

REC Limited

A Maharatna Company

Investor Presentation

Performance Highlights

Q2 and H1 FY 23



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.*
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REC Overview





The jewel that illuminates the nation
shines even brighter

REC IS NOW A MAHARATNA COMPANY



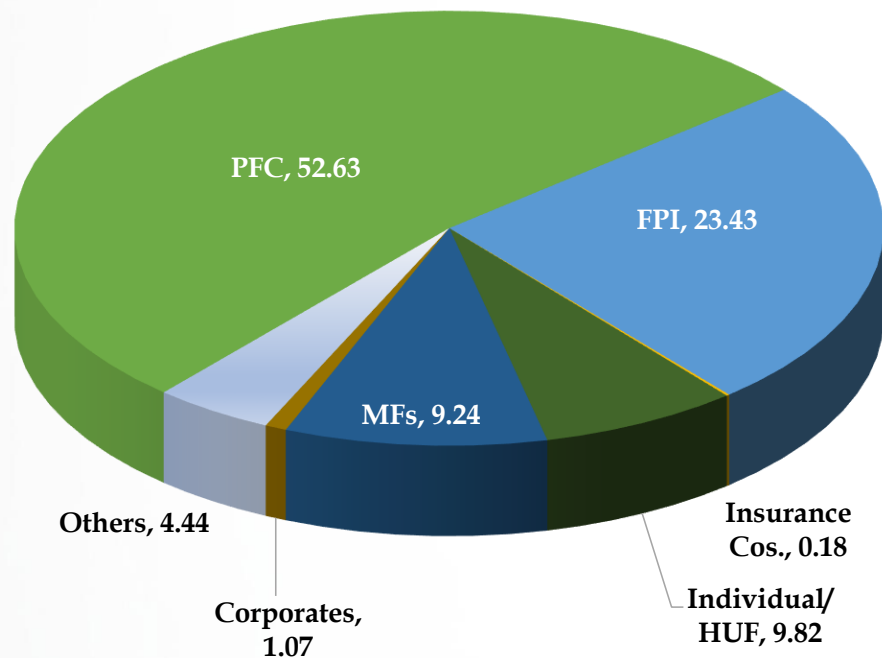
"Accorded Maharatna Status on 21st
September 2022".

Maharatna - Business advantages.

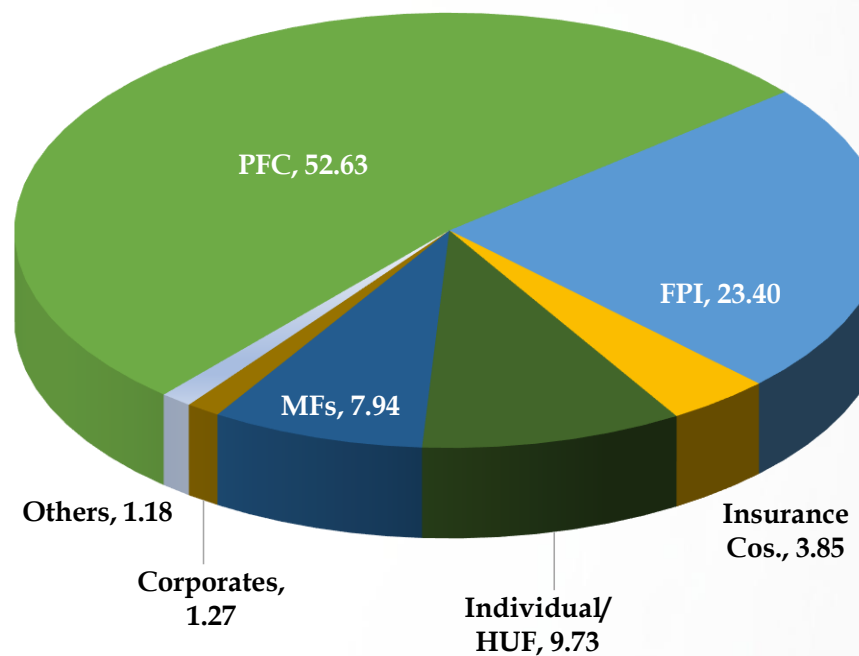
- ✓ Give greater operational & financial autonomy.
- ✓ Allows strategic investments by incorporating JVs, Subsidiaries and M&A activities in India and abroad.
- ✓ Accelerating growth and supporting Govt's vision for power sector.

