



Sanjeev Kumar Gupta
Chairman & Managing Director

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Business Highlights FY20

India's Premier NBFC

Sanctions: ₹1,10,908 crore
Disbursements: ₹75,667 crore
Gross Loan Asset Book: ₹3,22,425 crore

Robust Performance

Profit After Tax: ₹4,886 crore
Net Worth: ₹35,077 crore

Unparalleled Credibility

Domestic Rating: "AAA" by CRISIL, CARE, IRR & ICRA
International Rating: At par with sovereign ratings from Moody's & FITCH

Awards & Honours

- ◆ 'Swachh Bharat Puraskar' by the Ministry of Jal Shakti, Government of India
- ◆ ICC 'PSE Excellence Award, 2018' for excellence in Corporate Governance
- ◆ ICAI Award for Excellence in Financial Reporting for FY 19
- ◆ SCOPE Corporate Communications awards for 'Best House Journal (English)', 'Best Corporate Communications-Internal' and 'Effective use of Digital Media'
- ◆ 'Excellent' rating by Ministry of Power for performance in FY19

Financing a Powerful Future

OVER FIVE DECADES OF ENERGISING INDIA

Excerpts from the Chairman's Speech at the 51st Annual General Meeting held on 25th September, 2020

Ladies & Gentlemen,

Adversity caused by the COVID-19 pandemic has taught us new ways of survival and doing business. These are turbulent times, and after-effects of the pandemic are being felt in every sphere of business and industry. However, despite the challenging times, REC continues to stand tall as a leading financial & development institution of India. REC has also made a humble contribution to the society, by distributing food, essentials and medical gear to a large number of people during the pandemic, besides contribution of ₹150 crore to PM CARES Fund.

Economic Overview

The world economy is facing a gradual decline since the last two years. Global growth, which was 4% in 2017, had come down to 2.9% in 2019. A further decline in this number is inevitable, as the world fights COVID-19. The Indian economy, which grew at 4.2% in FY20, may face a contraction in the current year due to the continuing challenges. However, the Government of India took swift and strong measures to contain the market disruptions caused by the pandemic. RBI cut down the repo rate to a 15-year-low of 4% and reverse repo rate to 3.35%, besides allowing banks, NBFCs and housing finance companies to stall EMIs and extend moratorium up to six months. The Hon'ble Prime Minister has given us the vision of 'Atmanirbhar Bharat', of making India a self-reliant nation. With the huge fiscal package provided by the Government alongwith policy support, the Indian economy is expected to bounce back in due course.

'Social distancing' and 'work-from-home' have put an increased focus on how important electricity is in our lives. Power comes under the 'essential services' category. Hence, the sector witnessed limited disruptions during the lockdown and thereafter. Demand for power did fall on account of drop in the commercial and industrial activity. Distribution sector was impacted the most, with fall in revenue collections affecting the financial and liquidity position of players. However, the Government announced timely liquidity infusion, granting relief from the sudden cash crunch in the power sector. Further, demand for power also started to recover as the lockdowns were eased out.

As on March 31, 2020, India's total installed generation capacity stood at 370 GW and the Government's focus on attaining '24x7 Power For All' is being implemented well, with around 750 million people in the country gaining access to electricity in the last two decades.

In addition to energy sufficiency, there is also a keen focus on energy efficiency. The Government is pursuing various innovative programmes, namely UJALA, Street Light National Programme, National E-mobility Programme and Super-Efficient Air Conditioning Programme, which serve the dual purpose of power saving and environmental sustainability. REC's joint venture company EESL is doing pioneering work in this field.

Government's Partner in Nation-building

REC is proud to be associated with various flagship programmes of the Ministry of Power, Govt, such as Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY), a flagship scheme covering all aspects of rural power distribution and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA), for universal household electrification. In a landmark achievement, all un-electrified census inhabited villages in the country were electrified by 28th April 2018. After electrification of villages, the focus shifted to household electrification. Upto 31st March 2020, over 2.76 crore un-electrified households were provided electricity connections under the SAUBHAGYA scheme.

REC has also disbursed Special Long-Term Transition Loans to DISCOMs for making payment to generators, under the 'Atmanirbhar Bharat' package of the Government of India.

