आरईसी REC
असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

स्वच्छ भारत
एक कदम स्वच्छता की ओर

CELEBRATING 50 YEARS
1969-2019
GLORIOUS PAST. INSPIRING FUTURE

REC Limited

(Formerly Rural Electrification Corporation Limited)

A Navratna Company

Investor Presentation
Performance Highlights
Q1 FY 20

Five decades of
RELENTLESS GROWTH

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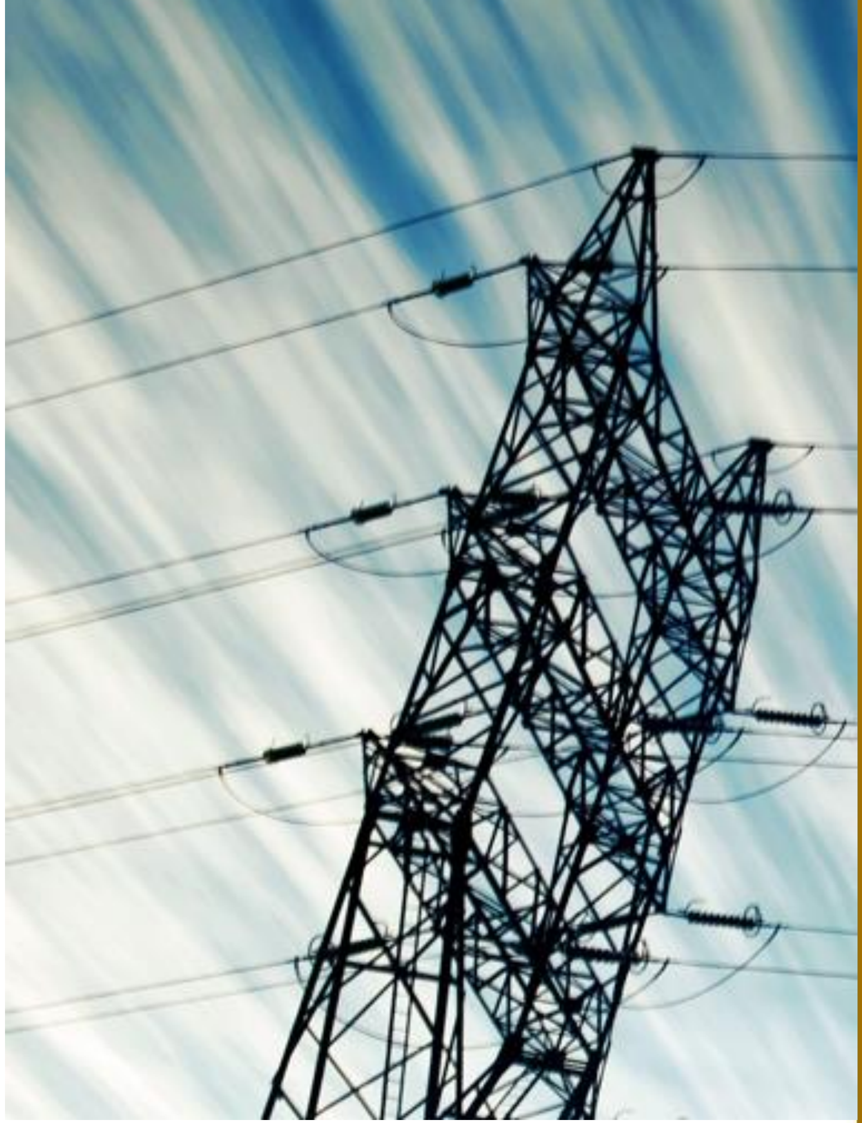

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REC Overview

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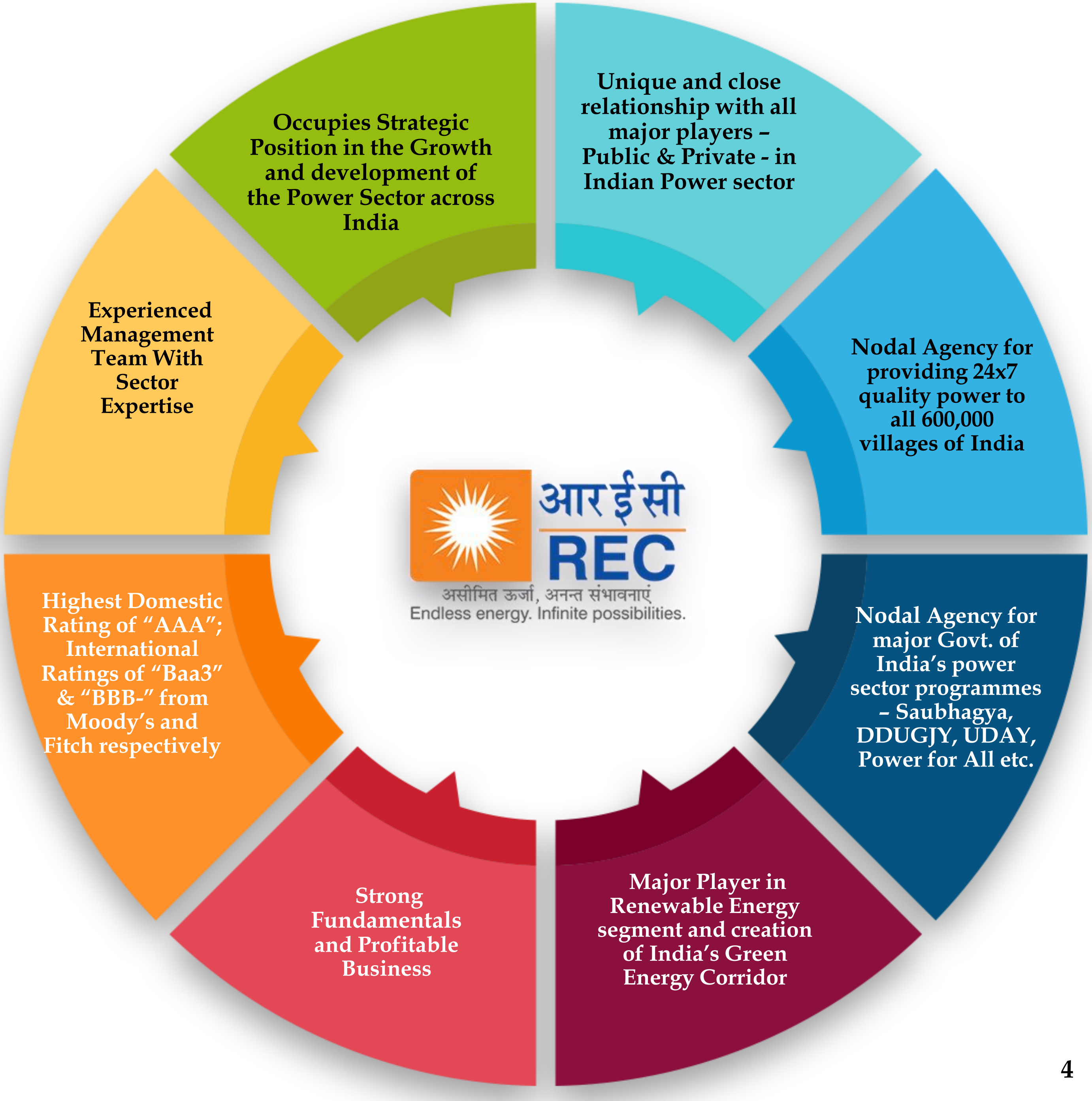
Key Strengths