Shareholding Pattern

As at 30.06.2022



As at 30.09.2022



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 September 30, 2022

Rank	Particulars	Shareholding (%)
1	Power Finance Corporation Ltd	52.63
2	HDFC Trustee Company Ltd	6.94
3	The WindAcre Partnership Master Fund LP	4.35
4	Life Insurance Corporation Of India	2.67
5	The Prudential Assurance Company Limited	1.15
6	India Capital Fund Limited	0.78
7	Vanguard Emerging Markets Stock Index Fund	0.71
8	Vanguard Total International Stock Index Fund	0.65
9	HDFC Life Insurance Company Limited	0.63
10	Dimensions Group INC.	0.50
	TOTAL	71.01

Dividend Payout as a % of Equity Share Capital



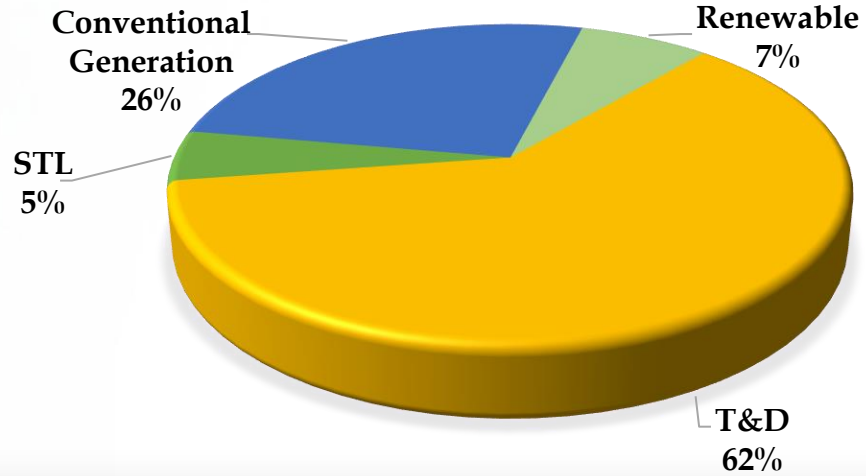
Declared 1st Interim Dividend of ₹ 5/- per share for FY 2022-23 and 9th November, 2022 fixed as Record Date

Operational Performance



Sanctions - Composition

Sector-wise breakup of Sanctions in H1 FY 23



Total Sanctions
during the H1 FY23
₹ 144,784 crores



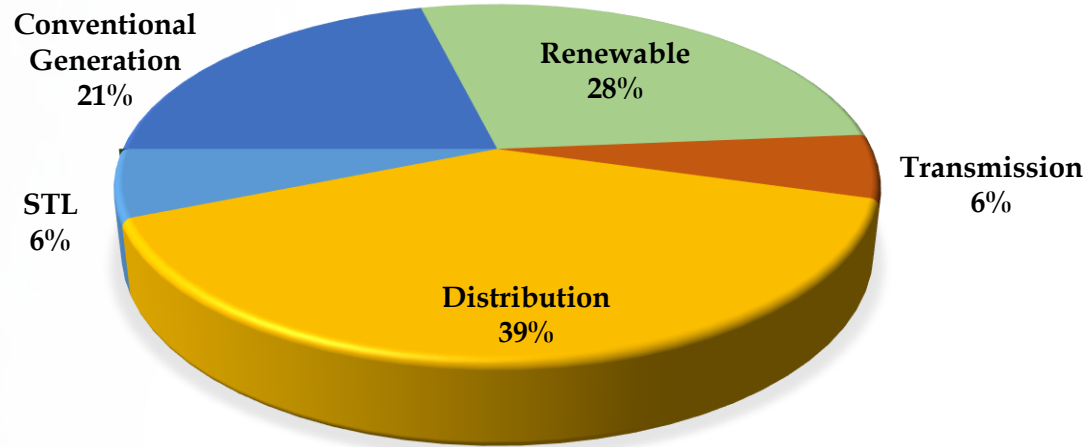
(₹ in Crores)

