

REC Limited
A Navratna Company

Investor Presentation

Performance Highlights
Q1 FY 22



More than Five Decades of
RELENTLESS GROWTH

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- *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.*
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REC Overview

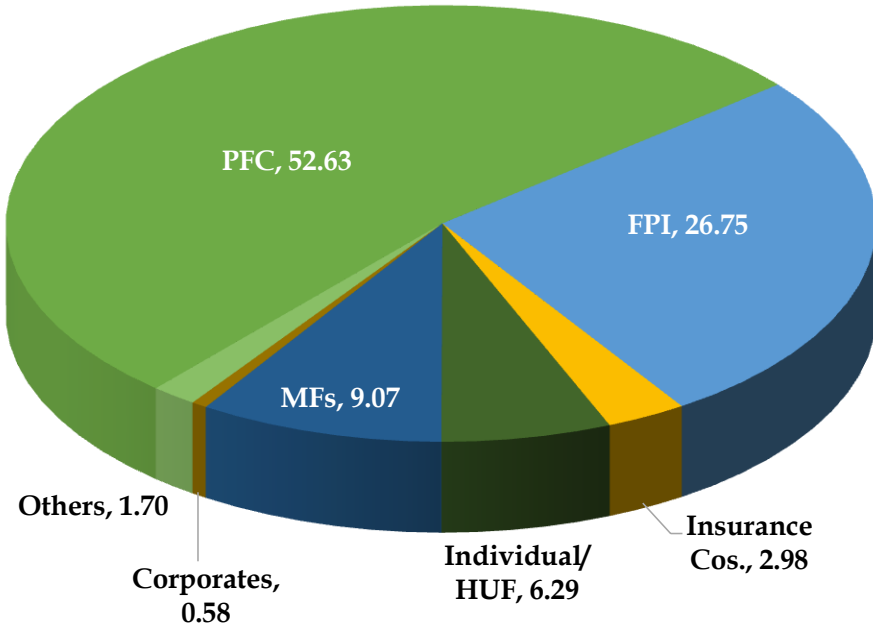


Key Strengths

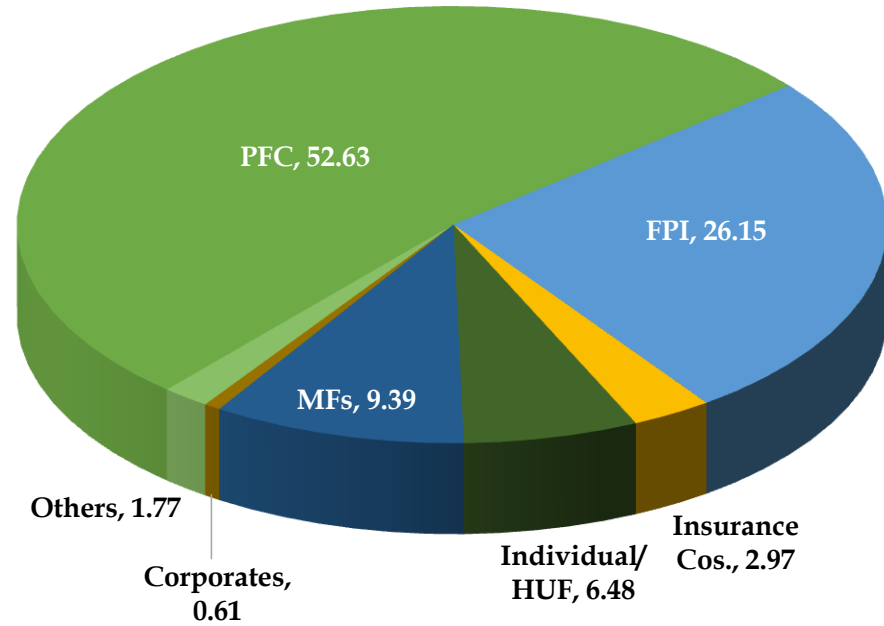


Shareholding Pattern

As at 31.03.2021



As at 30.06.2021



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

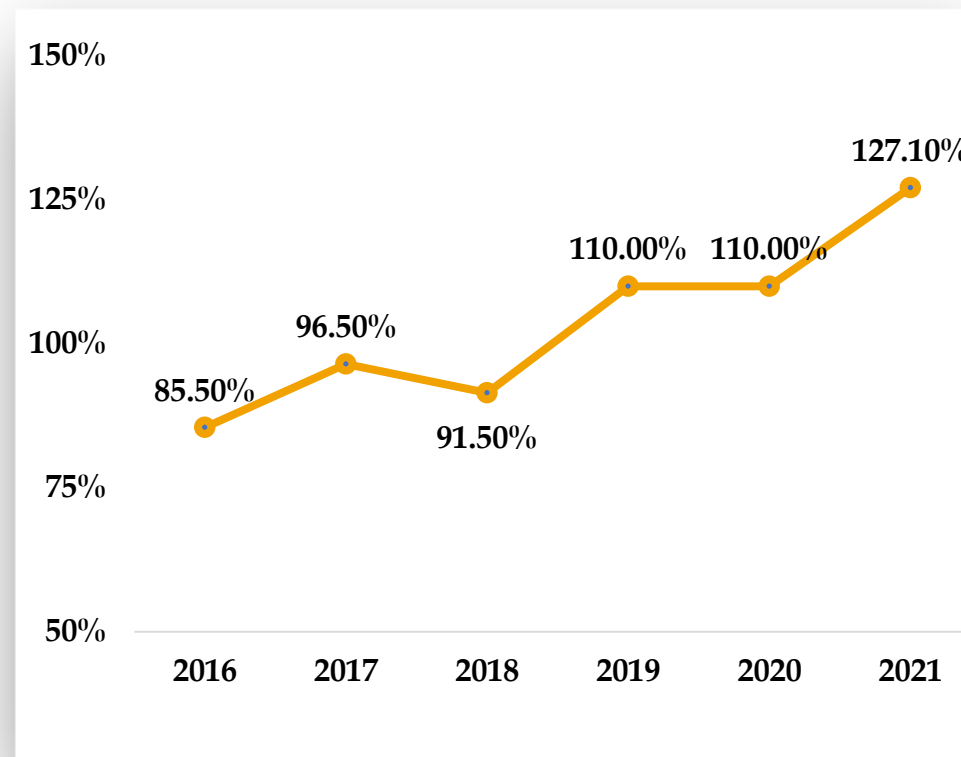
Shareholders Outlook

Top 10 Shareholders as at June 30, 2021

Rank	Particulars	Shareholding (%)
1	Power Finance Corporation Ltd	52.63
2	HDFC Trustee Company Ltd	8.43
3	The WindAcre Partnership Master Fund LP	2.96
