



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**



Table of Contents



REC Overview



**Operational
Performance**



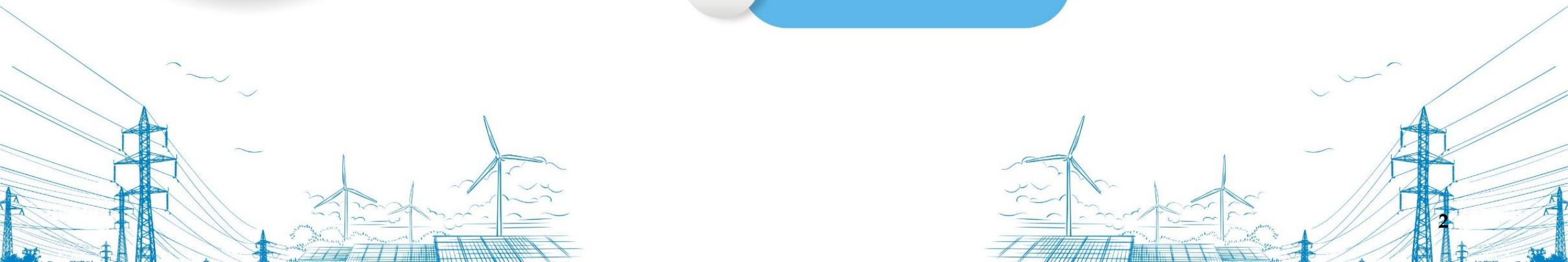
Asset Quality



**Borrowing
Profile**



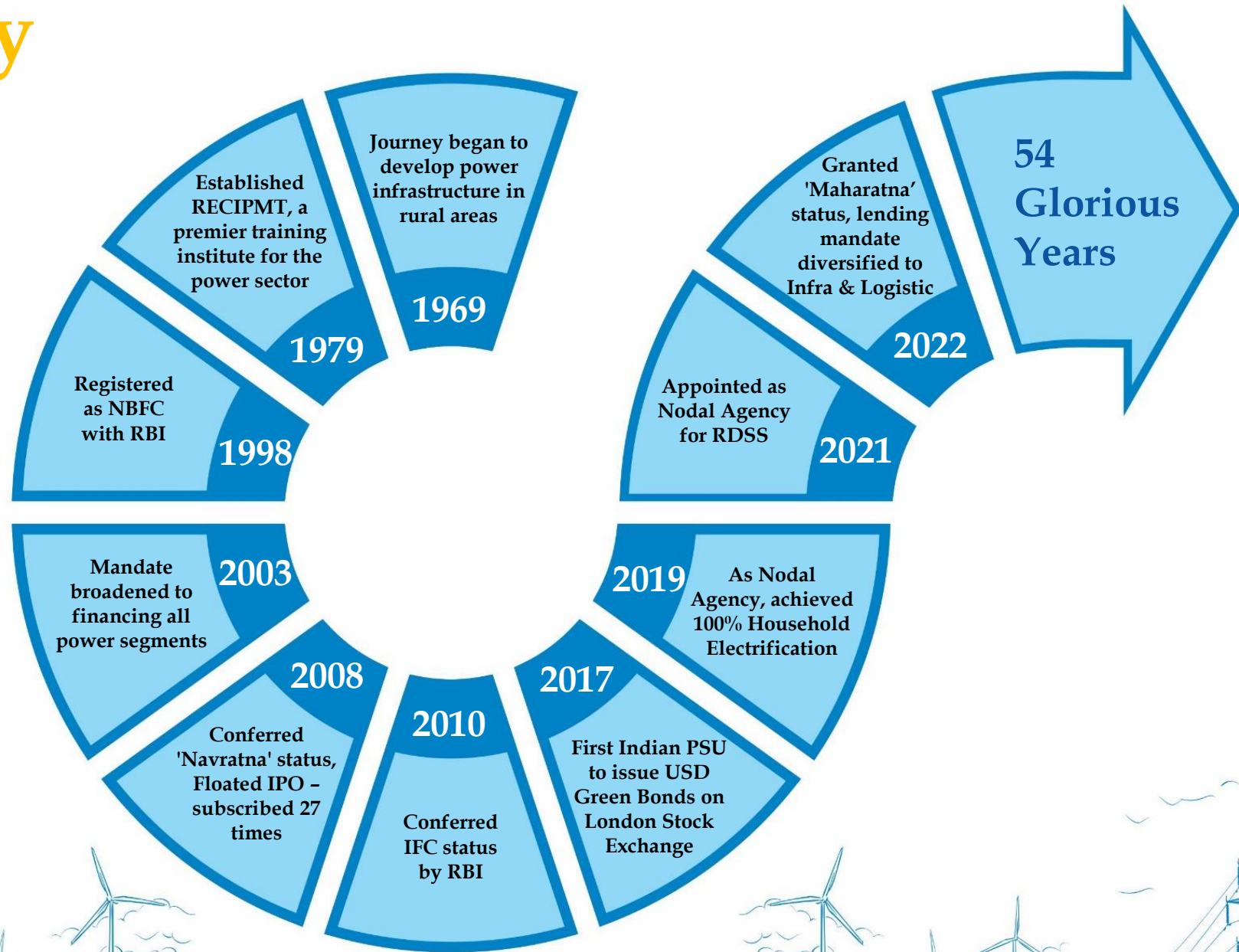
**Financial
Highlights**



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



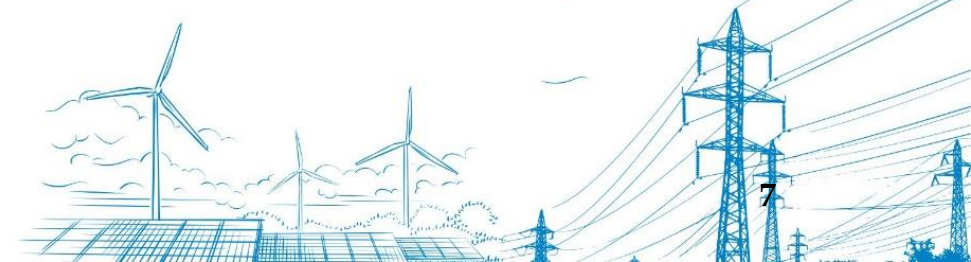
"Accorded Maharatna Status in FY 2022-23"