Discipline-wise	12M						Q2				H1			
	FY 20	%	FY 21	%	FY 22	%	FY 22	%	FY 23	%	FY 22	%	FY 23	%
Conventional Generation (including Power Infra Projects)	57,362	52	44,301	28	16,081	30	3,185	19	2,330	3	8,246	24	37,992	26
Renewables	7,026	6	18,212	12	14,734	27	7,114	41	678	1	9,925	29	10,563	7
T&D	44,555	40	91,768	59	22,135	41	6,899	40	79,868	94	16,301	47	88,866	62
STL	1,965	2	540	1	1,471	2	-	-	2,013	2	-	-	7,363	5
Total Sanctions	110,908	100	154,821	100	54,421	100	17,198	100	84,889	100	34,472	100	144,784	100

During Q2 FY 2022-23, projects sanctioned under T&D include Late Payment Surcharge (LPS) of ₹ 54,809 crores and Revolving Bill Payment Facility (RBPF) of ₹ 20,853 crores.

Disbursements – Composition

Sector-wise breakup of Disbursements in H1 FY 23

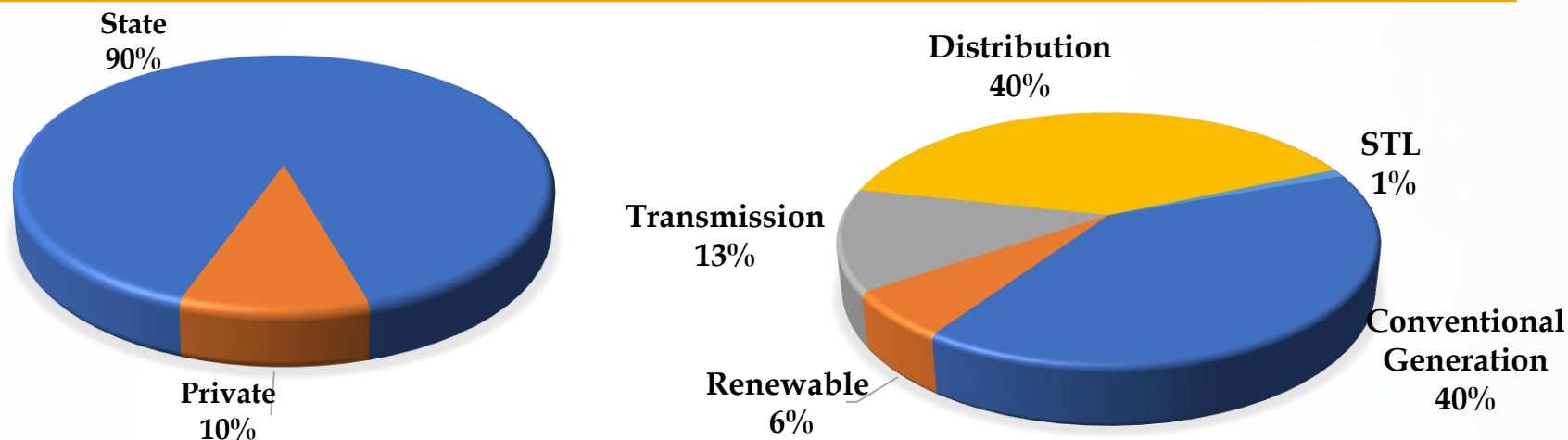


Total Disbursements
during the H1 FY23
₹ 30,269 crores

(₹ in Crores)

Discipline-wise	12M						Q2				H1			
	FY20	%	FY21	%	FY 22	%	FY 22	%	FY 23	%	FY 22	%	FY 23	%
Conventional Generation	28,488	38	28,876	31	20,750	32	4,730	22	4,486	25	8,687	24	6,393	21
Renewable	10,778	14	3,259	4	3,405	5	531	2	2,277	13	1,585	4	8,334	28
- Large Hydro > 25 MW	5,353	7	810	1	581	1	42	-	1,097	6	145	-	1,223	4
- Other Than Large Hydro	5,425	7	2,449	3	2,824	4	489	2	1,180	7	1,440	4	7,111	24
Transmission	9,003	12	6,522	7	7,192	11	1,277	6	791	4	4,432	12	1,756	6
Distribution	25,318	33	53,490	58	28,726	45	14,742	68	9,967	56	18,485	50	11,918	39
STL	2,080	3	840	1	4,078	6	450	2	306	2	3,635	10	1,868	6
Total Disbursements	75,667	100	92,987	100	64,151	100	21,730	100	17,827	100	36,824	100	30,269	100