4	Life Insurance Corporation Of India	2.85
5	UBS Principal Capital Asia Ltd	1.11
6	The Prudential Assurance Company Limited	1.05
7	India Capital Fund Limited	0.85
8	HDFC Life Insurance Company Limited	0.63
9	Vanguard Emerging Markets Stock Index Fund	0.63
10	Abu Dhabi Investment Authority	0.56
	TOTAL	71.70

Dividend Payout as a % of Equity Share Capital

Consistently high dividend paying company



Recommended Final Dividend of Rs. 1.71 per share for FY 2020-21 (total dividend for FY 2020-21 Rs. 12.71 per share)

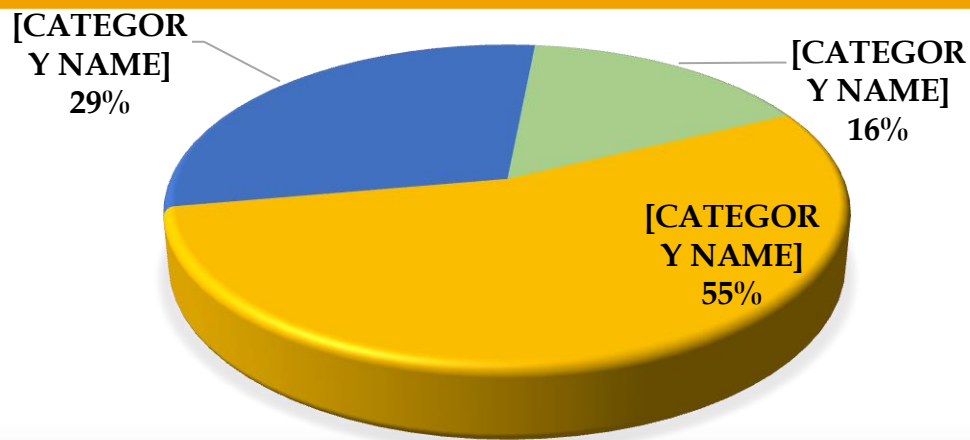
Declared Interim Dividend of ₹2/- per share for FY 2021-22.

Operational Performance



Sanctions - Composition

Sector-wise breakup of Sanctions in Q1 FY 22



Promoting Green
Energy

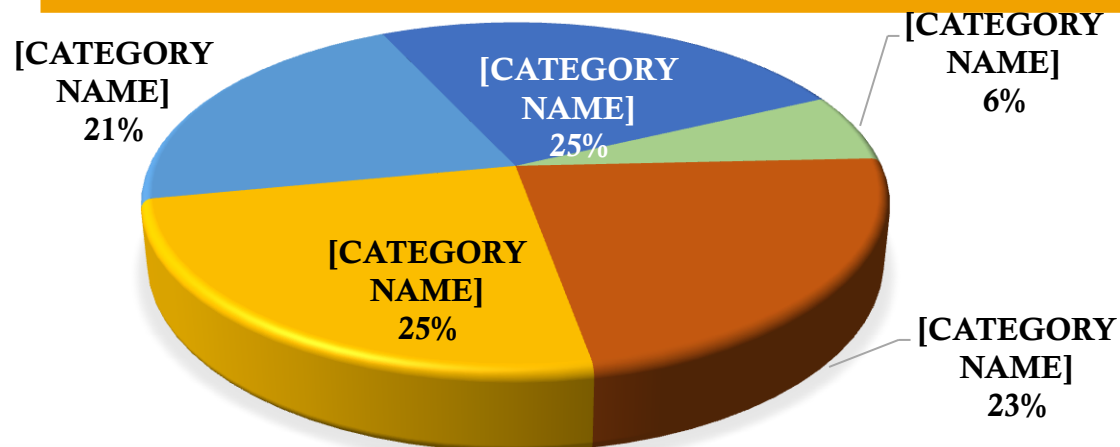


(₹ in Crores)