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**

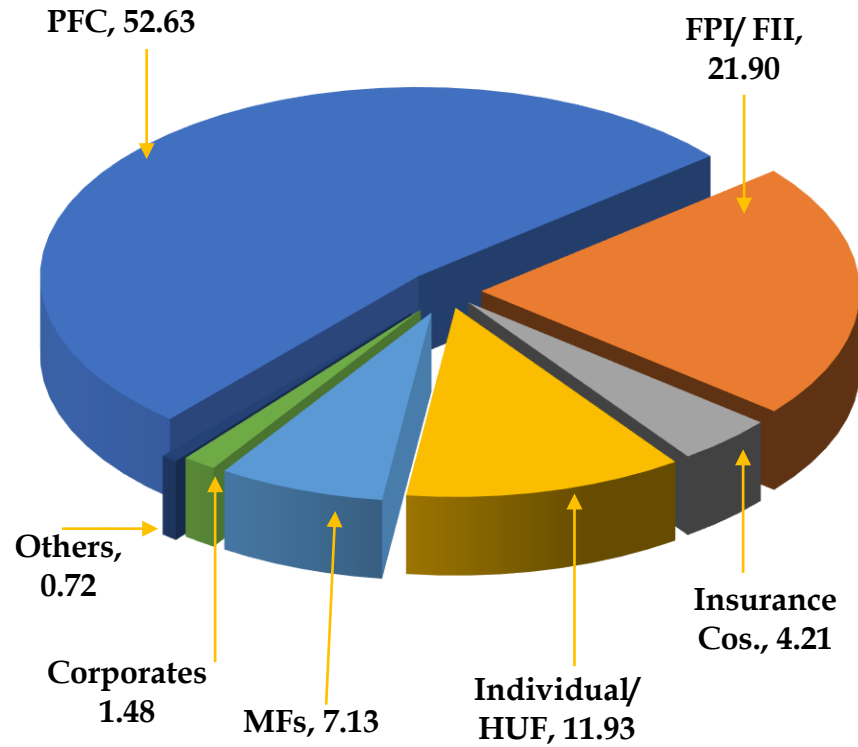


Government's Trusted Arm



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

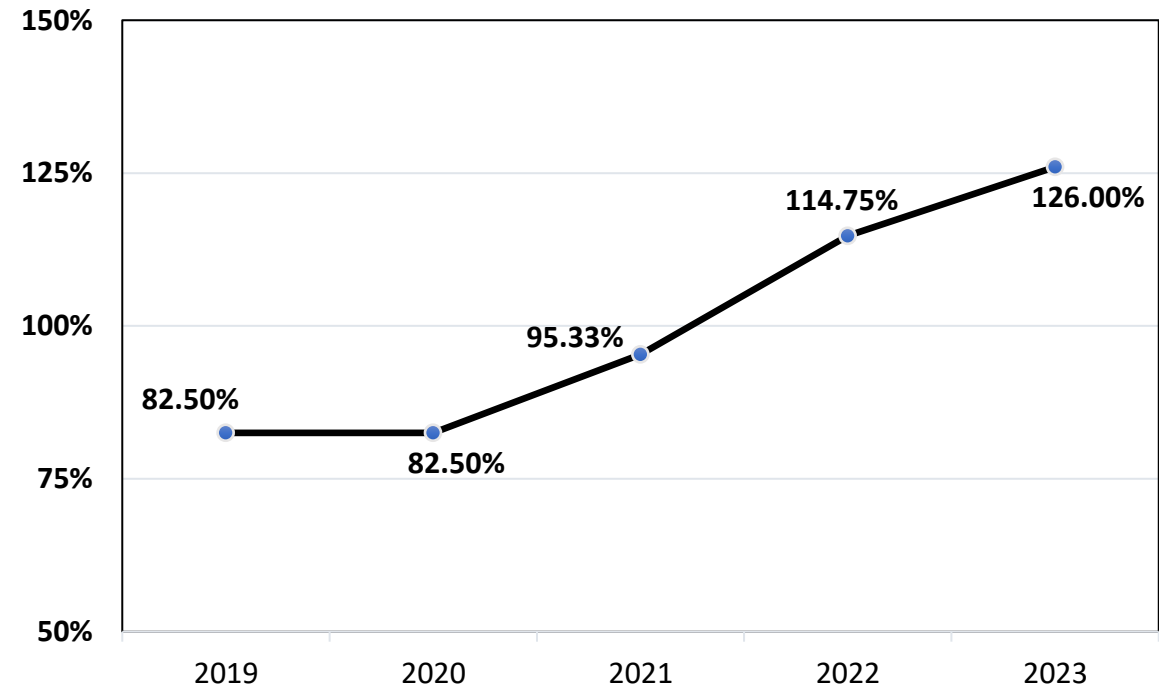