Outstanding Loans – Composition



(₹ in Crores)

Discipline-wise	As at							
	31 st March 2020		31 st March 2021		31 st March 2022		30 th September 2022	
	Amount	%	Amount	%	Amount	%	Amount	%
State	2,84,644	88	3,38,810	90	3,50,456	91	3,54,673	90
Private	37,781	12	38,608	10	34,915	9	39,759	10
Total	3,22,425	100	3,77,418	100	3,85,371	100	3,94,432	100
Conventional Generation	1,40,105	43	1,57,951	42	1,56,724	41	1,57,495	40
Renewable	19,379	6	21,094	5	18,824	5	25,418	6
- Large Hydro > 25 MW	7,969	2	8,338	2	8,421	2	8,834	2
- Other than Large Hydro	11,410	4	12,756	3	10,403	3	16,584	4
Transmission	51,004	16	50,216	13	51,407	13	49,750	13
Distribution	1,11,039	34	1,47,781	39	1,56,355	41	1,59,508	40
STL	898	-	376	-	2,061	1	2,261	1

Asset Diversification - PAN India Presence

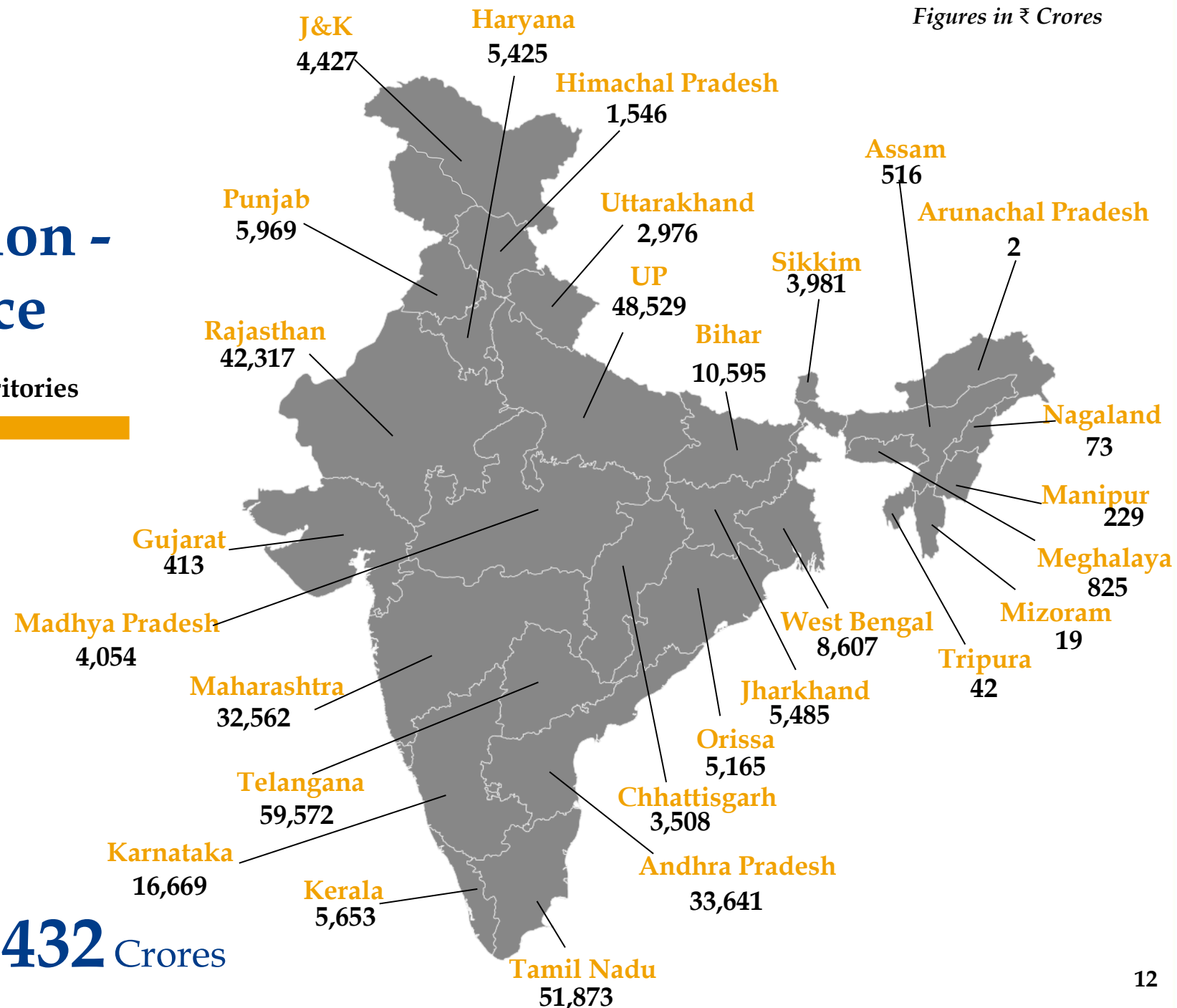
Lending across 27 States and 2 Union Territories