Discipline-wise	12M						Q1			
	FY 19	%	FY 20	%	FY 21	%	FY 21	%	FY 22	%
Generation	43,282	37	57,362	52	44,301	29	17,930	43	5,061	29
Renewable Energy	11,875	10	7,026	6	18,212	12	7,782	19	2,811	16
Transmission & Distribution	56,610	49	44,555	40	91,768	59	15,822	37	9,402	55
Short Term Loan	4,190	4	1,965	2	540	-	425	1	-	-
Total Sanctions	115,957	100	110,908	100	154,821	100	41,959	100	17,274	100

Disbursements – Composition

Sector-wise breakup of Disbursements in Q1 FY 22

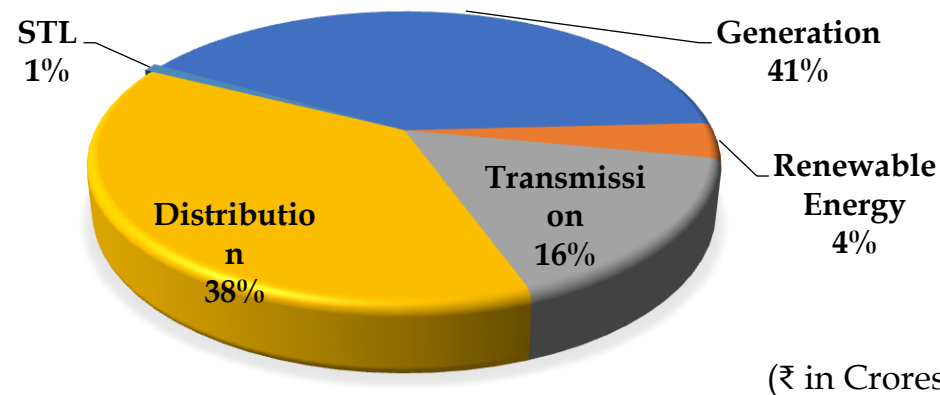
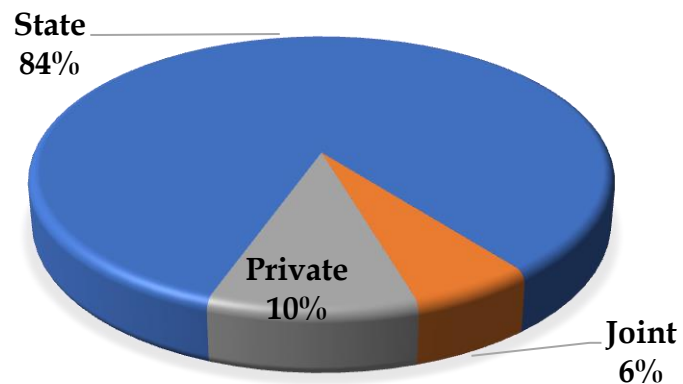


Total Disbursements
during Q1 FY22
Rs. 15,095 crores

(₹ in Crores)

Discipline-wise	12M						Q1			
	FY19	%	FY20	%	FY21	%	FY 21	%	FY 22	%
Generation	20,462	29	29,301	39	26,960	29	5,002	33	3,762	25
Renewable Energy	6,628	9	5,699	7	3,265	3	614	4	951	6
Transmission	10,911	15	13,540	18	9,252	10	2,527	16	3,452	23
Distribution	30,324	42	25,047	33	52,670	57	6,703	44	3,745	25
Total Transmission & Distribution	41,235	57	38,587	51	61,922	67	9,230	60	7,197	48
Short Term Loan	3,840	5	2,080	3	840	1	425	3	3,185	21
Total Disbursements	72,165	100	75,667	100	92,987	100	15,271	100	15,095	100

Outstanding Loans – Composition



(₹ in Crores)

Discipline-wise	As at							
	31 st March 2019		31 st March 2020		31 st March 2021		30 th June 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
State	2,26,681	81	263,032	81	3,16,161	84	3,20,878	84
Joint	21,035	7	21,612	7	22,649	6	20,944	6
Private	33,494	12	37,781	12	38,608	10	37,568	10
Total	2,81,210	100	322,425	100	3,77,418	100	3,79,390	100
Generation	1,21,912	43	1,39,519	43	1,55,297	41	154,936	41
Renewable Energy	12,895	5	16,078	5	16,505	5	14,780	4
Transmission	52,068	19	59,641	19	61,248	16	62,393	16
Distribution	92,147	32	1,06,294	33	1,43,992	38	1,43,954	38
Total T&D	1,44,215	51	1,65,935	52	2,05,240	54	2,06,347	54
Short Term Loans	2,188	1	893	-	376	-	3,327	1