Shareholders Outlook

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

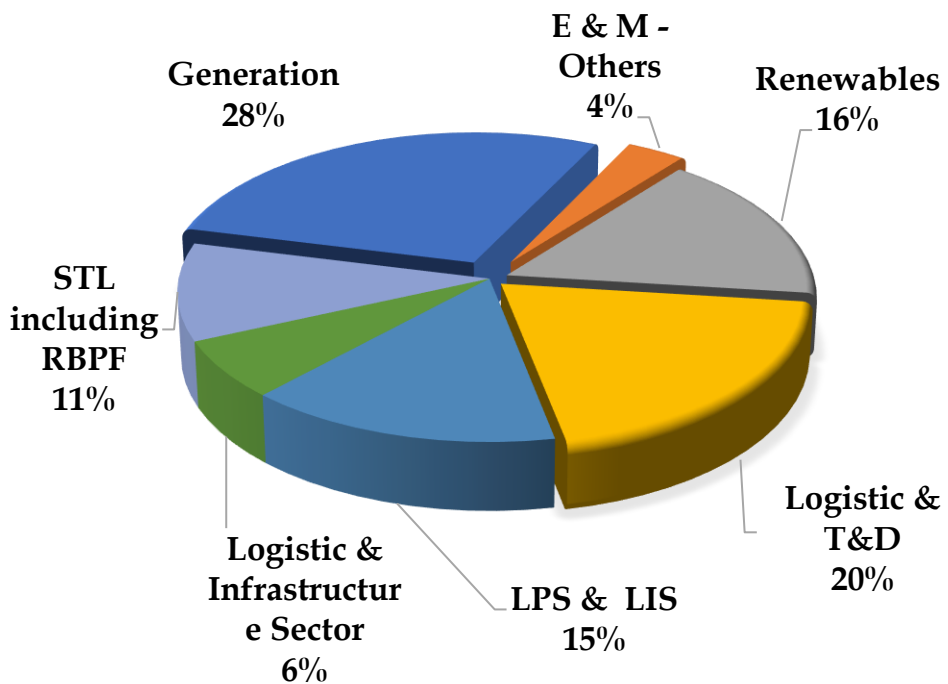
Operational Performance



Sanctions - Composition

(₹ in Crores)

