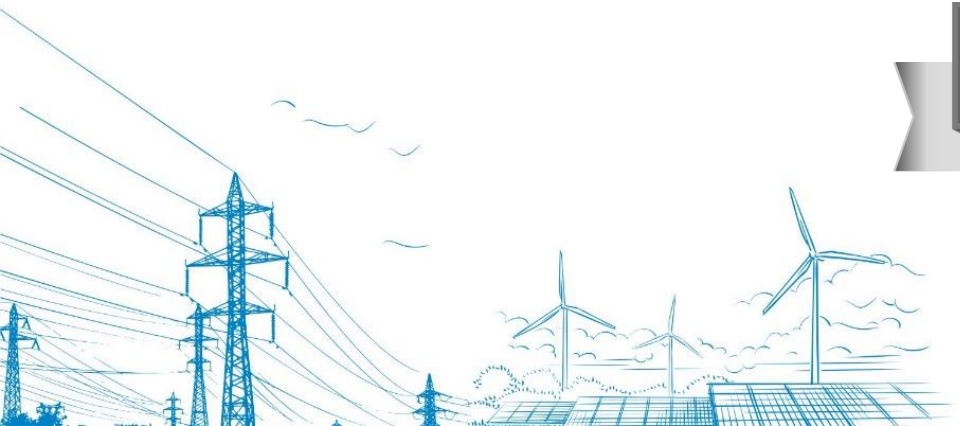
India's 25 Most

Profitable
Companies
by
Business
Today

Premier Financial
Institution

'Financial Services'

category by
Titan Business
Awards



The jewel that illuminates the nation
shines even brighter
REC IS NOW
A MAHARATNA COMPANY



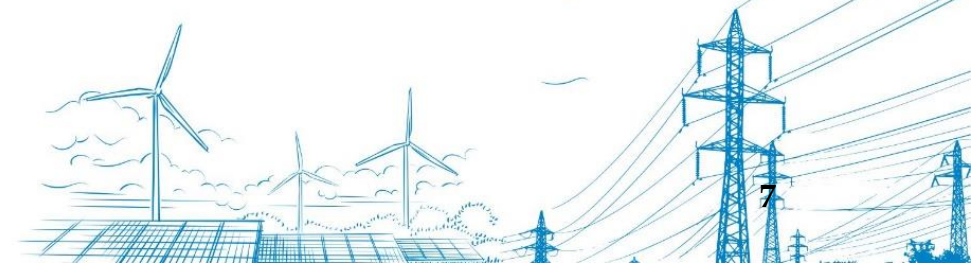
"Accorded Maharatna Status
in September 2022".