State Sector Borrowers
₹ 3,54,673 Crores

Private Sector Borrowers
₹ 39,759 Crores

Total Loan Outstanding ₹ 3,94,432 Crores

Figures in ₹ Crores



Outstanding Loans –Loan Concentration

Major Borrowers (as at September 30, 2022)

S. No.	Top Ten Borrowers	Amount Outstanding (₹ in Crores)	% of Total Loan Assets
1	Tamil Nadu Generation and Distribution Corporation Limited	37,454	9.50%
2	Uttar Pradesh Power Corporation Limited	19,896	5.04%
3	Telangana State Power Generation Corporation Limited	16,698	4.23%
4	Maharashtra State Electricity Distribution Company Limited	16,040	4.07%
5	Maharashtra State Power Generation Company Limited	13,832	3.51%
6	Kaleshwaram Irrigation Project Corporation Ltd	12,743	3.23%
7	Rajasthan Rajya Vidyut Utpadan Nigam Limited	12,241	3.10%
8	Telangana State Water Resources Infrastructure Development Corporation Limited	12,096	3.07%
9	Tamil Nadu Transmission Corporation Limited	12,022	3.05%
10	Andhra Pradesh Power Generation Corporation Limited	10,649	2.70%
	Total	1,63,671	41.50%

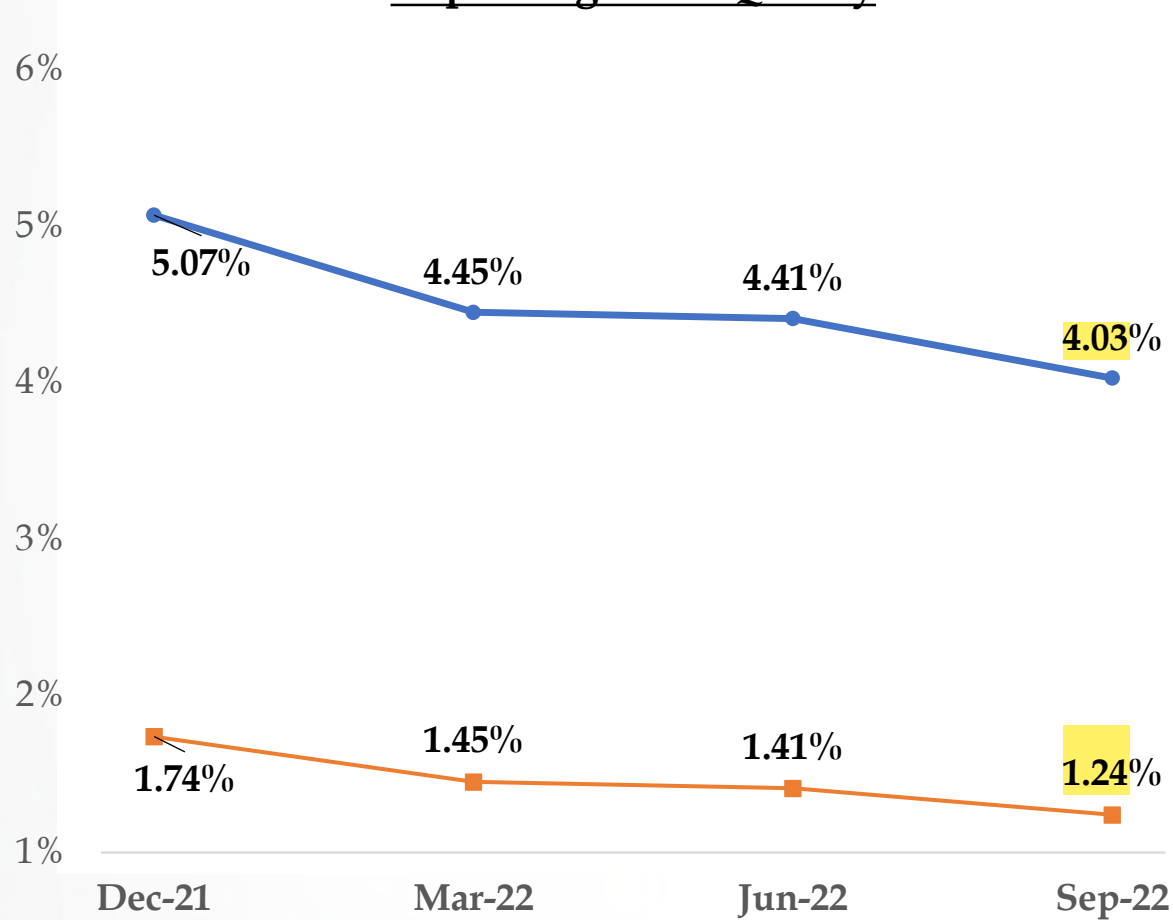
*Well-diversified asset portfolio with Top 10 borrowers accounting for ~42% of current loans.
No slippage in Top 10 accounts*