Sector-wise breakup of Sanctions in 3M FY 24



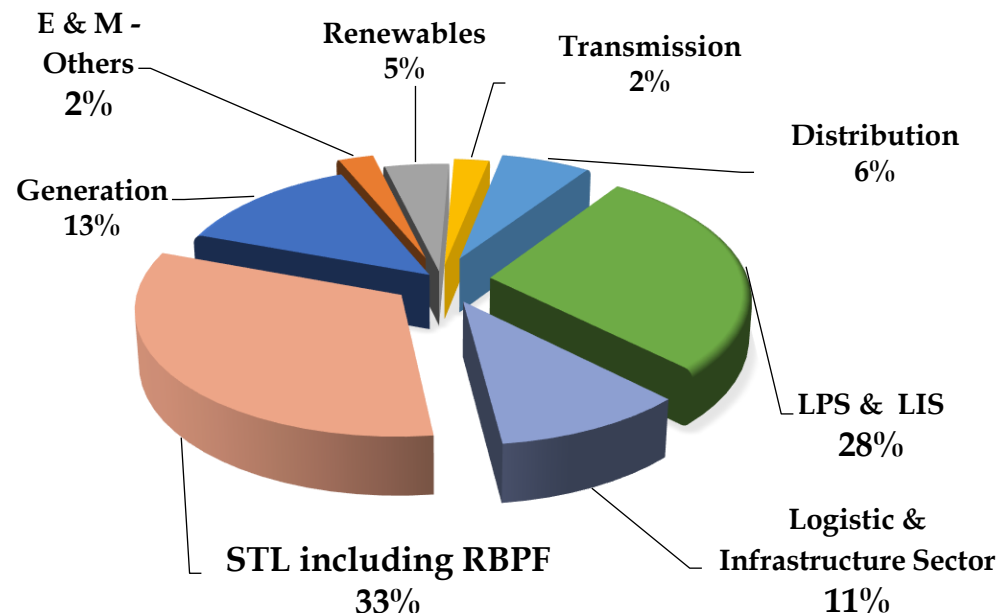
**Highest ever quarterly
Sanctions during
Q1FY24 : ₹ 90,797 crores**



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

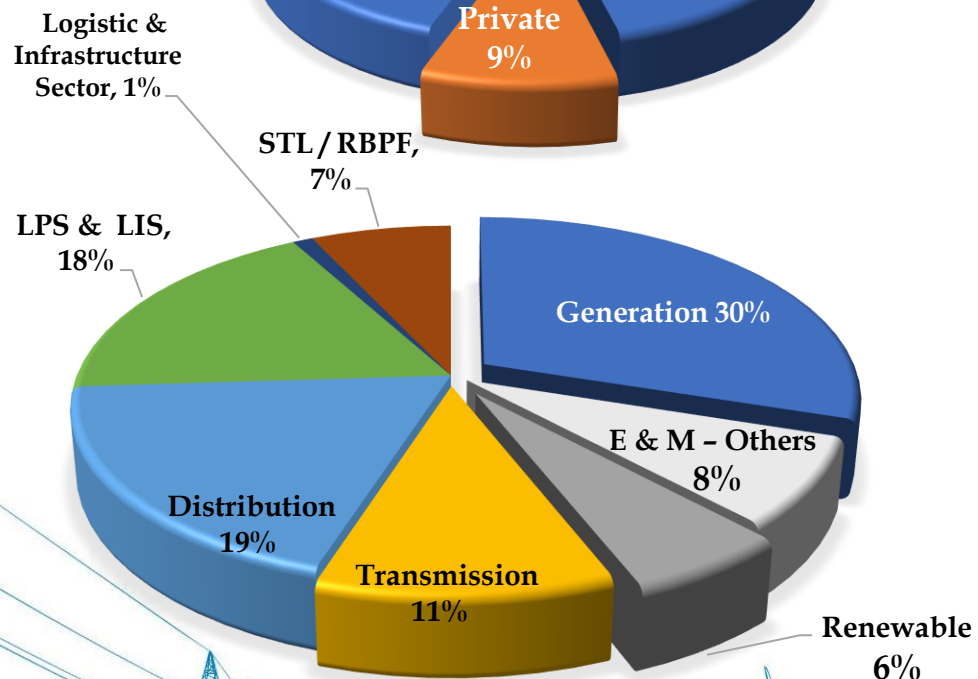
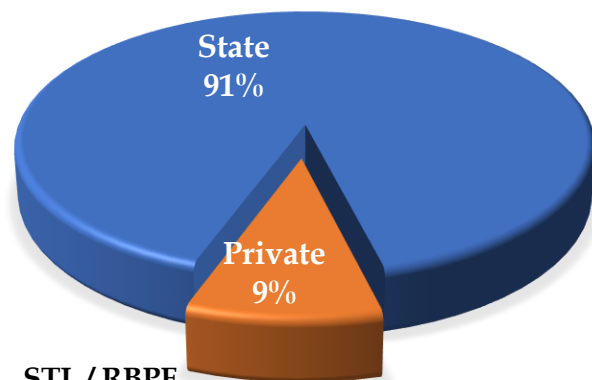


(₹ in Crores)