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



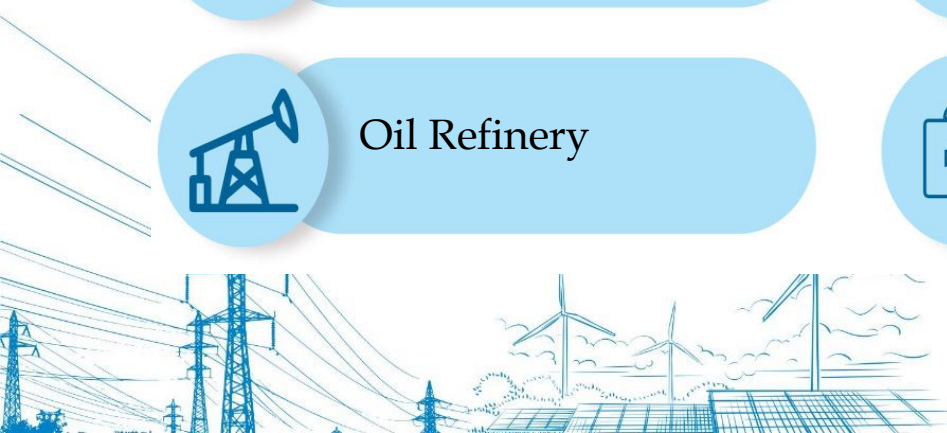
Oil Refinery



Health Sector

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

**Diversifying the Loan
Profile**

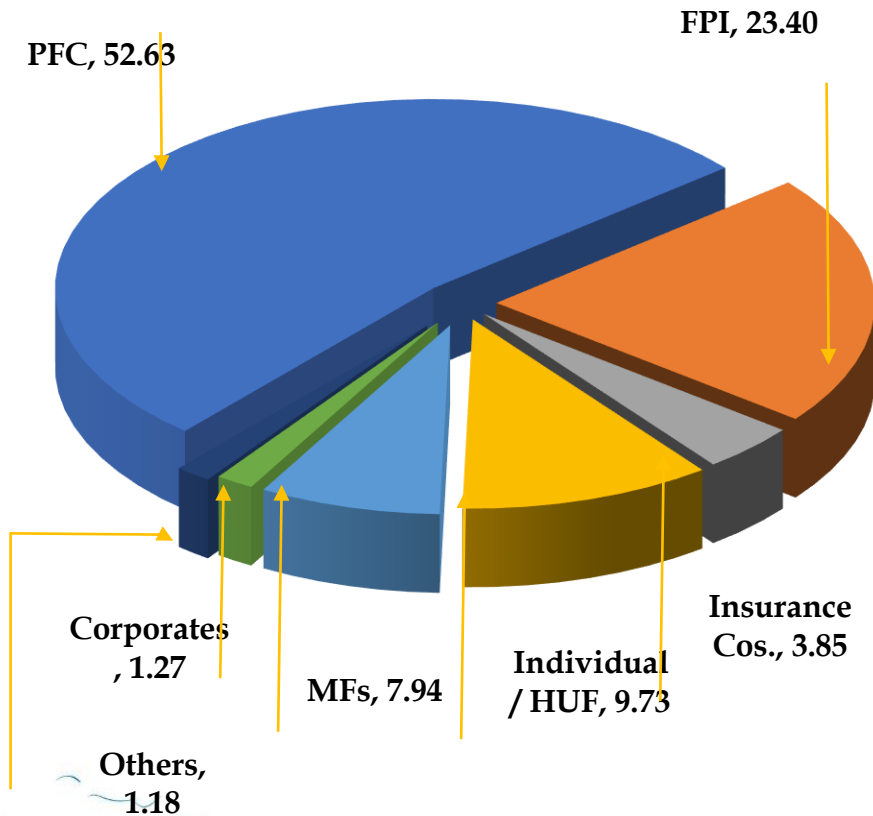


Government's Trusted Arm



Shareholders Outlook

**Shareholding Pattern
as at 31.12.2022**



EPS
(Annualised)
₹ 40.79

Book Value
Per Share
₹ 208.26

Bonus
issued in
FY23 in 1:3

Dividend
Yield
12.43%*

*Dividend Yield is based on the closing share price from NSE as on 31.03.2022 i.e. Rs.92.29 (Bonus Adjusted)

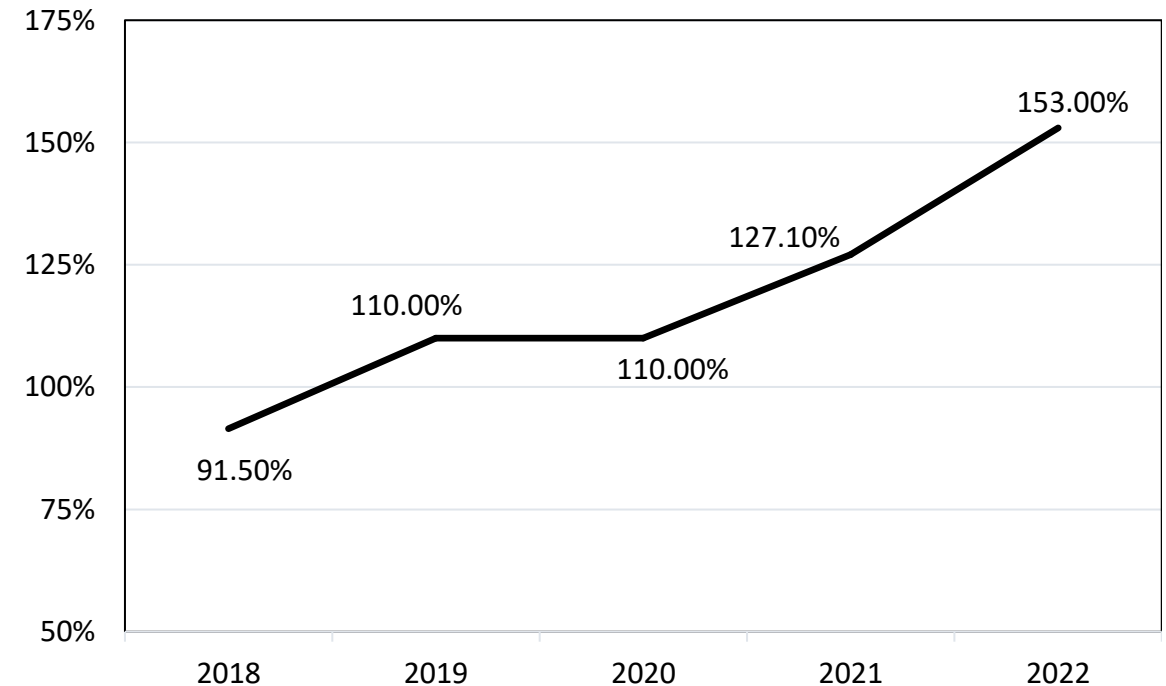
Shareholders Outlook

Top 10 Shareholders as at December 31, 2022

Rank	Particulars	Shareholding (%)
1	Power Finance Corporation Ltd	52.63
2	HDFC Trustee Company Ltd	5.33
3	The WindAcre Partnership Master Fund LP	3.64
4	Life Insurance Corporation Of India	2.10
5	HDFC Life Insurance Company Limited	0.90
6	The Prudential Assurance Company Limited	0.84
7	India Capital Fund Limited	0.78
8	Vanguard Emerging Markets Stock Index Fund	0.65
9	Vanguard Total International Stock Index Fund	0.64
10	Stichting Depositary APG Emerging Markets Equity P	0.54
	TOTAL	68.05