Asset Diversification - PAN India Presence

Lending across 27 States and 2 Union Territories

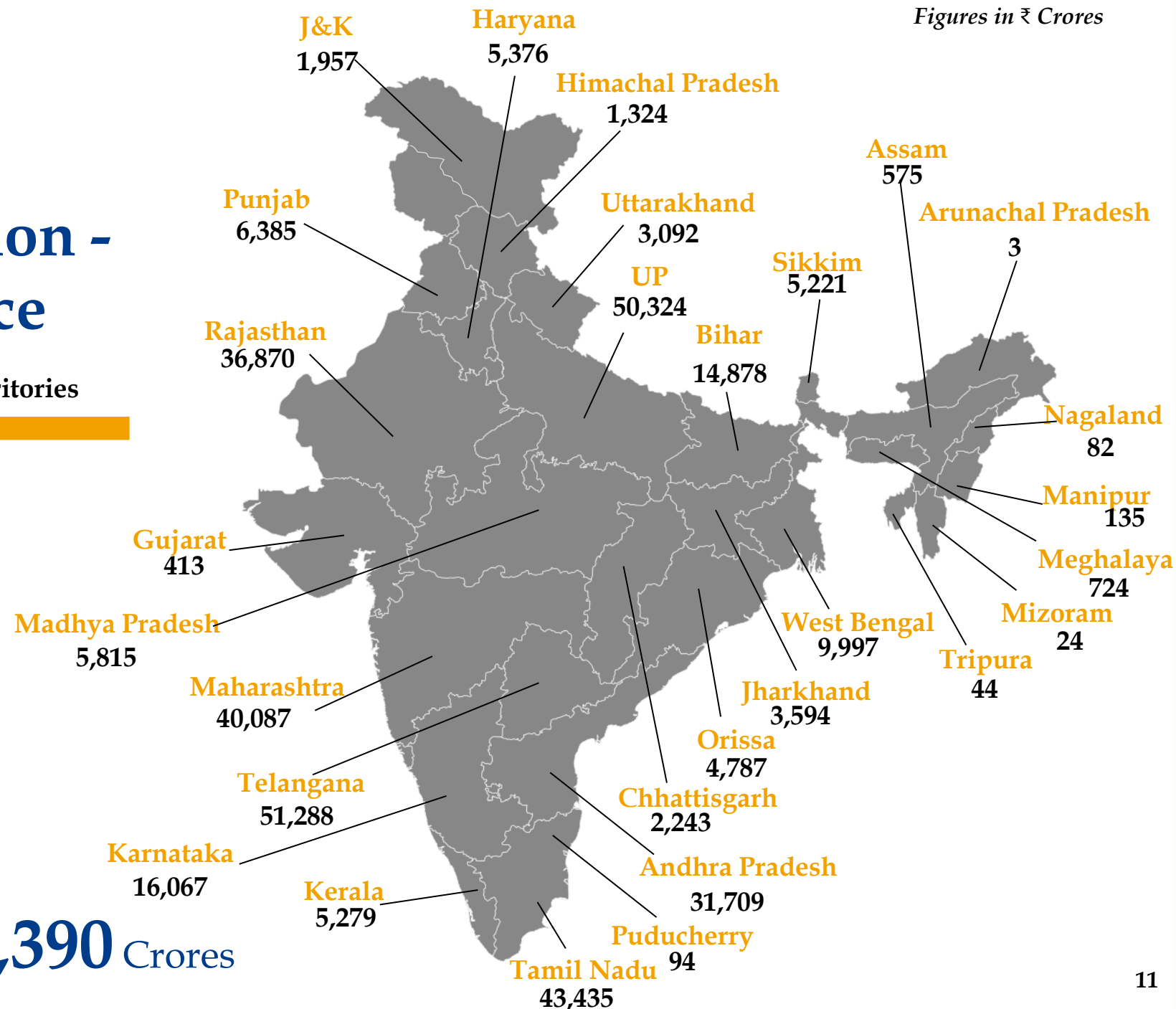
State/ Joint Sector Borrowers

₹ 3,41,822 Crores

Private Sector Borrowers

₹ 37,568 Crores

Total Loan Outstanding - ₹ 3,79,390 Crores



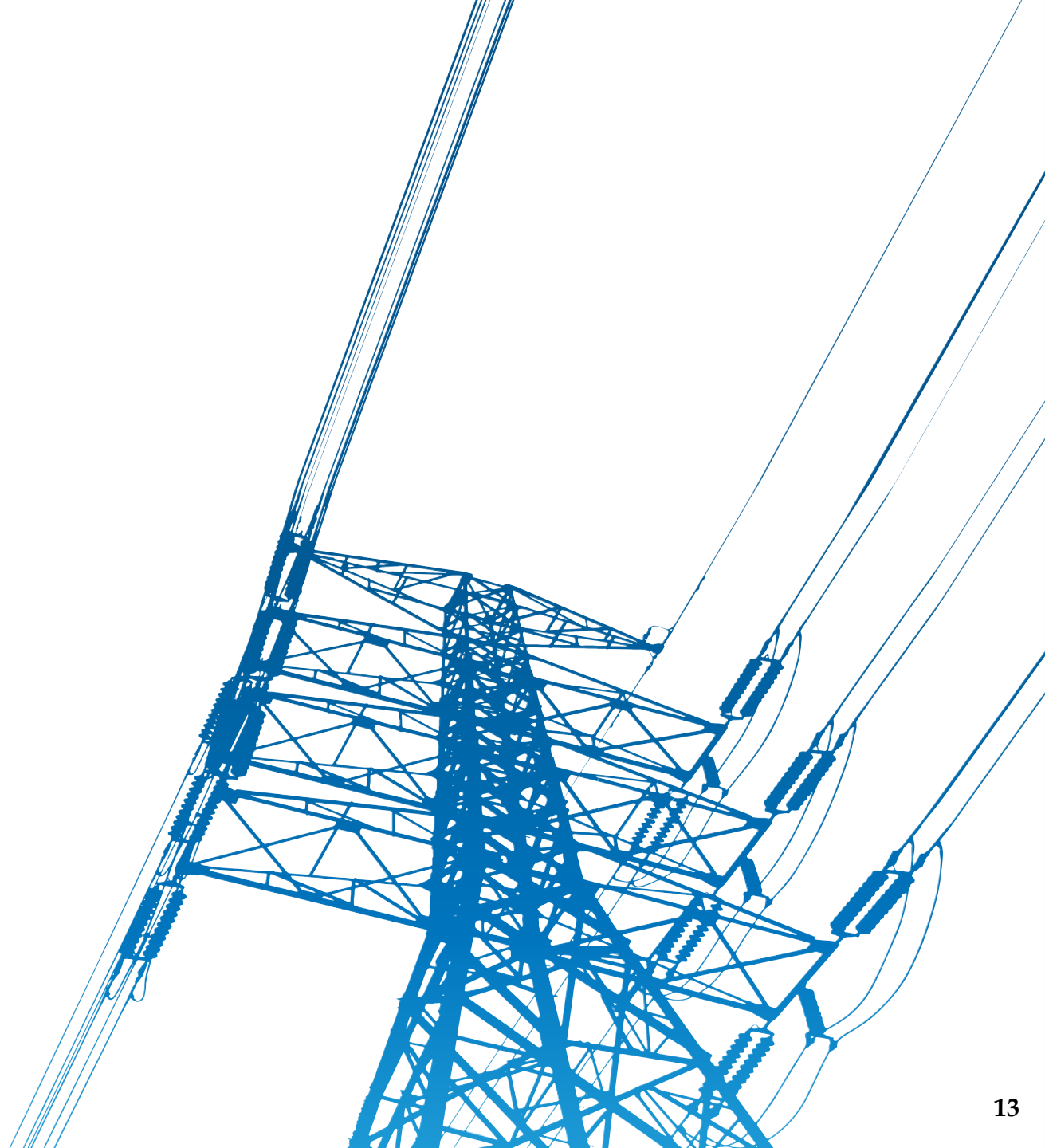
Outstanding Loans -Loan Concentration

Major Borrowers (as at June 30, 2021)

S. No.	Top Ten Borrowers	Amount Outstanding (₹ in Crores)	% of Total Loan Assets
1	Tamil Nadu Generation and Distribution Corporation Limited	28,506	7.51%
2	Maharashtra State Electricity Distribution Company Limited	23,145	6.10%
3	Uttar Pradesh Power Corporation Limited	20,172	5.32%