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

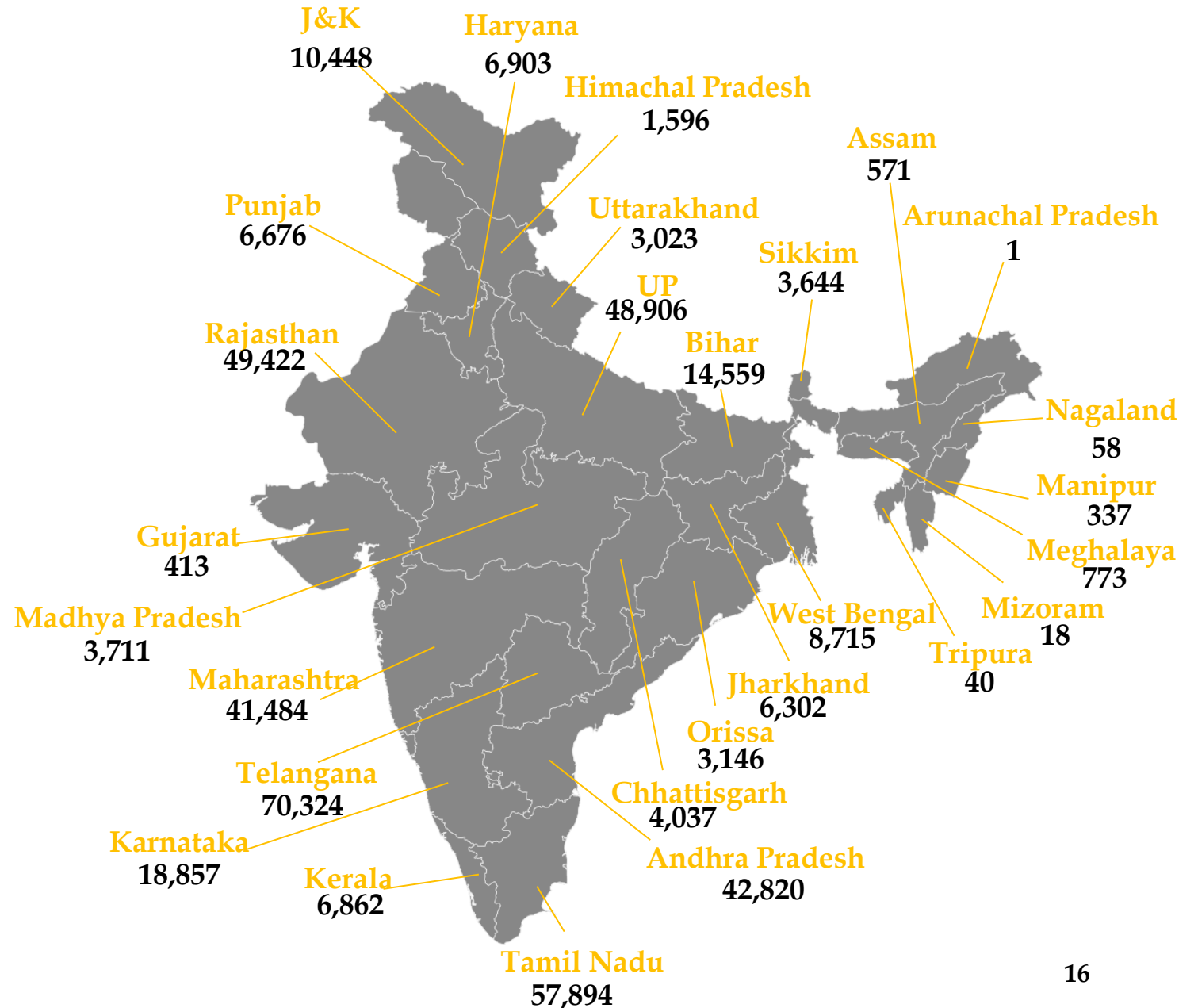
Private Sector Borrowers

₹ 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