Dividend Payout as a % of Equity Share Capital

Consistently high dividend paying company



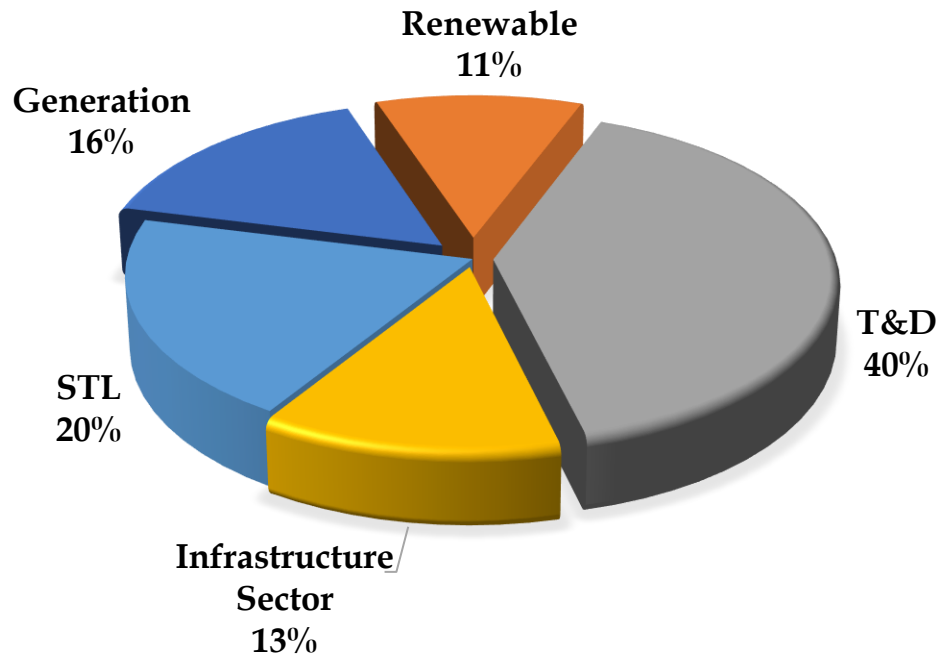
Declared 2nd Interim Dividend of ₹ 3.25 per share for FY 2022-23 and 9th February, 2023 has been fixed as Record Date for payment of Interim Dividend. Total Interim Dividend for FY 2022-23 is ₹ 8.25 per equity share.

Operational Performance



Sanctions - Composition

Sector-wise breakup of Sanctions in 9M FY 23



Highest ever Sanctions
9M FY23 - ₹ 1,92,496 crores



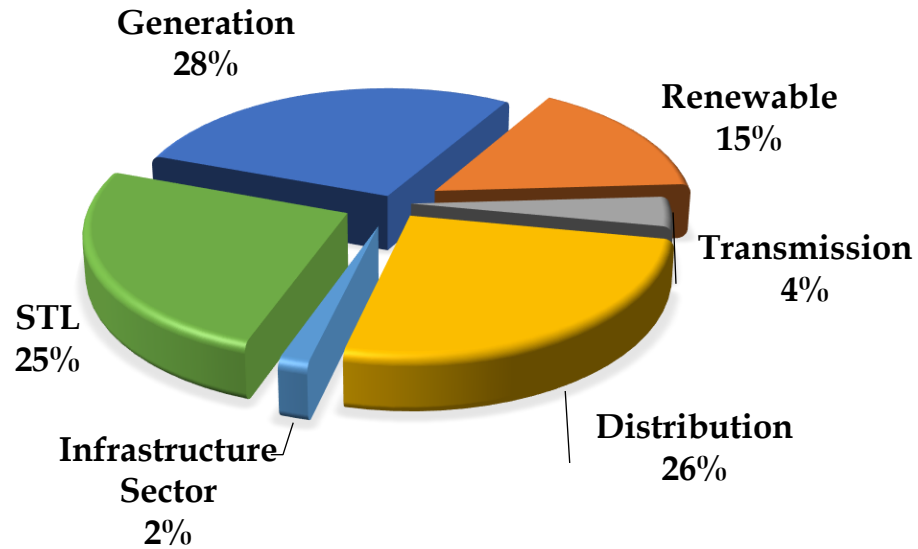
(₹ in Crores)

Discipline-wise	12M		Q3				9M			
	FY 22	%	FY 22	%	FY 23	%	FY 22	%	FY 23	%
Generation (including Power Infra Projects)	16,081	30	5,539	61	2,601	5	13,785	32	30,722	16
Renewables	14,734	27	621	7	10,458	22	10,546	24	21,021	11
T&D (including LPS)	22,135	41	2,965	32	9,742	20	19,266	44	77,755	40
Infrastructure Sector	-	-	-	-	10,285	22	-	-	24,719	13
STL/ RBPF	1,471	2	-	-	14,626	31	-	-	38,279	20
Total Sanctions	54,421	100	9,125	100	47,712	100	43,597	100	1,92,496	100

Disbursements – Composition

Sector-wise breakup of Disbursements in 9M FY 23

(₹ in Crores)