Board of Directors

Experienced Team with sector experience

Mr. Ajeet Kumar Agarwal

Chairman & Managing Director & Director (Finance)

> 36 years experience in Finance Sector

Chairman and Managing Director on the Board of REC w.e.f. March 6, 2019 and also Director (Finance), REC since August 1, 2012

Experience in the field of Financial Management and Operations encompassing organizational and financial planning, financial policy formulation, accounting, management control systems, funds management etc. Also supervise treasury & lending and advise on corporate risk management matters.

B. Com (Hons.) from Shri Ram College of Commerce, Delhi University & Fellow Member of Institute of Chartered Accountants of India.

Mr. Sanjeev Kumar Gupta

Director (Technical)

>36 years of experience in Power Transmission Sector

Extensive experience in Design & Engineering, planning & implementation & induction of new technologies in power transmission projects.

BE (Electrical) from G.B. Pant University of Agriculture & Technology, Pant Nagar, Uttaranchal.

Professor T.T. Ram Mohan

Independent Director

Professor of Finance & Economics in IIM, Ahmedabad

Specializes in financial sector. Previously, Divisional Manager with Tata Economic Consultancy Services. Carried out policy studies for Govt and international agencies and consulting assignments in India as well as in the Gulf and the Middle East

B.Tech from IIT, Mumbai; PGDM from IIM, Calcutta; Ph.D from Stern School, NY University.

Board of Directors

Experienced Team with sector experience

Mr. Aravamudan Krishna Kumar
Independent Director
>40 yrs of experience in Banking Sector

Served SBI in various capacities for >39 yrs, elevated to position of MD & Group Executive.

Was also on the Boards of SBICAP Securities, SBI Life Insurance, SBI General Insurance and SBI Credit Cards and subsidiaries of SBI. Is also an Independent Shareholder Director on the Board of Andhra Bank.

Ms. Asha Swarup
Independent Director
Retd. IAS officer with varied experience

Has served as Secretary Ministry of I&B, Special Secy./ Addl. Secy. & Financial Adviser in the Ministries of Commerce and Textiles. Chief Secretary, Principal Secy. in Departments of Finance, Health, Power, Home and Chairperson of HP Power Corp, HP State Electricity Board and HP Transmission Corporation in Himachal Pradesh

IAS officer (Retd.) of 1973 batch, PG from DU and Pearson Fellow of IDRC, Canada.

Dr. Bhagvat Kishanrao Karad
Independent Director
Medical practitioner with business acumen

Has been on advisory Board of Wockhardt Foundation , Aurangabad Airport Authority and advisory member for the Govt Medical College and Hospital, Aurangabad. Has been Mayor of Aurangabad Municipal Corporation twice. Addressing socio-economic issues in laying and recommending policies in the State Government for projects related to rural India. Serving as acting Chairman of Marathwada Statutory Development Board (MSDB)

Pediatric Surgeon (M.B.B.S, M.S in General Surgery and F.C.P.S. M.Ch. in Pediatric Surgery.

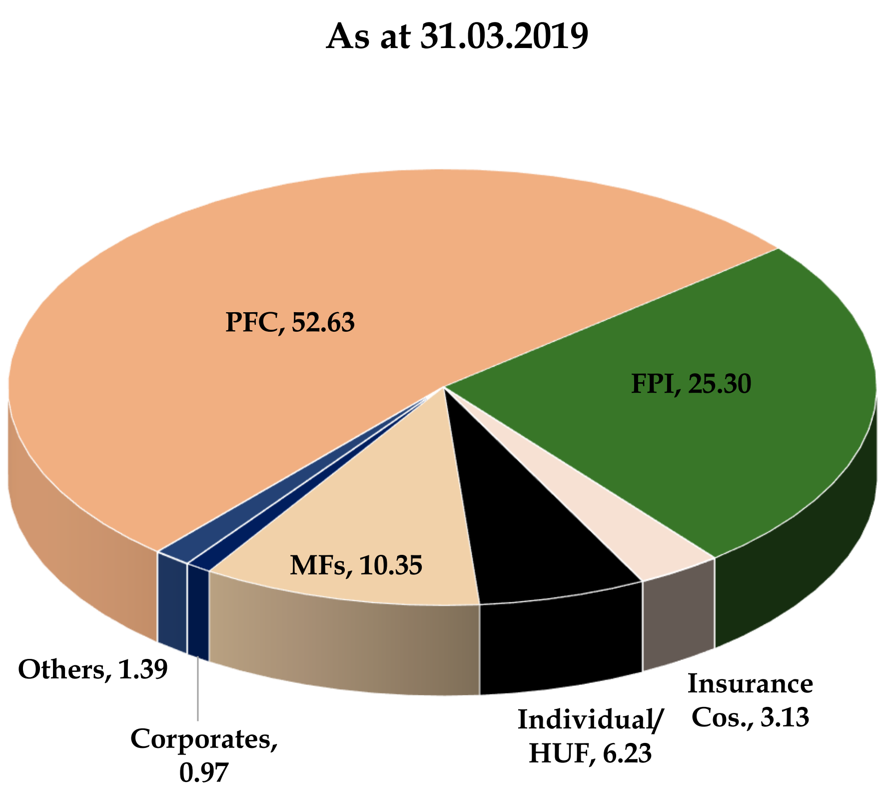
Mr. Praveen Kumar Singh
PFC Nonminee Director
>34 years of experience in Power Sector