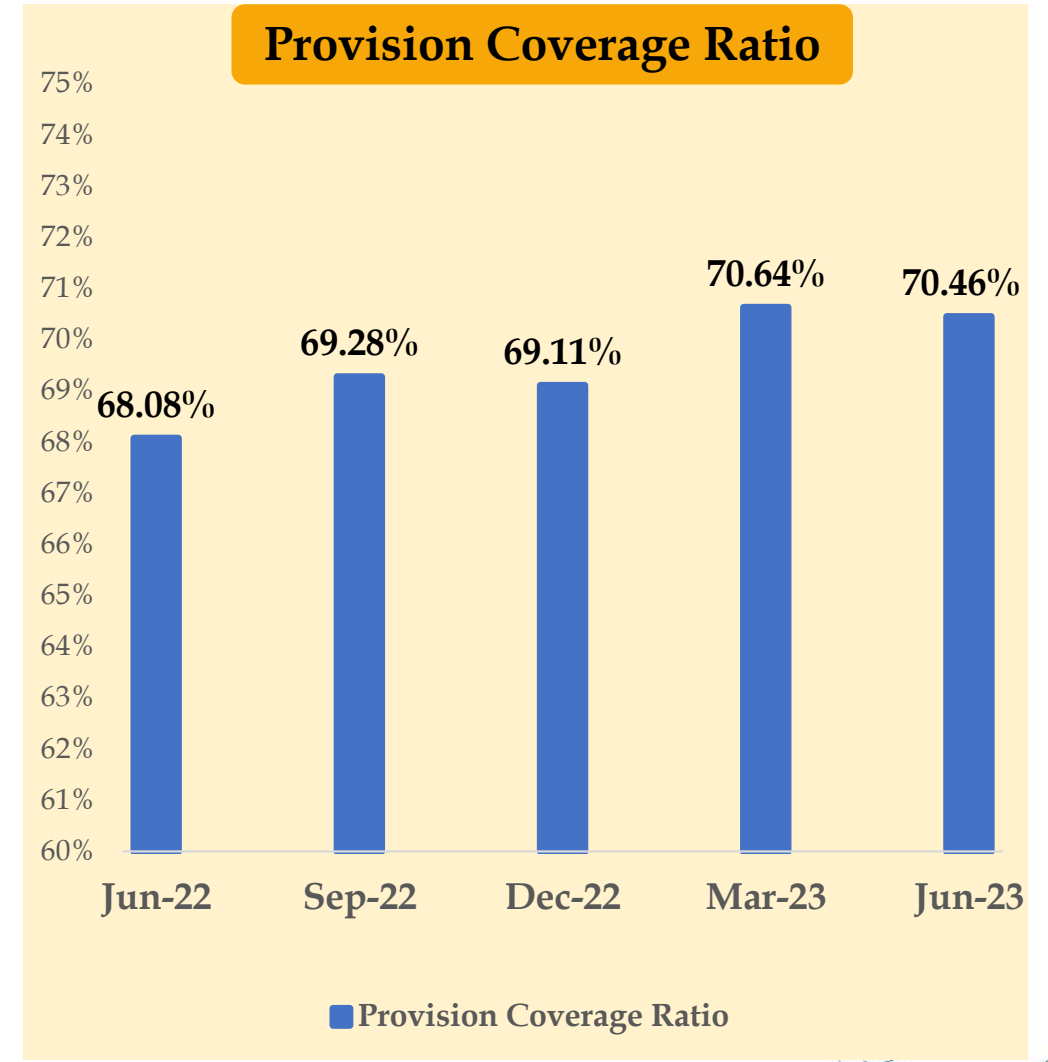
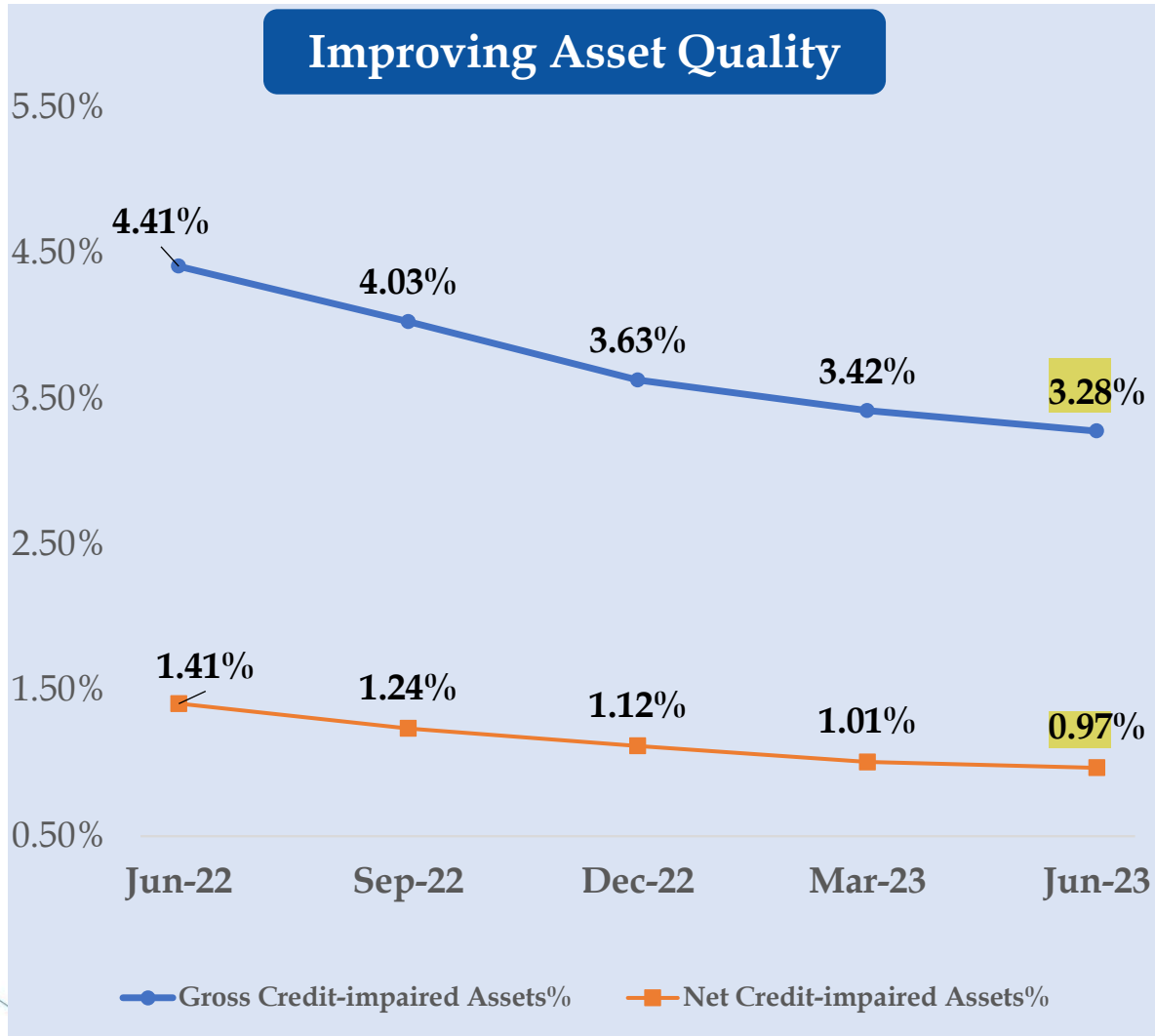
Well-diversified asset portfolio with Top 10 borrowers accounting for ~40% of current loans.