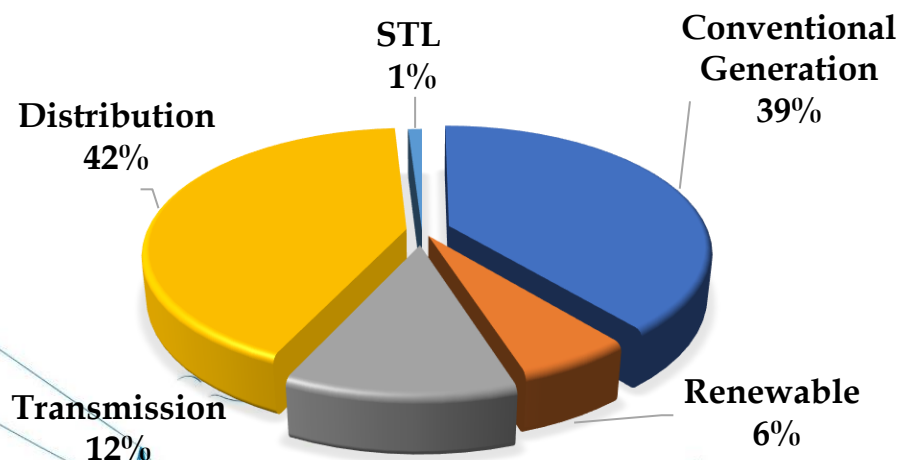
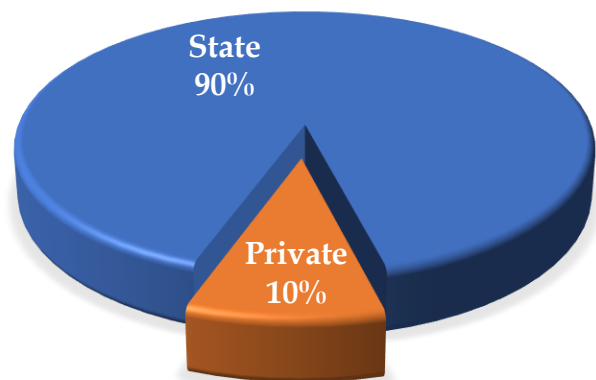
**Total Disbursements
during the 9M FY23
₹ 59,907 crores**



Discipline-wise	12M		Q3				9M			
	FY 22	%	FY 22	%	FY 23	%	FY 22	%	FY 23	%
Generation (including Power Irrigation)	20,750	32	6,779	57	9,307	31	15,467	32	16,740	28
Renewable	3,405	5	560	5	1,001	3	2,145	4	9,335	15
Transmission	7,192	11	1473	12	582	2	5,905	12	2,338	4
Distribution	28,726	46	2827	24	8132	28	21,313	44	15,450	26
Infrastructure Sector	-	-	-	-	1,000	3	-	-	1,000	2
STL (including RBPF)	4,077	6	200	2	9616	33	3,834	8	15,044	25
Total Disbursements	64,150	100	11,839	100	29,638	100	48,664	100	59,907	100

During Q3 FY 2022-23, disbursement under Late Payment Surcharge (LPS) (Category – T&D) ₹ 6,612 crores and Revolving Bill Payment Facility (RBPF) (Category – STL) ₹ 9,616 crores.

Outstanding Loans – Composition



(₹ in Crores)

Discipline-wise	As at			
	31 st March 2022		31 st December 2022	
	Amount	%	Amount	%
State	3,50,456	91	3,71,869	90
Private	34,915	9	39,279	10
Total	3,85,371	100	4,11,148	100
Generation	1,56,724	41	1,61,641	39
Renewable	18,824	5	25,486	6
Transmission	51,407	13	49,399	12
Distribution	1,56,355	40	1,71,596	42
Infrastructure Sector	-	-	1,000	-
STL	2,061	1	2,026	1