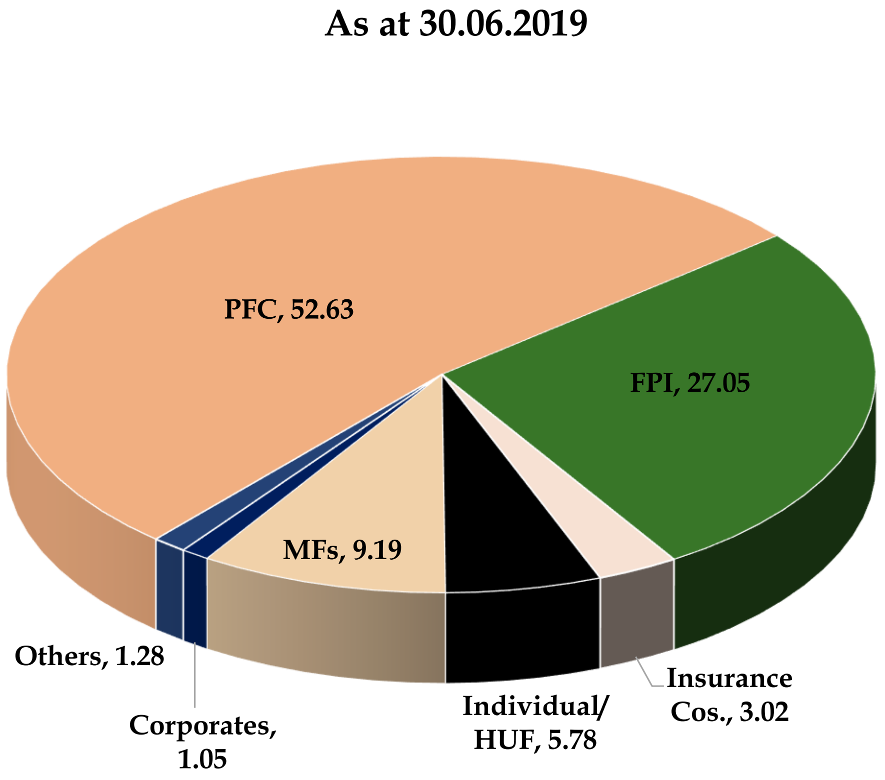
Director (Commercial) of PFC since August 10, 2018. On Board of REC since June 18, 2019.

Worked in various units of Projects Division in PFC for >24 yrs. Also worked for India's largest power equipment manufacturer BHEL and Confederation of Indian Industries (CII) for over 9 years.

B. Tech. in Electrical Engineering from IIT-BHU & M.Tech. in Energy & Environment Management from IIT, Delhi. Completed "Global Energy MBA program" from Bayer College of Business, University of Houston, USA.

Shareholding Pattern





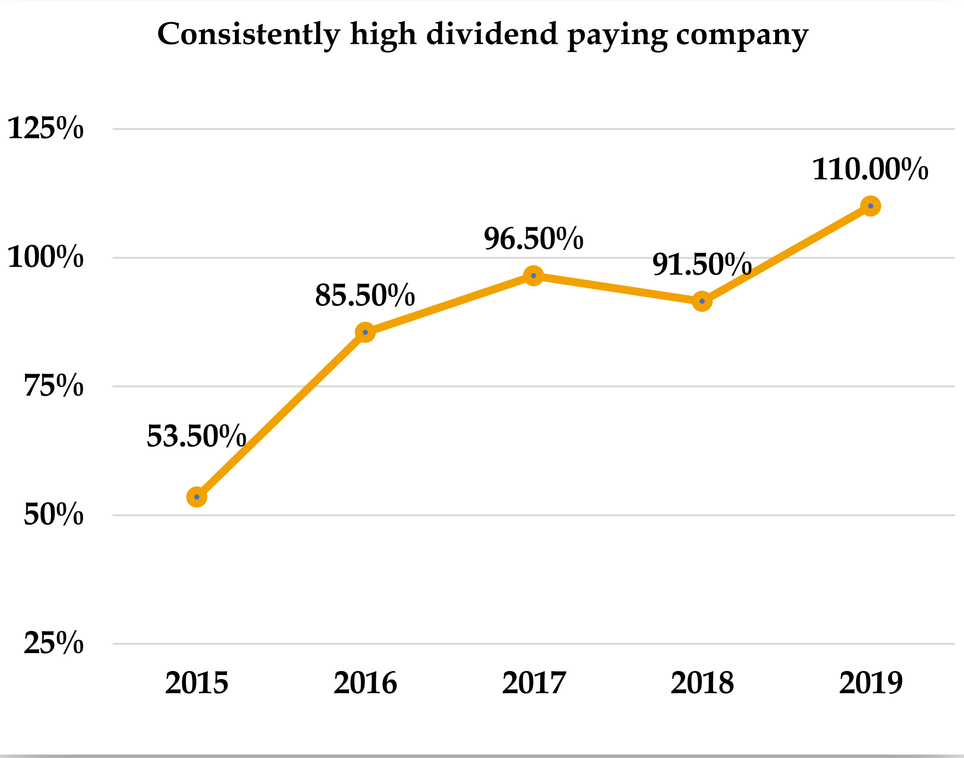
FPIs have consistently held more than 20% of the Shares since IPO of REC in 2008 and their holding has increased from 25.30% as at March 31, 2019 to 27.05% as at June 30, 2019 .

Shareholders Outlook

Top 10 Share holders as at June 30, 2019

Rank	Particulars	Shareholding (%)
1	Power Finance Corporation ltd	52.63
2	HDFC Trustee Company Ltd. A/C HDFC Balanced Advantage Fund	2.31
3	Life Insurance Corporation Of India	2.30
4	CPSE ETF	2.02
5	HDFC Trustee Company Limited - HDFC Equity Fund	1.85
6	India Capital Fund Limited	0.95
7	HDFC Trustee Company Ltd. A/C HDFC Top 100 Fund	0.79
8	The Prudential Assurance Company Limited	0.78
9	HDFC Trustee Company Ltd. A/C HDFC CAP OPPORTUNITIES Fund	0.77
10	Eastspring Investments - Developed And Emerging Asia Equity Fund	0.53
	TOTAL	**64.93**

Dividend Payout as a % of Equity Share Capital



Dividend pay-out adjusted for bonus share issue of 1:1 in Sep'2016

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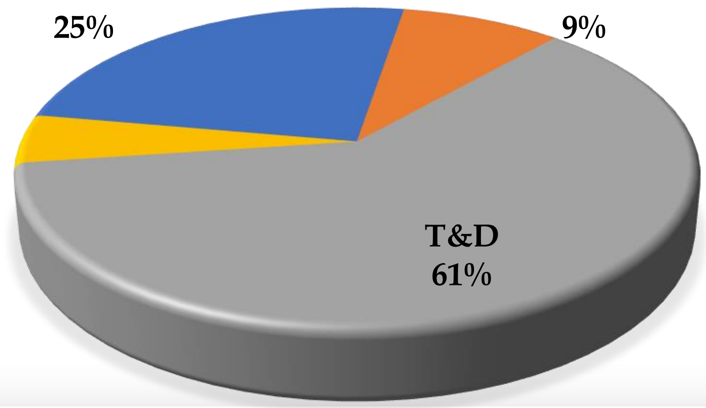
Operational Performance