Asset Quality

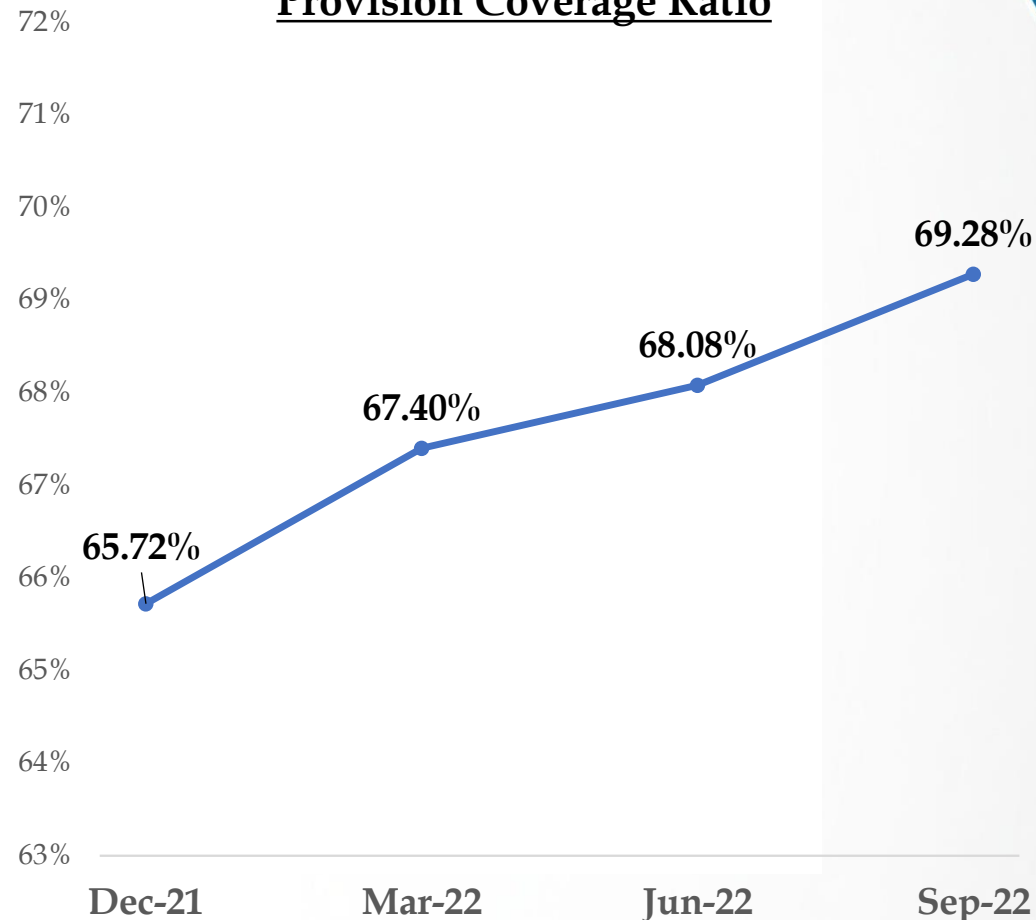


Asset Quality as at September 30, 2022

Improving Asset Quality



Provision Coverage Ratio



—●— Gross Credit-impaired Assets% —■— Net Credit-impaired Assets%

Loan Portfolio as at September 30, 2022

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								
- Generation	1,35,480	-	-	-	1,35,480	988	0.73	988
- Large Hydro > 25 MW	8,308	-	-	-	8,308	50	0.60	50
- Other than large hydro	2,419	-	-	-	2,419	30	1.25	30
- Distribution	1,59,508	-	-	-	1,59,508	2,453	1.54	2,453
- Transmission	46,697	-	-	-	46,697	188	0.00	188
- STL	2,261	-	-	-	2,261	10	0.46	10
Total State Sector	354,673	-	-	-	354,673	3,719	0.78	3,719
Private Sector								
- Generation	22,017	15,785	10,967	69.48	6,231	71	1.14	11,038
- Large Hydro > 25 MW	525	35	11	30.95	490	10	1.95	20
- Other than large hydro	14,166	59	22	38.15	14,106	512	3.63	534
- Transmission	3,053	-	-	-	3,053	22	0.71	22
Total Private Sector	39,759	15,879	11,000	69.28	23,880	614	2.57	11,614
Grand Total	394,432	15,879	11,000	69.28	378,553	4,333	1.14	15,333

*In addition to the above, Reserves available in the form of Reserve for Bad & Doubtful debts u/s 36(1)(viiia)(c) of the Income Tax Act, 1961, Reserve fund u/s 45-IC of RBI Act amounting to ₹ 6,849 crores.

Credit Impaired Assets – Resolution Status

Resolution status of Credit Impaired Assets



Under NCLT

Rs.10,869 crores in NCLT

11 projects

77% provision

Outside NCLT

Rs.5,010 crores resolution pursued
outside NCLT

12 projects

53% provision