Asset Diversification - PAN India Presence

Lending across 27 States and 2 Union Territories

State/ Joint Sector Borrowers

₹ 3,71,869 Crores

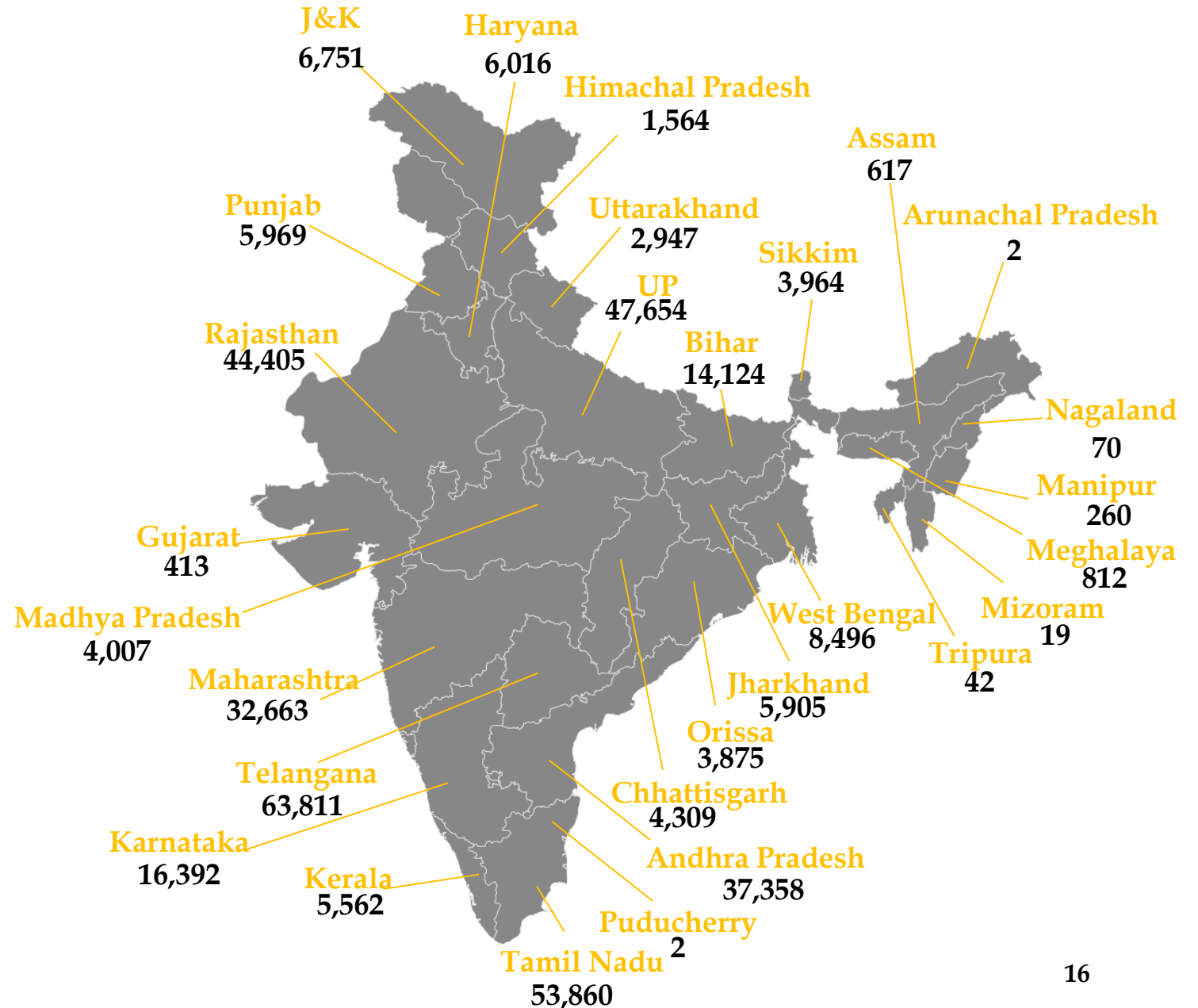
Private Sector Borrowers

₹ 39,279 Crores

Total Loan Outstanding

₹ 4,11,148 Crores

Figures in ₹ Crores



Outstanding Loans – Major Borrowers

Major Borrowers (as at December 31, 2022)