Sanctions - Composition

Sector-wise breakup of Sanctions in Q1 FY20

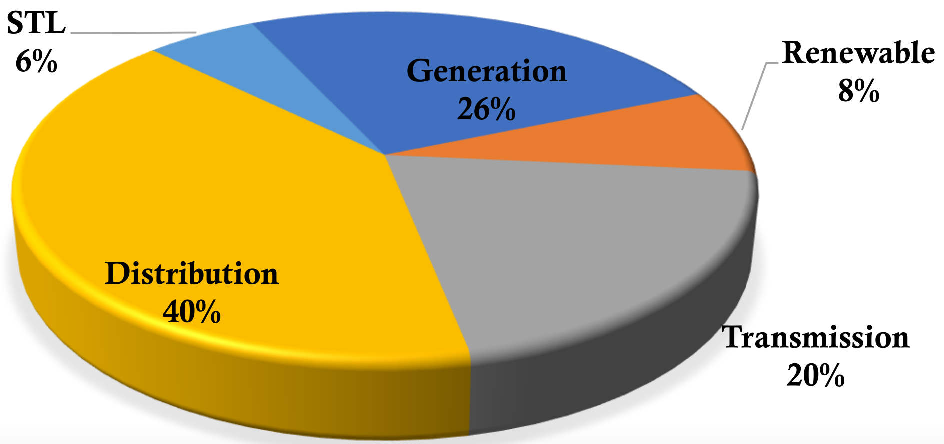


27% Project Loans
Q1 FY20
vs
Q1 FY19

Discipline-wise	12M						Q1			
	FY17	%	FY 18	%	FY 19	%	FY 19	%	FY 20	%
Generation	28,209	34	53,224	49	43,282	37	2,739	15	6,034	25
Renewable Energy	2,090	2	7,034	7	11,875	10	3,041	16	2,175	9
Transmission & Distribution	49,047	59	40,541	38	56,610	49	12,387	66	14,884	61
Total Project Loans	**79,346**	**95**	**100,799**	**94**	**111,767**	**96**	**18,167**	**97**	**23,093**	**95**
Growth	*28%*		*27%*		*11%*				*27%*	
Short Term Loan	4,525	5	6,735	6	4,190	4	600	3	1,195	5
Total Sanctions	**83,871**	**100**	**107,534**	**100**	**115,957**	**100**	**18,767**	**100**	**24,288**	**100**
Growth	*28%*		*28%*		*8%*				*29%*	

Disbursements – Composition

Sector-wise breakup of Disbursements in Q1 FY20

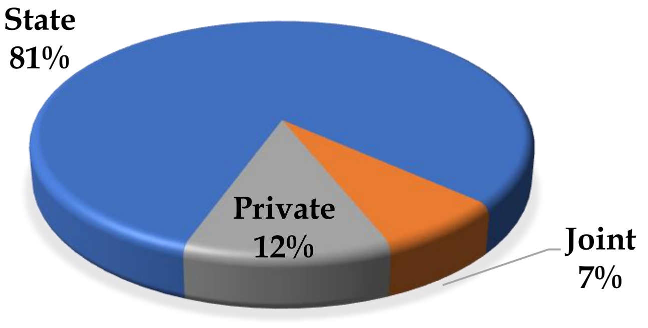


93% Project Loans Q1 FY20 vs Q1 FY19

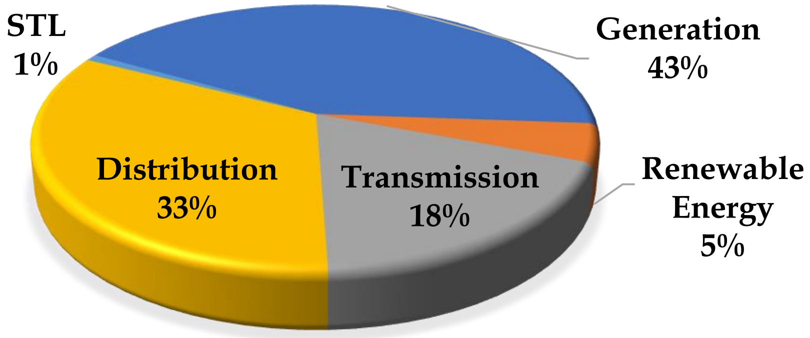
Discipline-wise	12M						Q1			
	FY 17	%	FY18	%	FY19	%	FY 19	%	FY 20	%
Generation	21,697	37	18,086	29	20,462	29	2,035	24	4,002	26
Renewable Energy	1,618	3	5,403	9	6,628	9	1,475	18	1,223	8
Transmission	*10,520*	*18*	*6,668*	*11*	*10,911*	*15*	*1,053*	*13*	*3,181*	*20*
Distribution	*19,429*	*34*	*24,920*	*40*	*30,324*	*42*	*3,053*	*37*	*6,319*	*40*
Total Transmission & Distribution	29,949	52	31,588	51	41,235	57	4,106	50	9,500	60
Total Project Loans	**53,264**	**92**	**55,077**	**89**	**68,325**	**95**	**7,616**	**92**	**14,725**	**94**
Growth	***22%***		***3%***		***24%***				***93%***	
Short Term Loan	4,775	8	6,635	11	3,840	5	700	8	900	6
Total Disbursements	**58,039**	**100**	**61,712**	**100**	**72,165**	**100**	**8,316**	**100**	**15,625**	**100**
Growth	***26%***		***6%***		***17%***				***88%***	

Outstanding Loans – Composition

Customer-wise breakup of Loans as at 30th June 2019



Category-wise breakup of Loans as at 30th June 2019



Discipline-wise	As at							
	31st March 2017		31st March 2018		31st March 2019		30th June 2019	
	Amt	%	Amt	%	Amt	%	Amt	%
State	151,976	75	186,445	78	226,681	81	235,699	81
Joint	16,728	8	19,798	8	21,035	7	21,311	7
Private	33,225	17	33,206	14	33,494	12	34,059	12
Total	**201,929**	**100**	**239,449**	**100**	**281,210**	**100**	**291,069**	**100**
Growth	**0%**		**19%**		**17%**		**4%**	
Generation	100,441	50	108,442	46	121,912	43	124,514	43
Renewable Energy	2,447	1	7,506	3	12,895	5	13,759	5
Transmission	*42,520*	*21*	*45,558*	*19*	*52,068*	*19*	*54,189*	*18*
Distribution	*52,933*	*26*	*72,295*	*30*	*92,147*	*32*	*96,282*	*33*
Total T&D	95,453	47	117,853	49	144,215	51	150,471	51
Short Term Loans	3,588	2	5,648	2	2,188	1	2,325	1