4	Telangana State Power Generation Corporation Limited	14,727	3.88%
5	Maharashtra State Power Generation Company Limited	14,100	3.72%
6	Rajasthan Rajya Vidyut Utpadan Nigam Limited	13,459	3.55%
7	Tamil Nadu Transmission Corporation Limited	12,116	3.19%
8	Telangana State Water Resources Infrastructure Development Corporation Limited	11,186	2.94%
9	Andhra Pradesh Power Generation Corporation Limited	11,074	2.92%
10	UP RAJYA VIDYUT UTPADAN NIGAM LIMITED	9,504	2.51%
	Total	157,989	41.64%

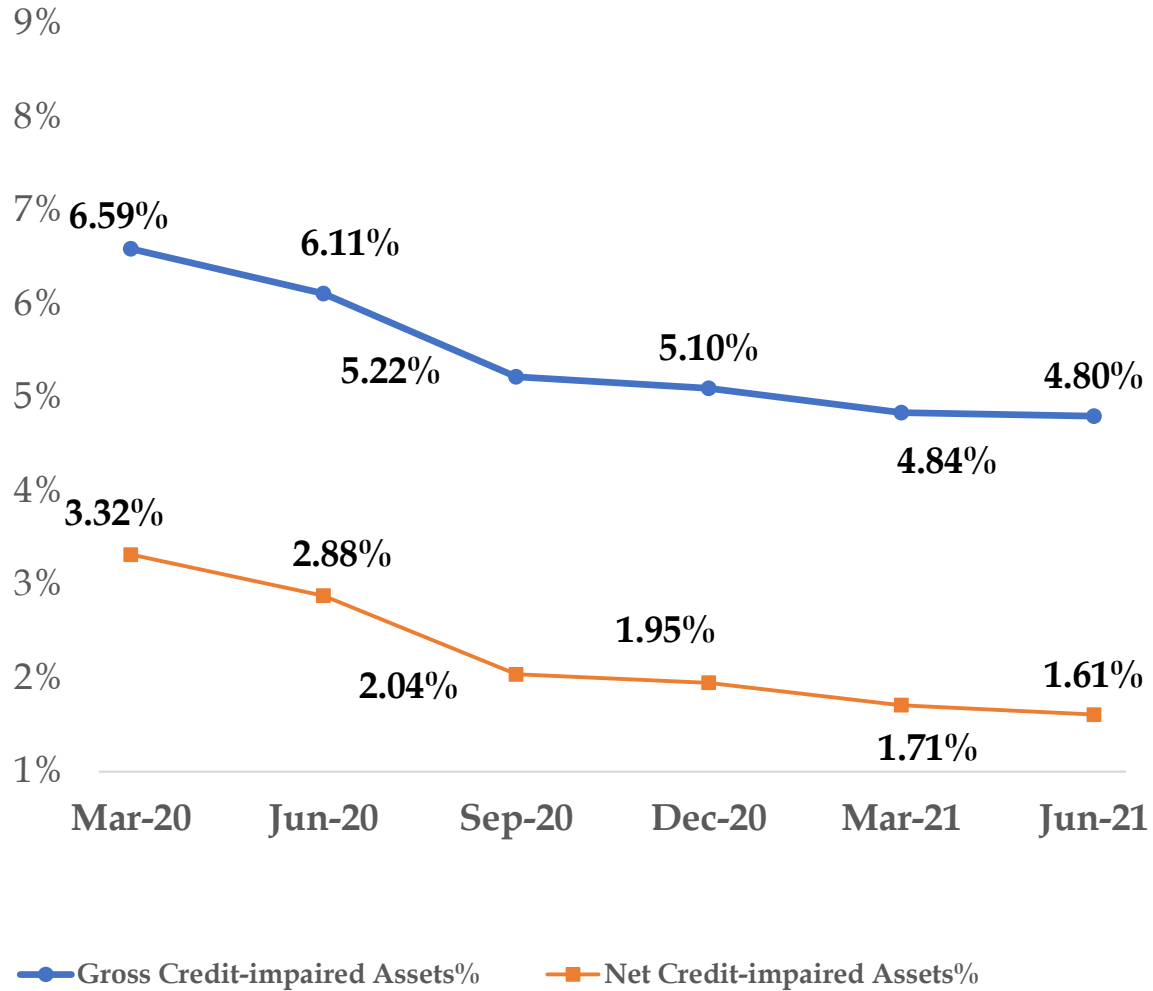
*Well-diversified asset portfolio with Top 10 borrowers accounting for ~42% of current loans.
No single borrower group accounting for more than 8% of total loan book.
No slippage in Top 10 accounts*