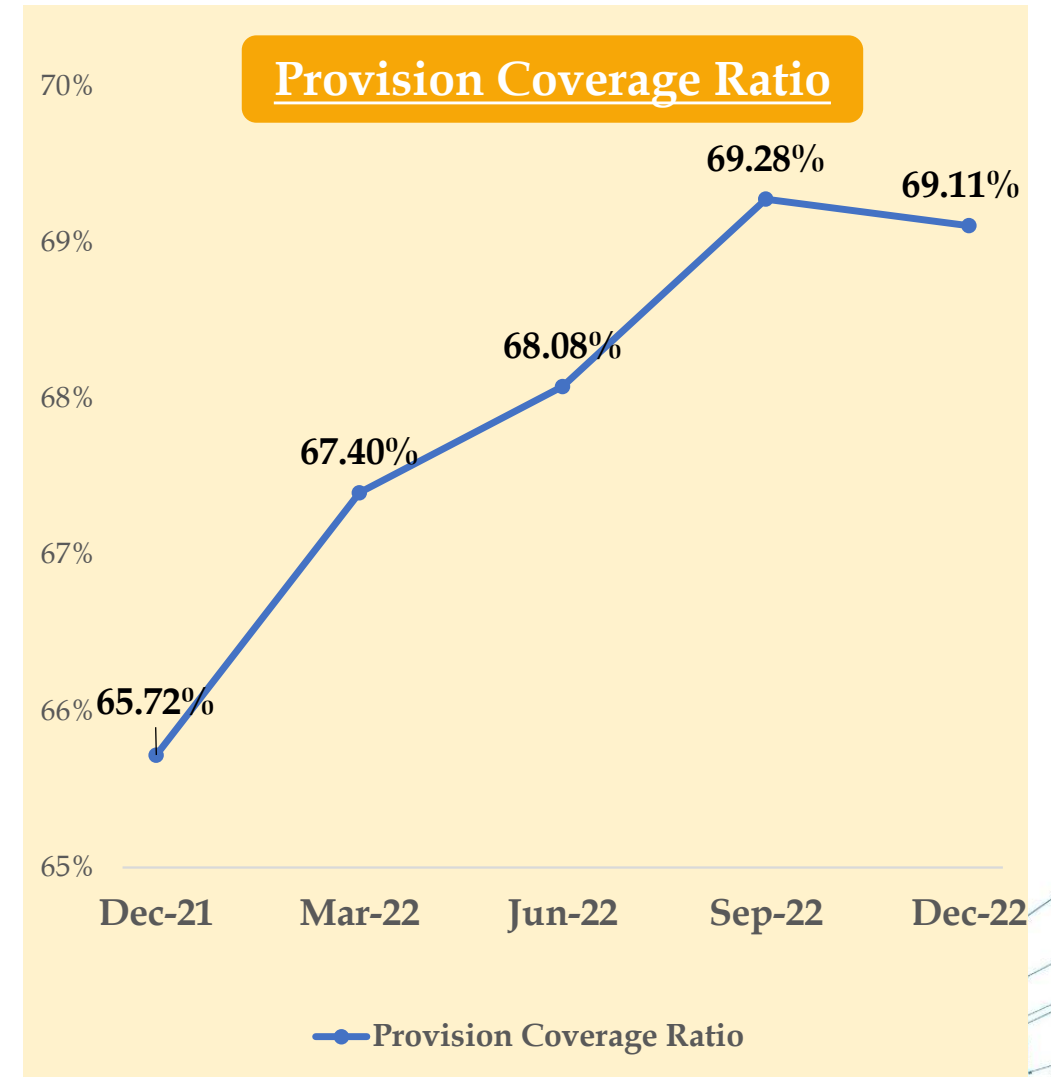
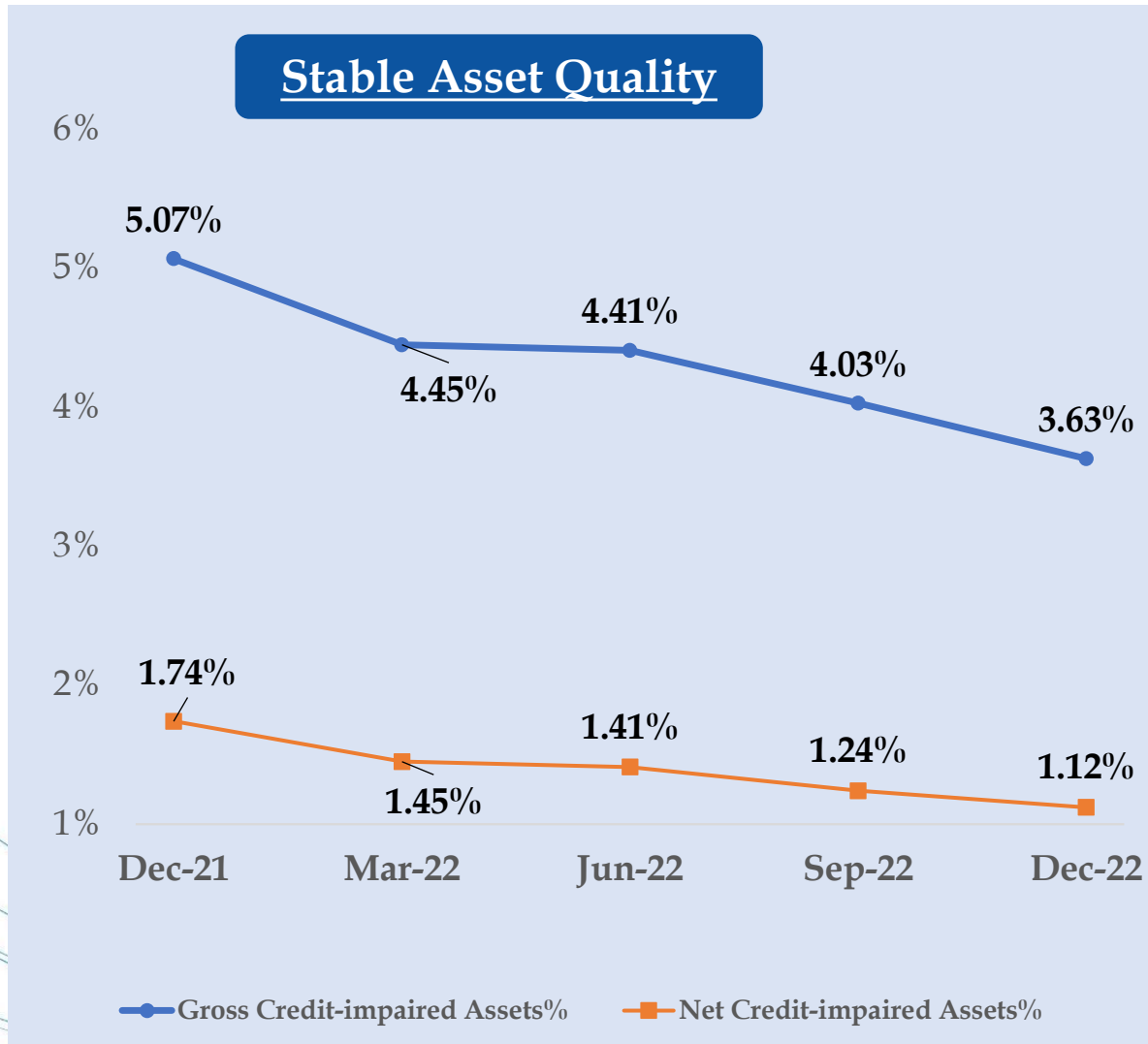
S. No.	Top Ten Borrowers	Amount Outstanding (₹ in Crores)	% of Total Loan Assets
1	Tamil Nadu Generation and Distribution Corporation Limited	39,233	9.54%
2	Uttar Pradesh Power Corporation Limited	19,005	4.62%
3	Telangana State Power Generation Corporation Limited	17,018	4.14%
4	Kaleshwaram Irrigation Project Corporation Ltd	16,159	3.93%
5	Maharashtra State Electricity Distribution Company Limited	14,804	3.60%
6	Maharashtra State Power Generation Company Limited	14,153	3.44%
7	Southern Power Distribution Company of AP Limited	12,463	3.03%
8	Telangana State Water Resources Infrastructure Development Corporation Limited	12,355	3.01%
9	Tamil Nadu Transmission Corporation Limited	12,305	2.99%
10	Rajasthan Rajya Vidyut Utpadan Nigam Limited	11,520	2.80%
	Total	1,69,015	41.10%

*Well-diversified asset portfolio with Top 10 borrowers accounting for ~41% of current loans.
No slippage in Top 10 accounts*

Asset Quality



Asset Quality as at December 31, 2022



No New NPA during 9MFY23.