Outstanding Loans - Asset Diversification

PAN India Presence with loan concentration across 28 states and 1 Union Territory

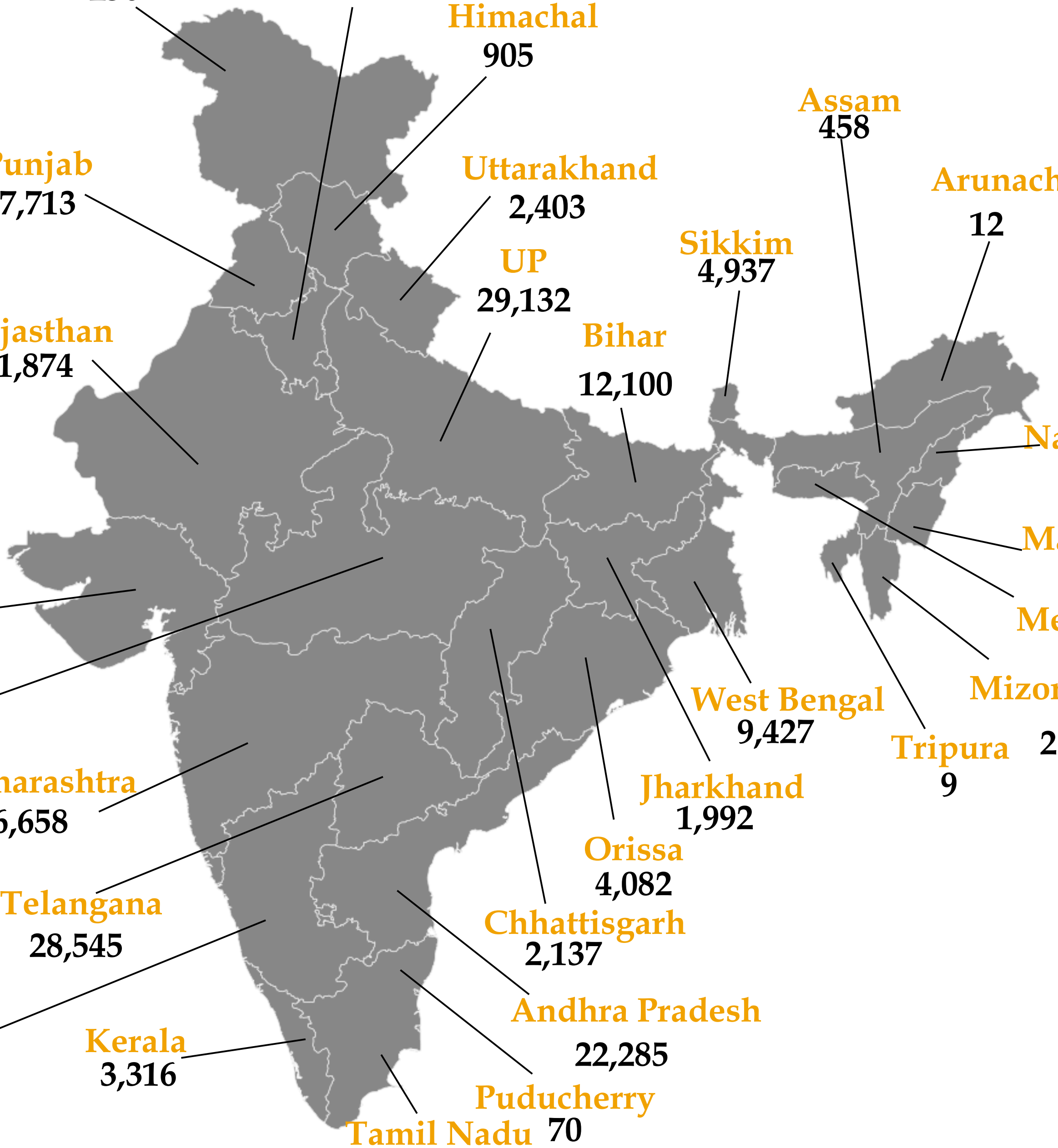
State Sector Borrowers

2,57,010

Private Sector Borrowers

34,059

Figures in Rs. Crores



Total Loan Outstanding – Rs. 2,91,069 crores

Outstanding Loans –Loan Concentration

Major Borrowers (as on June 30, 2019)

S.No.	Top Ten Borrowers	Amount Outstanding (Rs Cr.)	% of Total Loan Assets
1	Maharashtra State Electricity Distribution Company Limited	19,442	6.68%
2	Tamil Nadu Generation and Distribution Corporation	15,566	5.35%
3	Maharashtra State Power Generation Company Limited	12,854	4.42%
4	Rajasthan Rajya Vidyut Utpadan Nigam Limited	12,211	4.20%
5	Telangana Power Generation Corporation	10,679	3.67%
6	Andhra Pradesh Power Generation Corporation (APGENCO)	9,344	3.21%
7	Tamil Nadu Transmission Corporation (TANTRANSCO)	9,213	3.17%
8	Nabinagar Power Generating Co. Pvt Ltd	8,775	3.01%
9	Uttar Pradesh Power Corporation Limited	7,857	2.70%
10	Uttar Pradesh Power Transmission Corporation Limited	6,823	2.34%
	Total	**112,765**	**38.74%**

Well-diversified asset portfolio with Top 10 borrowers accounting for ~39% of current loans.
No single borrower group accounting for more than 7% of total loan book.
No slippage in Top 10 accounts