During Q2 FY23, two Credit Impaired Assets totaling to ₹ 1,243 crores have been successfully resolved under Insolvency and Bankruptcy Code (IBC)

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 2020	31 st March 2021	31 st March 2022	30 th September 2022	
	Amount	Amount	Amount	Amount	%
Corporate Bonds	158,148	179,989	152,692	146,582	44
Foreign Currency Borrowings	44,380	47,487	65,957	70,950	21
FCNR (B) Loans	6,973	5,329	9,855	11,010	3
Capital Gain Bonds	22,376	18,122	25,438	31,058	9
Tax Free Bonds	12,648	12,648	11,809	11,809	4
Commercial Papers	2,925	-	-	-	-
Loans from Banks, FIs, NSSF, etc.	32,650	58,925	61,089	66,837	19
Infra Bonds	16	11	4	4	-
Grand Total	280,116	322,511	326,844	338,250	100

~ 88% of foreign currency exposure with remaining tenure upto 5 years hedged till maturity.

Funds Raised During The Period

(₹ in Crores)

Category	12M			Q2		H1	
	FY20	FY21	FY22	FY22	FY23	FY22	FY23
(A) Long Term							
Capital Gains Bonds	6,157	5,312	7,316	1,816	2,953	3,104	5,623
Institutional Bonds/ Subordinate Debt	42,713	48,660	9,080	-	2,738	4,000	2,738
Loans from Banks/FIs/ NSSF	14,725	21,053	25,850	4,250	7,240	8,750	9,390
Foreign Currency Borrowings	12,403	14,847	19,683	7,437	2,790	7,868	3,568
Total (A)	75,998	89,872	61,929	13,503	15,721	23,722	21,319
(B) Short Term							
FCNR (B) Loan	5,599	5,822	10,495	-	-	6,176	6,017
Commercial Papers	6,029	-	2,000	-	-		
Loans from Banks (Tenor more than 6 months)	2,750	3,550	3,950	500	1,150	3,350	1,150
Total (B)	14,378	9,372	16,445	500	1,150	9,526	7,167
Total (A + B)	90,376	99,244	78,374	14,003	16,871	33,248	28,486