Loan Portfolio as at December 31, 2022

(₹ 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	1,39,960	-	-		1,39,960	937	0.67%	937
- Renewable	10,918	-	-		10,918	82	0.75%	82
- Distribution	1,71,596	-	-		1,71,596	2,633	1.53%	2,633
- Transmission	46,369	-	-		46,369	186	0.40%	186
- STL	2,026	-	-		2,026	9	0.44%	9
- Power Infrastructure	1,000	-	-		1,000	4	0.40%	4
Total State Sector	3,71,869	-	-		3,71,869	3,851	1.04%	3,851
Private Sector								
- Generation	21,681	14,829	10,280	69.32%	6,852	74	1.08%	10,354
- Renewable	14,568	94	33	35.11%	14,474	333	2.30%	366
- Transmission	3,030	-	-	-	3,030	17	0.56%	17
Total Private Sector	39,279	14,923	10,313	69.11%	24,356	424	1.74%	10,737
Grand Total	4,11,148	14,923	10,313	69.11%	3,96,225	4,275	1.08%	14,587

*In addition to the above, Reserves available in the form of Reserve fund u/s 45-IC of RBI Act amounting to ₹ 7,425 crores.

Credit Impaired Assets – Resolution Status



Resolution status of Credit Impaired Assets

Under NCLT

Rs.11,646 crores in NCLT

12 projects

77% provision

Outside NCLT

Rs.3,277 crores resolution pursued
outside NCLT

9 projects

40% provision

Resolution/ Upgrade during Q3FY23:

- 'Ind Bharat Energy Utkal Limited' with outstanding of ₹ 777.00 crores resolved under IBC, with ₹ 536.16 crores written off against ECL of ₹ 624.01 crores.
- 'Gati Infrastructure Private Limited' with outstanding of ₹ 178.26 crores has cleared all its overdue and upgraded to Standard Category.

Borrowing Profile



Domestic Credit Ratings for Long Term Borrowings



International Issuer Ratings



Outstanding Borrowings

(₹ in Crores)

Particulars	31 st March 2022	31 st December 2022
Corporate Bonds	152,692	147,465
Foreign Currency Borrowings	65,957	75,779
FCNR (B) Loans	9,855	14,488
Capital Gain Bonds	25,438	33,883
Tax Free Bonds	11,809	10,388
Commercial Papers	-	-
Loans from Banks, FIs, NSSF, etc.	61,089	71,572
Infra Bonds	4	4
Grand Total	326,844	353,579

~ 92% of foreign currency exposure with remaining tenure upto 5 years hedged till maturity.



Funds Raised During The Period

(₹ in Crores)

Category	12M	Q3		9M	
	FY22	FY22	FY23	FY22	FY23
(A) Long Term					
Capital Gains Bonds	7,316	1,700	2,822	4,803	8,445
Institutional Bonds/ Subordinate Debt	9,080	5,080	11,055	9,080	13,793
Loans from Banks/FIs/ NSSF	25,850	10,550	6,660	19,300	16,050
Foreign Currency Borrowings	19,683	9,357	3,341	17,226	6,909
Total (A)	61,929	26,687	23,878	50,409	45,197
(B) Short Term					
FCNR (B) Loan	10,495	3,574	7,218	9,750	13,235
Commercial Papers	2,000	2,000	-	2,000	-
Loans from Banks (Tenor more than 6 months)	3,950	600	-	3,950	1,150
Total (B)	16,445	6,174	7,218	15,700	14,385
Total (A + B)	78,374	32,861	31,096	66,109	59,582

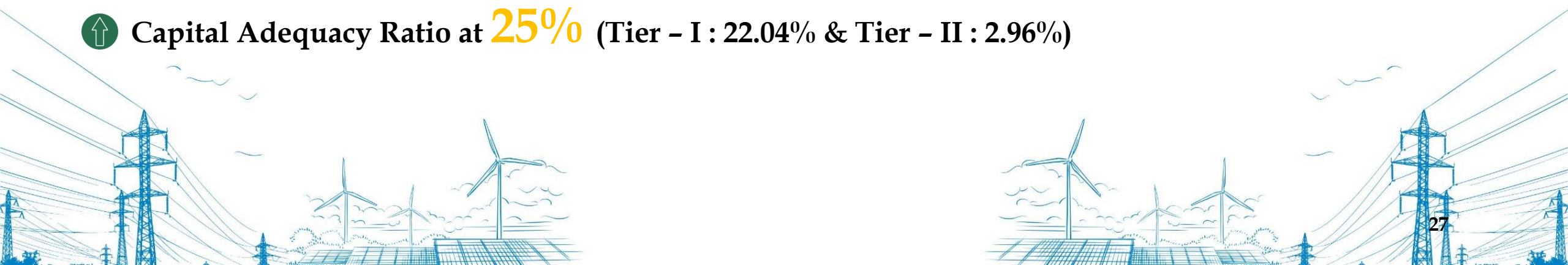
Financial Highlights



Key Financial Highlights for 9M FY23

Highest ever Quarterly Net Profit at ₹ 2,878 crores

- ↑ Total Income stands at ₹ 29,129 crores.
- ↑ Net Profit stands at ₹ 8,054 crores (↑ 4% YoY).
- ↑ Loan book reached to ₹ 4.11 lakh crores (↑ 6% YoY)
- ↑ Assets Quality improved with Net Credit impaired Assets at 1.12% (vs. 1.74% YoY)
- ↑ Net-worth stands at ₹ 54,840 crores (↑ 12% YoY)
- ↑ Capital Adequacy Ratio at 25% (Tier - I : 22.04% & Tier - II : 2.96%)