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



Resolution status of Credit Impaired Assets

Under NCLT

Rs.13,008 crores in NCLT

14 projects

74% provision

Outside NCLT

Rs.1,884 crores resolution pursued
outside NCLT

5 projects

46% provision

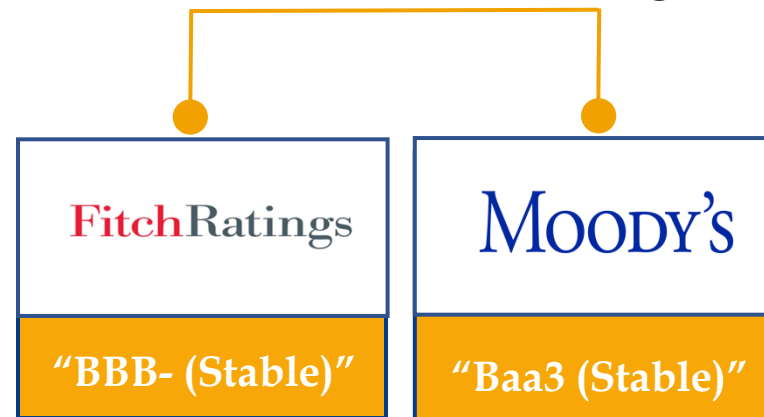
Borrowing Profile



Domestic Credit Ratings for Long Term Borrowings



International Issuer Ratings

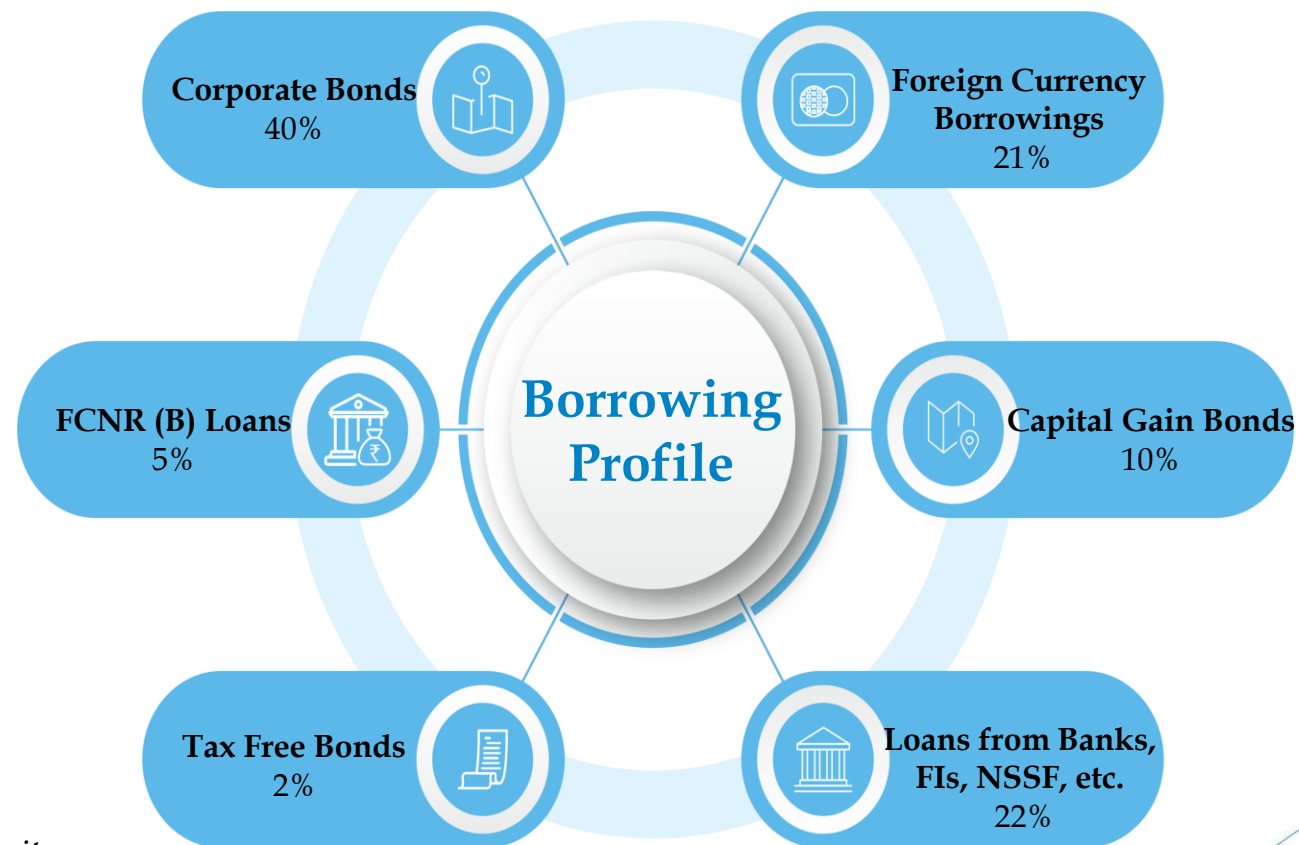


Outstanding Borrowings

(₹ 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)