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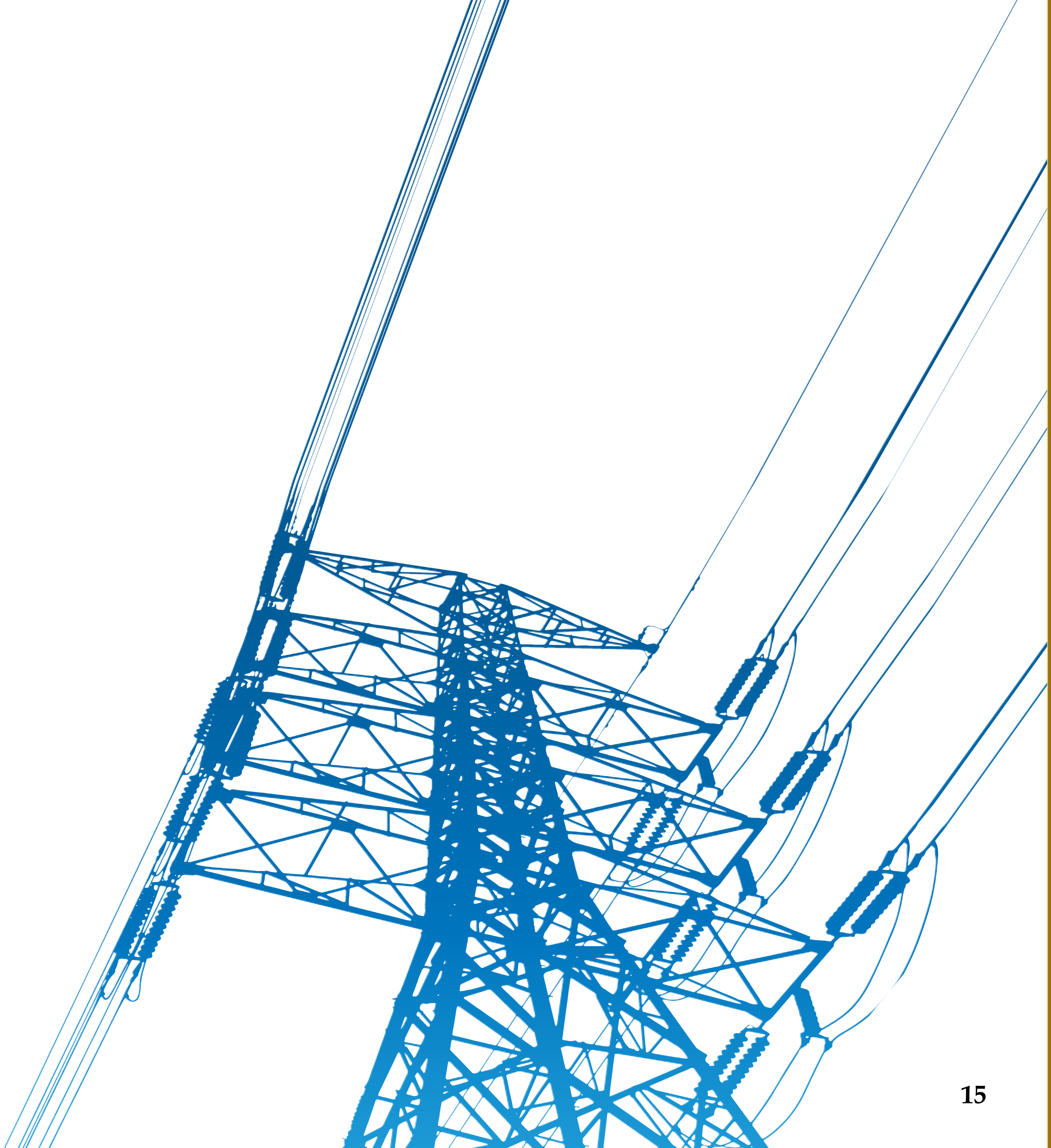
Asset Quality



Asset Quality & Provision Coverage

As at June 30, 2019

Figures : Rs. Crores

Utility	Total Loan Outstanding	Credit Impaired Assets (NPAs) (Stage – III)			Standard Assets (Stage – I & II)			Total Provision
		Outstanding	Provision *	Provision coverage ratio (%)	Outstanding	Provision	Provision coverage ratio (%)	
State Sector								
- Gencos	76,948	-	-	-	76,948	22	0.03	22
- Renewables	8,639	-	-	-	8,639	2	0.02	2
- Transcos	50,391	-	-	-	50,391	10	0.02	10
- Discoms	1,21,032	-	-	-	1,21,032	281	0.23	281
Total State Sector	**2,57,010**	**-**	**-**	**-**	**2,57,010**	**315**	**0.12**	**315**
Private Sector								
- Genco	26,884	18,769	9,638	51.35	8,115	1,022	12.60	10,660
- Transcos	2,034	2,034	399	19.62	-	-	-	399
- Renewables	5,141	89	36	40.45	5,052	59	1.17	95
Total Private Sector	**34,059**	**20,892**	**10,073**	**48.22**	**13,167**	**1,082**	**8.21**	**11,154**
Grand Total	**2,91,069**	**20,892**	**10,073**	**48.22**	**2,70,177**	**1,397**	**0.52**	**11,470**

NPAs	Value	%
Gross	**20,892**	**7.18**
Net	**10,819**	**3.72**

** In addition to the above, Reserves available in the form of Reserve for Bad & Doubtful debts u/s 36(1)(viia)(c) of the Income Tax Act, 1961 and Reserve fund u/s 45-IC of RBI Act amounting to Rs. 4,276 crores*

Borrowing Profile

Domestic Ratings

CRISIL	ICRA	CARE Ratings	India Ratings & Research
"AAA"	"AAA"	"AAA"	"AAA"

International Ratings

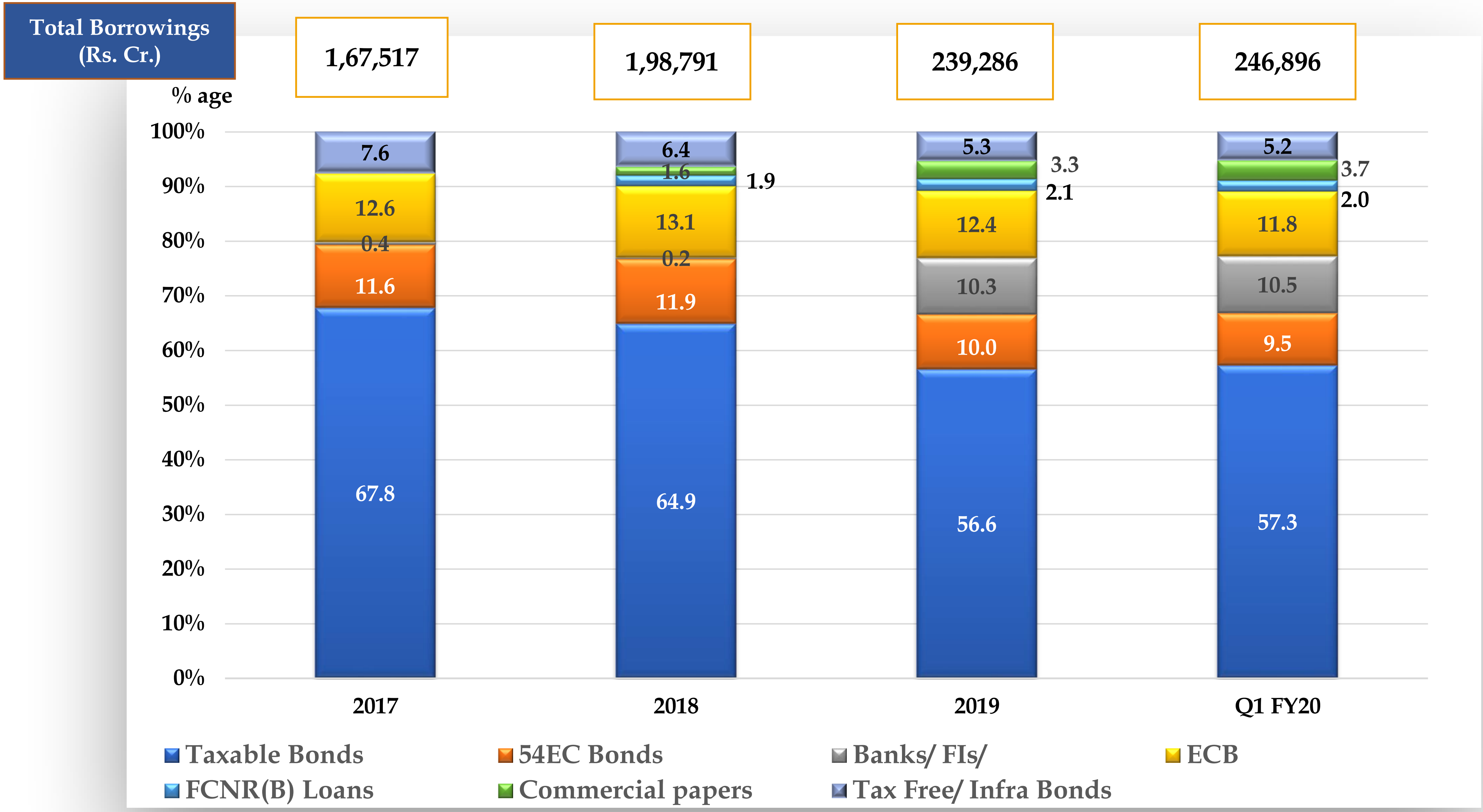
Fitch Ratings	Moody's
"BBB - "	"Baa3"