Standalone Statement of Profit & Loss

₹ in Crores

Particulars	Q3		9M	
	FY 22	FY 23	FY 22	FY 23
Interest Income on Loan assets	9,574	9,660	28,576	28,456
Less: Finance Costs **	5,552	6,139	16,712	17,252
Net Interest Income	4,022	3,521	11,864	11,204
Other Operating Income	187	197	686	563
Net notional gain/ (loss) on fair value changes	247	(162)	291	76
Other Income	32	17	76	34
Total Income (Net of Finance Cost)	4,488	3,573	12,917	11,877
Less: Translation/ transaction exchange loss/ (gain)	115	208	328	1,144
Less: Other costs *	102	100	278	370
Less: Impairment on financial instruments	819	(294)	2,719	435
Profit Before Tax	3,452	3,559	9,592	9,928
Less: Tax Expense	679	681	1,834	1,874
Profit After Tax	2,773	2,878	7,758	8,054
Add: Other Comprehensive Income/ (Loss)	157	(129)	205	(1,615)
Total Comprehensive Income/ (Loss)	2,930	2749	7,963	6,439

*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 31.03.2022	As at 30.09.2022	As at 31.12.2022
Assets			
(A) <u>Financial Assets</u>	4,06,417	4,19,846	4,35,235
Cash and bank balances	2,422	4,511	1,168
Derivative financial instruments	5,510	7,437	8,481
Loans (Ind-AS)	3,71,931	3,80,964	3,97,887
Investments	2,158	2,541	2,985
Other financial assets	24,396	24,393	24,714
(B) <u>Non-Financial Assets</u>	3,996	4,598	4,895
Current tax assets (net)	179	260	597
Deferred tax assets (net)	3,135	3,656	3,593
Fixed Assets	634	627	627
Other non-financial assets	48	55	78
Total Assets (A+B)	4,10,413	4,24,444	4,40,130
Liabilities			
(C) <u>Financial Liabilities</u>	3,59,231	3,70,636	3,85,094
Derivative financial instruments	553	1,245	922
Borrowings (Ind-AS)	3,33,102	343,794	3,58,976
Other financial liabilities	25,576	25,597	25,196
(D) <u>Non-Financial Liabilities</u>	196	351	197
(E) <u>Net Worth</u>	50,986	53,457	54,839
Equity Share Capital	1,975	2,633	2,633
Instruments entirely equity in nature	558	558	558
Other equity	48,453	50,266	51,648
Total Equity & Liabilities (C+D+E)	4,10,413	4,24,444	4,40,130

Key Ratios

Particulars	Q3		9M	
	FY 22	FY 23	FY 22	FY 23
Yield on Loan Assets (%)	10.13	9.92	10.25	9.90
Cost of Funds (%)	6.77	7.17	6.93	7.14
Interest Spread (%)	3.36	2.75	3.32	2.76
Net Interest Margin (%)	4.14	3.55	4.12	3.55
Return on Net Worth (%)	22.63	21.26	22.08	20.29
Interest Coverage Ratio (Times)	1.62	1.58	1.57	1.58
Debt Equity Ratio (Times)	6.49	6.44	6.49	6.44

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 + (gain)/ loss on Translation/transaction + Fees & Commission Expenses to daily average of borrowings

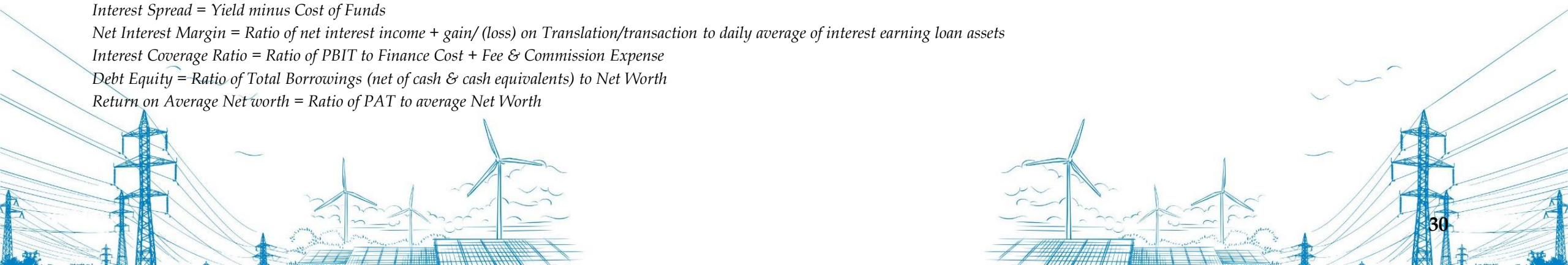
Interest Spread = Yield minus Cost of Funds

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