Asset Quality

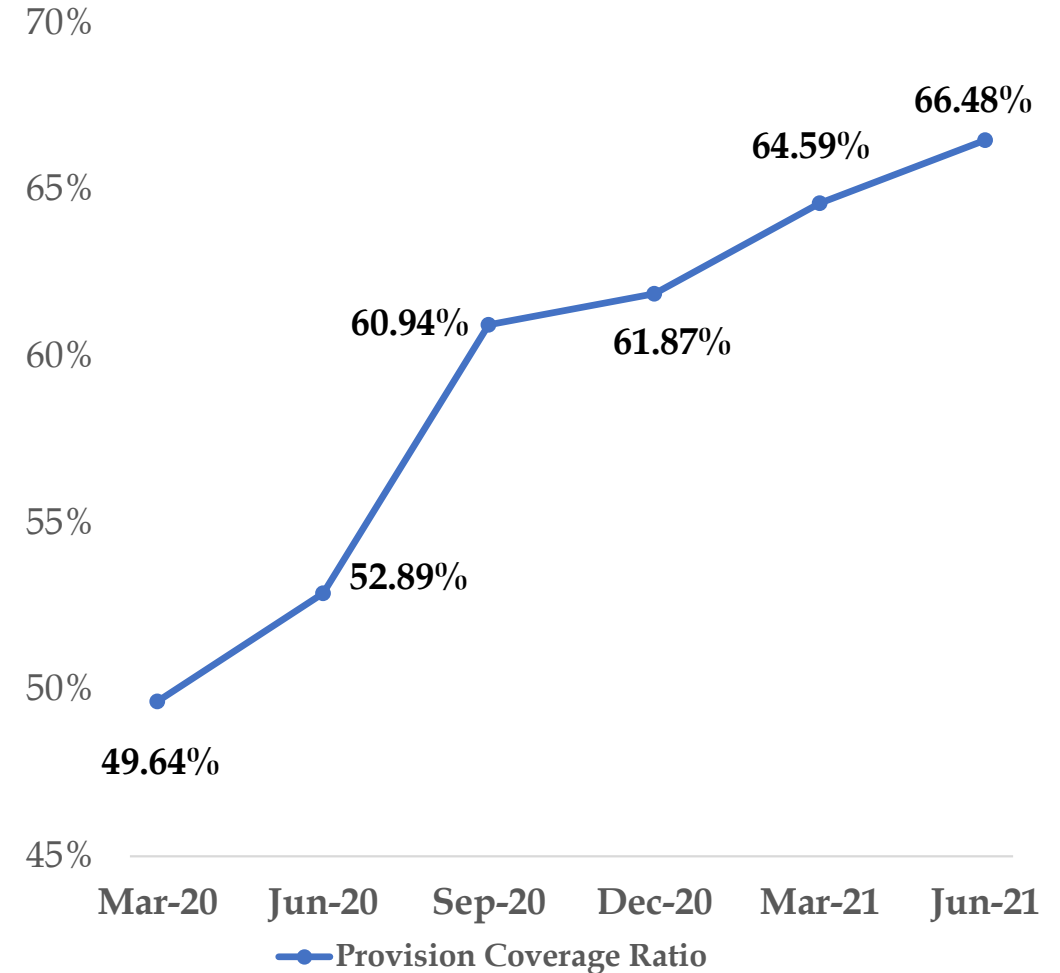


Asset Quality as at June 30, 2021

Improving Asset Quality



Increase in Provision Coverage Ratio



Loan Portfolio as at June 30, 2021

Figures : ₹ 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								
- Gencos	129,247	-	-	-	129,247	387	0.30	387
- Renewables	5,951	-	-	-	5,951	22	0.37	22
- Transcos	59,343	-	-	-	59,343	30	0.05	30
- Discoms	147,281	-	-	-	147,281	911	0.62	911
Total State Sector	341,822	-	-	-	341,822	1,350	0.40	1,350
Private Sector								
- Genco	25,689	17,223	11,621	67.47	8,466	387	4.57	12,008
- Transcos	3,050	922	461	50.00	2,128	38	1.79	499
- Renewables	8,829	66	24	36.36	8,763	72	0.82	96
Total Private Sector	37,568	18,211	12,106	66.48	19,357	497	2.57	12,603
Grand Total	379,390	18,211	12,106	66.48	361,179	1,847	0.51	13,953