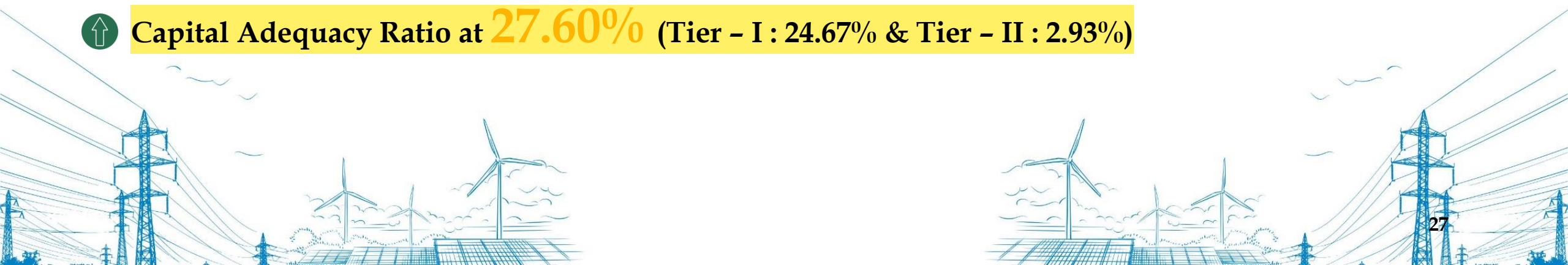
Category	Q1		12M	
	FY24	FY23	FY22	FY23
(A) Long Term				
Capital Gains Bonds	2,543	2,670	7,316	12,154
Institutional Bonds/ Subordinate Debt	14,842	-	9,080	25,545
Loans from Banks/FIs/ NSSF	8,300	2,150	25,850	22,911
Foreign Currency Borrowings	9,922	778	19,683	10,036
Total (A)	35,607	5,598	61,929	70,646
(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

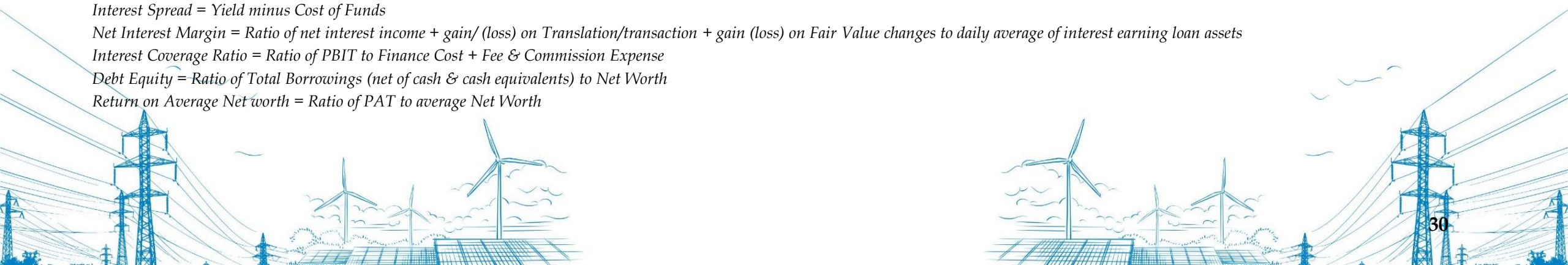
Interest Spread = Yield minus Cost of Funds

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!