Outstanding Borrowings

Rs. Crores

Particulars	As at			
	31st March 2017	31st March 2018	31st March 2019	30th June 2019
Institutional, Subordinate & Zero Coupon Bonds	113,449	128,871	135,184	141,542
Foreign Currency Borrowings	21,081	25,996	29,710	29,073
FCNR (B) Loans	-	3,811	5,048	4,824
Capital Gain Bonds	19,477	23,705	23,880	23,518
Tax Free Bonds	12,648	12,648	12,648	12,648
Commercial Papers	-	3,250	7,975	9,225
Banks, FIs, Govt., etc.	750	400	24,750	25,975
Infra Bonds	112	110	91	91
Grand Total	**167,517**	**198,791**	**239,286**	**2,46,896**
Average annualized Cost of Funds	**8.13%**	**7.53%**	**7.16%**	**7.54%**

Outstanding Borrowings



Funds Raised During The Period

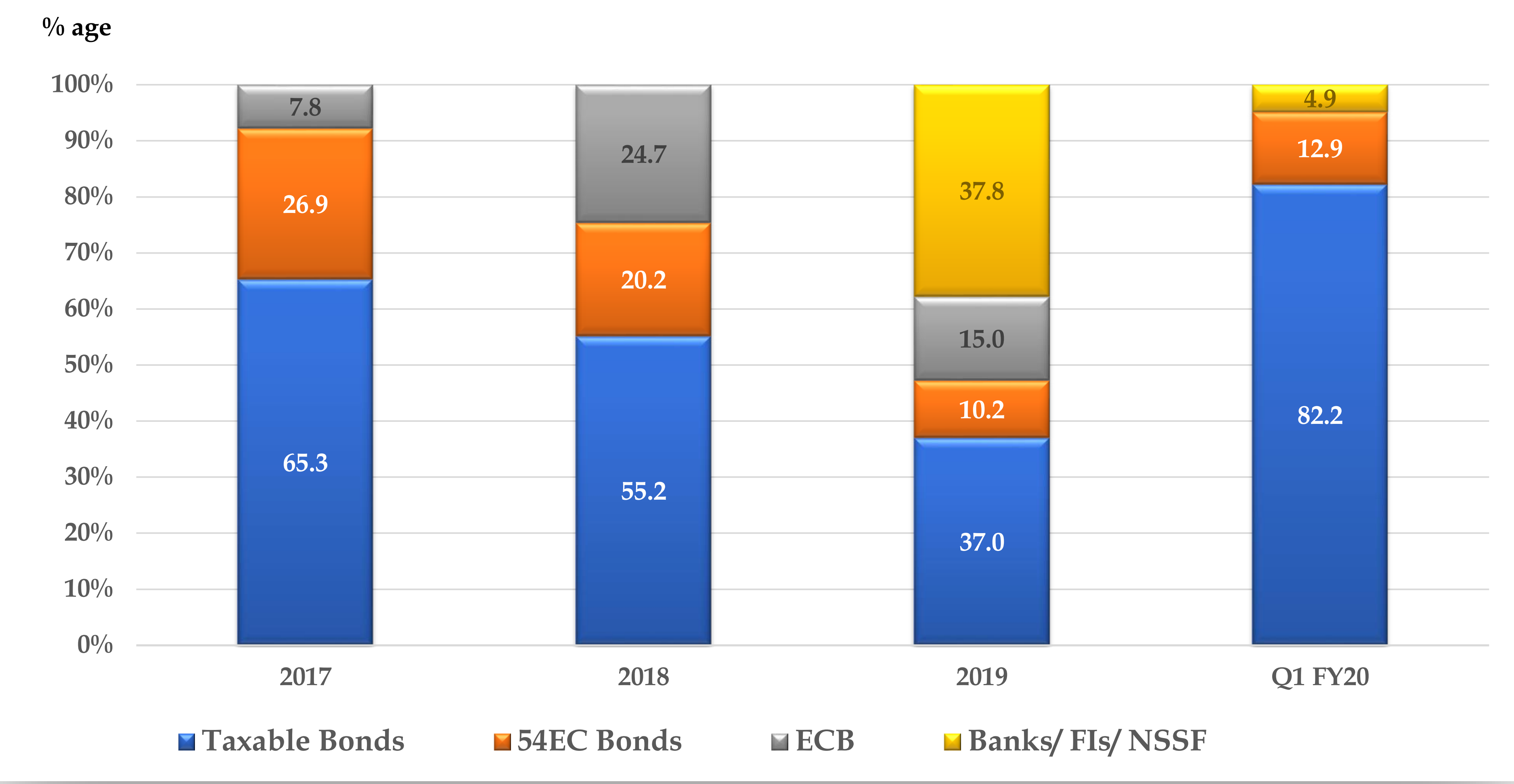
Rs. Crores

Category	12M			Q4	Q1
	FY17	FY18	FY19	FY19	FY20
(A) Long Term					
Capital Gains Bonds	7,663	9,565	6,652	2,199	1,264
Tax Free Bonds	-	-	-	-	-
Institutional Bonds/ Subordinate Debt	18,600	26,145	24,010	9,161	8,032
Term Loans from Banks/FIs/ NSSF	-	-	24,550	10,550	475
Foreign Currency Borrowings	2,232	11,696	9,734	2,239	-
Total (A)	**28,495**	**47,406**	**64,946**	**24,149**	**9,771**
	6.85%	6.17%	8.13%	7.97%	6.31%
(B) Short Term					
FCNR (B) Loan	-	3,759	4,437	986	1,047
Commercial papers	19,917	12,115	19,393	4,919	3,808
Total (B)	**19,917**	**15,874**	**23,830**	**5,905**	**4,855**
Total (A + B)	**48,412**	**63,280**	**88,776**	**30,054**	**14,626**