*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, Reserve fund u/s 45-IC of RBI Act amounting to ₹ 6,342 crores.

Borrowing Profile

Domestic Credit Ratings for Long Term Borrowings

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

International Issuer Ratings

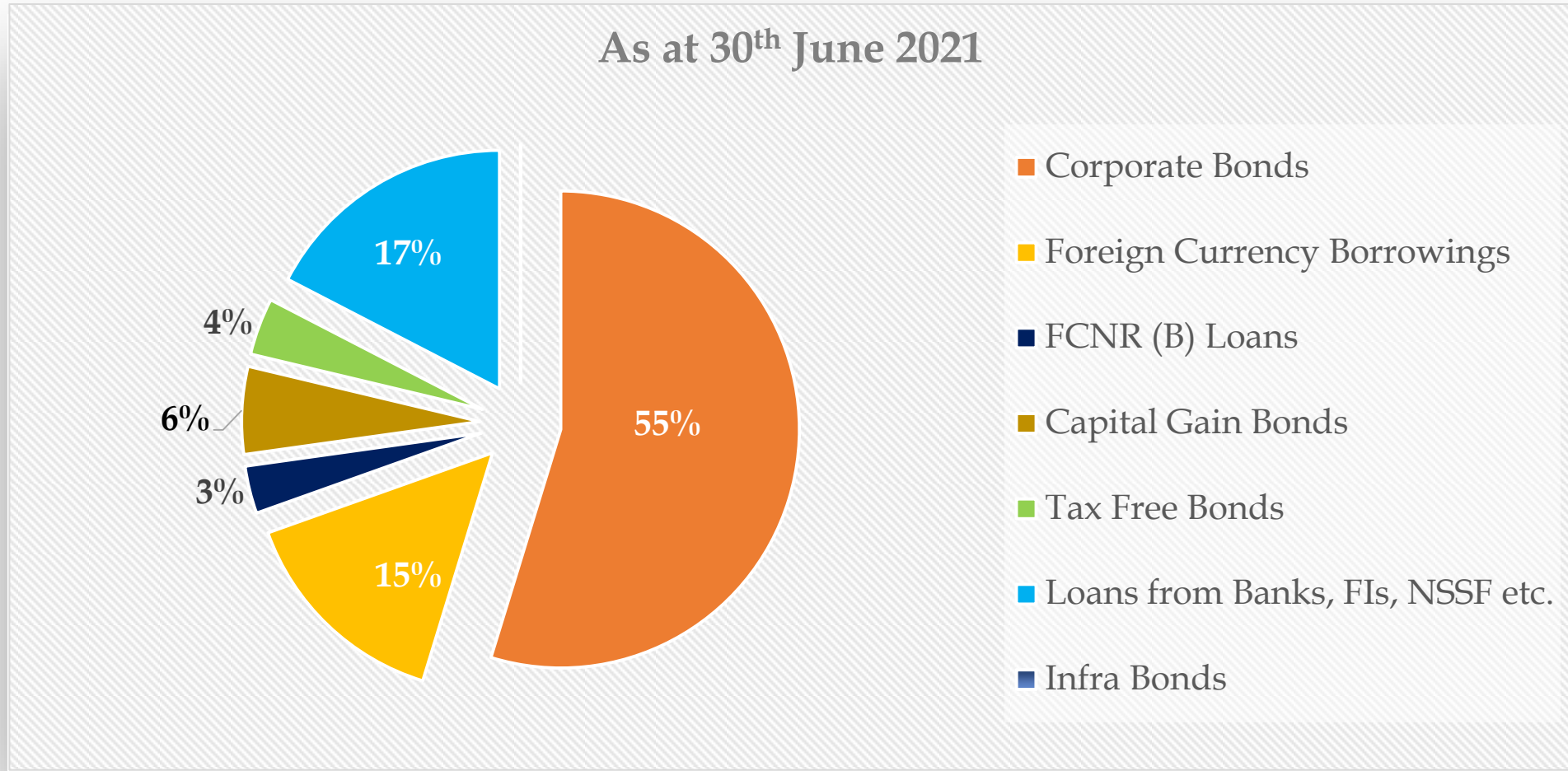
	
"BBB- "	"Baa3"

Outstanding Borrowings

(₹ in Crores)