Ensuring Business Continuity through IT

Business automation through IT is a key focus area of the Company. REC was the first CPSE in the power sector to go paperless, by implementing 'E-office' for automated workflow and electronic document management. REC's IT systems are well equipped to enable users to work remotely and ensure business continuity.

RECIPMT - Creating Future Leaders

REC Institute of Power Management and Training, the company's training institute at Hyderabad, has been conducting specialized programmes relevant to the power sector since 1979. In FY20 RECIPMT conducted training for over 3,000 personnel from various organizations from India and abroad.

CSR: Business With Compassion

Under REC's CSR and Sustainable Development initiatives, REC allocated a budget of ₹156.68 crore and disbursed an amount of ₹258.40 crore in FY20, towards projects in the fields of sanitation and hygiene, promotion of healthcare facilities, skill development, women empowerment, environmental sustainability and rural infrastructural development, besides contribution to PM CARES Fund.

REC Limited (A Government of India Enterprise)
(Formerly Rural Electrification Corporation Limited)

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असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.

REC also observed "Swachhta Pakhwada" and "Swachhta hi Seva" initiatives, to undertake cleanliness drive in and around its offices and to raise public awareness about harmful effects of single use plastic, also facilitating the collection and recycling of around 500 kg of single use plastic waste.

Future Strategy: Green Technology and Diversification

The Indian power sector is transitioning from being fossil-fuel centric to renewable energy-centric and increased energy efficiency. The sector is looking forward to increase in the share of green energy to 40% of the total installed capacity by 2030, push for e-Mobility, promotion of energy saving devices and adoption of new & emerging technologies. With electricity reaching all villages and households, there would be an increased demand for power. The increase in power demand would also require robustness in T&D infrastructure, thereby attracting more investment in underground cabling, smart meters & equipment, AMI / AMR infrastructure and Smart Grid etc. Further, in the wake of the economic repercussions of the COVID-19 pandemic, many companies across the world are now considering diversifying their supply chain and relocating to India.

With a strong foothold in its existing area of operations, REC is poised to enter into new areas of business. This will include extending assistance for activities having forward or backward linkage with energy projects, financing electro-mechanical and hydro-mechanical components and associated civil works in large lift irrigation projects, pollution control



Shri R. K. Singh, Hon'ble Minister of State (I/C) for Power and New & Renewable Energy launched a Coffee Table Book commemorating the journey of REC Ltd. over the past 50 years in the presence of Shri Sanjiv N Sahai, Secretary (Power) and Shri Sanjeev Kumar Gupta, CMD REC

equipment in thermal power plants and other emerging technologies. Renewable Energy would continue to be a key focus area for REC over the next few years. E-Vehicles, agricultural pump-sets, energy efficient equipment, smart T&D systems, would continue to create new business opportunities. To meet the challenges and to harness emerging opportunities, REC is well placed in the short-term as well as long-term.

Acknowledgements

I would like to express my gratitude to the Hon'ble Minister of State (I/C) for Power and New & Renewable Energy, Secretary (Power), Additional Secretaries, Joint Secretaries and other Officials of the Ministry of Power, for their continued guidance and support to the Company. I also thank the officials of NITI Aayog, Ministry of Finance, Ministry of Corporate Affairs, DIPAM, DPE, RBI, SEBI, Stock Exchanges and Depositories, for their goodwill and cooperation. Further, I thank the Comptroller & Auditor General of India, Statutory Auditors, Secretarial Auditors, Registrars and other professionals associated with REC.

I am also grateful to all investors, lenders, borrowers and clients of REC, including the State Governments, power utilities and private sector entrepreneurs, for placing their trust in the Company. I record deep appreciation for my esteemed colleagues on the Board, including past Directors, who have contributed immensely towards the growth of the Company. I also convey my heartfelt appreciation for all employees and staff of REC, for their untiring efforts. I am confident that with the cooperation of all stakeholders, REC would continue to achieve greater heights in the future.

Thank you!

With best wishes,
Sanjeev Kumar Gupta
Chairman & Managing Director and Director (Technical)

(This does not purport to be a record of the proceedings of the Annual General Meeting.)