Funds Raised During The Period (Long Term)



Financial Highlights



Key Financial Highlights for H1 FY23

- ❑ Total Income stands at ₹ 19,417 crores.
- ❑ Net Profit stands at ₹ 5,176 crores (↑ 4% YoY).
- ❑ Loan book reached to ₹ 3.94 lakh crores (↑ 2% YoY)
- ❑ Assets Quality improved with Net Credit impaired Assets at 1.24% (vs. 1.52% YoY)
- ❑ Provision Coverage Ratio against Credit impaired assets stands at 69.28%
- ❑ Net-worth stands at ₹ 53,457 crores (↑ 12% YoY)
- ❑ Capital Adequacy Ratio at 25.15% (Tier – I : 22.13% & Tier – II : 3.02%)

Standalone Statement of Profit & Loss

₹ in Crores

Particulars	Q2		H1	
	FY 22	FY 23	FY 22	FY 23
Interest Income on Loan assets	9,724	9,688	19,161	19,062
Less: Finance Costs **	5,564	5,730	11,160	11,112
Net Interest Income	4,160	3,958	8,001	7,950
Other Operating Income	190	44	340	100
Net notional gain/ (loss) on fair value changes	125	207	44	238
Other Income	40	9	44	17
Total Income (Net of Finance Cost)	4,515	4,218	8,429	8,305
Less: Translation/transaction exchange loss/(gain)	(78)	457	213	936
Less: Other costs *	92	108	176	272
Less: Impairment on financial instruments	1,119	224	1,900	728
Profit Before Tax	3,382	3,429	6,140	6,369
Less: Tax Expense	643	701	1,155	1,193
Profit After Tax	2,739	2,728	4,985	5,176
Add: Other Comprehensive Income/(Loss)	(12)	(813)	47	(1,486)
Total Comprehensive Income/(Loss)	2,727	1,915	5,033	3,690

- *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 30.06.2022	As at 30.09.2022
Assets			
(A) Financial Assets	406,417	409,302	419,846
Cash and bank balances	2,422	1,325	4,511
Derivative financial instruments	5,510	6,577	7,437
Loans (Ind-AS)	371,931	374,578	380,964
Investments	2,158	2,102	2,541
Other financial assets	24,396	24,720	24,394
(B) Non-Financial Assets	3,996	4,365	4,598
Current tax assets (net)	179	252	260
Deferred tax assets (net)	3,135	3,432	3,656
Fixed Assets	634	628	627
Other non-financial assets	48	53	56
Total Assets (A+B)	410,413	413,667	424,444
Liabilities			
(C) Financial Liabilities	359,231	360,484	370,636
Derivative financial instruments	553	1,258	1,245
Borrowings (Ind-AS)	333,102	334,253	343,794
Other financial liabilities	25,576	24,973	25,597
(D) Non-Financial Liabilities	196	583	351
(E) Net Worth	50,986	52,600	53,457
Equity Share Capital	1,975	1,975	2,633
Instruments entirely equity in nature	558	558	558
Other equity	48,453	50,067	50,266
Total Equity & Liabilities (C+D+E)	410,413	413,667	424,444

Key Ratios

Particulars	Q2		H1	
	FY 22	FY 23	FY 22	FY 23
Yield on Loan Assets (%)	10.49	9.98	10.41	9.99
Cost of Funds (%)	6.85	7.07	6.94	6.99
Interest Spread (%)	3.64	2.91	3.47	3.00
Net Interest Margin (%)	4.41	3.73	4.22	3.75
Return on Net Worth (%)	23.44	20.58	21.87	19.82
Interest Coverage Ratio (Times)	1.61	1.60	1.55	1.57
Debt Equity Ratio (Times)	6.84	6.28	6.84	6.28
Earnings per Share* (Annualised)	41.60	41.44	37.86	39.32
Book Value Per Share*	181.40	203.01	181.40	203.01

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

**Bonus Adjusted*

Thank You

Glorious Past - Inspiring Future



YEARS AND BEYOND...

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