Particulars	As at				
	31 st March 2019	31 st March 2020	31 st March 2021	30 th June 2021	
	Amount	Amount	Amount	Amount	%
Corporate Bonds	135,184	158,148	179,989	178,814	55
Foreign Currency Borrowings	29,710	44,380	47,487	48,434	15
FCNR (B) Loans	5,048	6,973	5,329	10,558	3
Capital Gain Bonds	23,880	22,376	18,122	19,403	6
Tax Free Bonds	12,648	12,648	12,648	12,648	4
Commercial Papers	7,975	2,925	-	-	-
Loans from Banks, FIs, NSSF, etc.	24,750	32,650	58,925	56,855	17
Infra Bonds	91	16	11	11	-
Grand Total	239,286	280,116	322,511	326,723	100
Average annualized Cost of Funds	7.16%	7.31%	7.13%	6.89%	

Diversified Borrowing Profile



~ 70% of foreign currency exposure with 5 years' residual maturity hedged

Funds Raised During The Period

(₹ in Crores)

Category	12M			Q1	
	FY19	FY20	FY21	FY21	FY22
(A) <u>Long Term</u>					
Capital Gains Bonds	6,652	6,157	5,312	860	1,288
Institutional Bonds/ Subordinate Debt	24,010	42,713	48,660	12,890	4,000
Loans from Banks/FIs/ NSSF	24,550	14,725	21,053	3,265	4,500
Foreign Currency Borrowings	9,734	12,403	14,847	7,338	431
Total (A)	64,946	75,998	89,872	24,353	10,219
<i>Annualized Cost of funds raised during the period</i>	8.13%	6.73%	6.24%	7.12%	5.38%
(B) <u>Short Term</u>					
FCNR (B) Loan	4,437	5,599	5,822	1,144	6,176
Commercial papers	19,393	6,029	-	-	-
Loans from Banks (Tenor more than 6 months)	-	2,750	3,550	3,775	2,850
Total (B)	23,830	14,378	9,372	4,919	9,026
Total (A + B)	88,776	90,376	99,244	29,272	19,245

Funds Raised During The Period (Long Term)



Financial Highlights



Key Financial Highlights for Q1 FY22

- ❑ Total Income grown to ₹ 9,592 crores (↑ 18% YoY).
- ❑ Net Interest Income recorded at ₹ 3,804 crores (↑ 36% YoY).
- ❑ Loan book reached to ₹ 3.79 lakh crores (↑ 15% YoY)
- ❑ Assets Quality improved with Net Credit impaired Assets at 1.61% (vs. 2.88% YoY)
- ❑ Provision Coverage Ratio against Credit impaired assets stands at 66.48%
- ❑ Net-worth stands at ₹ 45,690 crores (↑ 22% YoY)
- ❑ Capital Adequacy Ratio at 20.21% (Tier – I : 17.01% & Tier – II : 3.20%)

Standalone Statement of Profit & Loss

₹ in Crores

Particulars	Q1	
	FY 21	FY 22
Interest Income on Loan assets	7,987	9,392
Less: Finance Costs	5,193	5,588
Net Interest Income	2,794	3,804
Other Operating Income	122	195
Net notional gain/ (loss) on fair value changes	312	(81)
Other Income	1	5
Total Income (Net of Finance Cost)	3,229	3,923
Translation/transaction exchange loss/ (gain)	404	291
Other costs *	149	93
Impairment on financial instruments	199	781
Profit Before Tax	2,477	2,758
Tax Expense	638	511
Profit After Tax	1,839	2,247
Other Comprehensive Income/ (Loss)	161	59
Total Comprehensive Income/(Loss)	2,000	2,306

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

Statement of Assets and Liabilities

₹ in Crores

Particulars	As at 30.06.2020	As at 31.03.2021	As at 30.06.2021
Assets			
(A) Financial Assets	362,906	396,951	402,707
Cash and bank balances	11,957	3,070	6,201
Derivative financial instruments	3,816	2,311	2,983
Loans (Ind-AS)	322,376	365,261	366,701
Investments	2,573	1,910	2,116
Other financial assets	22,184	24,399	24,706
(B) Non-Financial Assets	2,689	3,282	3,516
Current tax assets (net)	-	160	160
Deferred tax assets (net)	2,090	2,438	2,679
Fixed Assets	498	603	617
Other non-financial assets	101	81	60
Total Assets (A+B)	365,595	400,233	406,223
Liabilities			
(C) Financial Liabilities	327,986	356,572	359,952
Derivative financial instruments	1,326	846	1,071
Borrowings (Ind-AS)	303,387	329,783	333,227
Other financial liabilities	23,273	25,943	25,654
(D) Non-Financial Liabilities	225	235	581
(E) Net Worth	37,384	43,426	45,690
Equity Share Capital	1,975	1,975	1,975
Instruments entirely equity in nature	-	558	558
Other equity	35,409	40,893	43,157
Total Equity & Liabilities (C+D+E)	365,595	400,233	406,223

Key Ratios

Particulars	Q1	
	FY 21	FY 22
Yield on Loan Assets (%)	10.53	10.60
Cost of Funds (%)	7.19	6.89
Interest Spread (%)	3.34	3.71
Net Interest Margin (%)	3.68	4.22
Return on Net Worth (%)	20.30	20.17
Interest Coverage Ratio (Times)	1.48	1.49
Debt Equity Ratio (Times)	7.68	7.05
Earnings per Share (Annualised) (Face Value ₹ 10 per share)	37.25	45.50
Book Value Per Share (Face Value ₹ 10 per share)	189.29	231.35

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 (net of cash & cash equivalents) to Net Worth

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

Thank You

Glorious Past - Inspiring Future



YEARS AND BEYOND...