%age denotes annualized cost of borrowings mobilized

Funds Raised During The Period (Long Term)

Total Funds raised (Rs. Cr.)	28,495	47,406	64,946	9,771



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Financial Highlights

Key Financial Highlights

- Total Income for Q1 FY20 stands at Rs. 6,989 crores (up 11% Y-o-Y) as against Rs. 6,319 crores for Q1 FY19.
- PAT for Q1 FY19 stands at Rs. 1,501 crores (up 2% Y-o-Y) as against Rs. 1,468 crores for Q1 FY19.
- Loan book as at 30th June 2019 stands at Rs. 2,91,069 crores as against Rs. 2,41,913 crores as at 30th June 2018, growth of 20% Y-o-Y
- Provision has been made in respect of all loans assets in accordance with the Expected Credit Loss (ECL) methodology, evaluation & calculation as per Ind-AS, undertaken by an independent agency ICRA Management Consulting Services Limited (IMACS).
- Provision Coverage Ratio against Credit impaired assets stands at 48.22% as at June 30, 2019. Provision of Rs. 1,396 crores, 0.52% created on the Standard Assets (Stage I and Stage II). No Stage III Credit Impaired Assets (NPAs) in Government Sector.
- Post-implementation of Ind-AS, Net-worth as at June 30, 2019 stands at Rs. 35,913 crores as against Rs 32,506 crores as at June 30, 2018, an increase of 10% Y-o-Y.
- Capital Adequacy Ratio as at June 30, 2019 stands at 17.90% (Tier – I : 14.85% & Tier – II : 3.05%)

Standalone Statement of Profit & Loss

Rs. Crores

Particulars	12M		Q4	Q1
	FY 18	FY 19	FY19	FY 20
Interest Income on Loan assets	21797	24,728	6,493	6,919
Less: Finance Costs	13362	15,676	4,173	4,573
Net Interest Income	**8,435**	**9,052**	**2,320**	**2,346**
Other Operating Income	658	582	117	67
Translation/transaction exchange gain	-	-	62	-
Net notional gain on fair value changes	-	-	-	-
Other Income	12	31	14	3
Total Income	**22,467**	**25,341**	**6,686**	**6,989**
Translation/transaction exchange loss	19	521	-	42
Net notional loss on fair value changes *	574	349	762	190
Other costs **	331	454	99	110
Impairment loss on financial instruments	2297	240	18	(28)
Profit Before Tax	**5,884**	**8,101**	**1,634**	**2,102**
Tax Expense	1464	2,337	378	601
Profit After Tax	**4,420**	**5,764**	**1,256**	**1,501**
Other Comprehensive Income/(Loss)	4	(61)	(39)	(22)
Total Comprehensive Income/(Loss)	**4,424**	**5,703**	**1,217**	**1,479**

Net Notional Gain/ (Loss) on Fair value changes after adjusting Translation/ Transaction Exchange Loss

Net notional (gain)/loss on fair value changes	574	349	762	190
Translation/transaction exchange (gain)/loss	19	521	(62)	42
Net notional (gain)/ loss	**593**	**870**	**700**	**232**

* Net notional loss on fair value changes for Q1 FY20 *includes Premiums paid towards derivative contracts of Rs. 196 cr (Q4 FY19 – Rs. 194 cr).*

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

REC is fully compliant with Ind-AS

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Statement of Assets and Liabilities

Rs. Crores

Particulars	As at 30.06.2018	As at 31.03.2019	As at 30.06.2019
Assets			
(A) Financial Assets	**2,42,245**	**2,94,590**	**3,06,353**
Cash and Bank	363	343	1,341
Other Bank Balances	2,472	1,253	1,984
Derivative financial instruments	1,137	1,803	1,375
Loans	2,31,165	2,70,451	2,80,869
Investments	2,791	2,398	2,428
Other financial assets	4,317	18,342	18,356
(B) Non-Financial Assets	**2,969**	**3,127**	**2,868**
Current tax assets (net)	-	276	8
Deferred tax assets (net)	2,605	2,358	2,351
Fixed Assets (as per Ind-AS)	290	361	386
Other non-financial assets	74	132	123
Total Assets (A+B)	**2,45,214**	**2,97,717**	**3,09,221**
Liabilities			
(C) Financial Liabilities	**2,12,375**	**2,63,232**	**2,73,118**
Derivative financial instruments	-	159	-
Debt Securities	1,79,537	1,92,840	2,01,116
Borrowings (other than debt securities)	24,129	46,662	47,100
Subordinated Liabilities	2,516	4,819	4,716
Other financial liabilities	6,193	18,752	20,186
(D) Non-Financial Liabilities	**333**	**182**	**190**
(E) Equity	**32,506**	**34,303**	**35,913**
Equity Share Capital	1,975	1,975	1,975
Other equity	30,531	32,328	33,938
Total Liabilities (C+D+E)	**2,45,214**	**2,97,717**	**3,09,221**

Key Ratios

Particulars	12M		Q4	Q1
	FY 18	FY 19	FY 19	FY 20
Yield on Interest bearing Loan Assets (%)	10.51	10.40	10.29	10.54
Cost of Funds (%)	7.30	7.16	7.16	7.52
Interest Spread (%)	3.21	3.24	3.13	3.02
Net Interest Margin (%)	4.10	3.85	3.68	3.59
Return on Net Worth (%)	14.06	17.31	14.42	17.11
Interest Coverage Ratio (Times)	1.44	1.52	1.39	1.46
Debt Equity Ratio (Times)	6.15	6.98	6.98	6.87
Earning per Share (Face Value Rs. 10 per share) (Annualised)	22.38	29.18	25.44	30.40
Book Value Per Share (Face Value Rs. 10 per share)	163.57	173.69	173.69	181.85

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

Thank You