



REC Limited
Media Coverage
12 December 2023

Chairman & Managing Director
Sh. Vivek Kumar Dewangan
Exclusive Interview
In
Smart Governance Magazine

“With a diverse asset portfolio, REC will be able to meet future business growth”

REC holds a strategic position due to its role in financing the power sector and implementing the Government of India's policies and flagship programmes. The company maintains a strong financial position and is well capitalised, with high asset quality, to meet future business growth. REC Chairman and Managing Director **Vivek K. Dewangan** recently spoke with J. P. Gupta on the sidelines of an event about the company's robust portfolio and plans.

Excerpts:

How has been REC's performance in FY23?

Our loan book has increased by 13%. In FY22, our total outstanding loan was around Rs 4.35 lakh crore, up from Rs 3.85 lakh crore. Similarly, our profit after tax (PAT) has increased by 10%. Our PAT in FY23 was Rs 11,055 crore. It was approximately 10,034 crore in FY22.



What is the outlook for FY24?

We are concentrating our efforts in the renewable energy (RE) sector because India has set an ambitious goal of achieving 500 gigawatts (GW) of capacity from renewable energy sources. The total installed renewable energy capacity is currently around 175 GW. To reach the 500 GW target, the country will need to add 325 GW of capacity, which will cost an additional Rs 15 lakh crore. REC plans to invest roughly 20% of this amount, or nearly Rs 3 lakh crore, in renewable energy. Furthermore, as we fund the upcoming green energy corridors, our loan book in the transmission sector may expand slightly.

What is the driving force behind REC's new initiatives?

REC has a diverse asset portfolio with no single borrower accounting for more than 10% of the portfolio, and strong relationships and networks with stakeholders in the Central and State governments allow REC to participate in new strategic initiatives.

What is your short- to medium-term outlook for the power sector?

The long-term plan for discoms' infrastructure upgrades, which will cost more than Rs 3 trillion, aims to increase competition and efficiency in the distribution sector by allowing consumers to select their electricity supplier and monetizing transmission assets. AatmaNirbhar Bharat intends to move towards renewable energy, hydrogen-based energy, and smart metering. Expansion of domestic manufacturing is critical for supporting renewable growth, reducing reliance on imports, and improving the storage-manufacturing ecosystem. The sector

In September 2022, REC was awarded Maharatna status for its adaptability, resilience, and consistent performance even during the global COVID-19 pandemic.

●
REC made its highest ever net profit of 10,046 crore in FY22 and reached a net worth of 50,986 crore thanks to its cost-effective resource management and strong financial policies.

is expected to prioritise renewable energy investments, with the private sector taking the lead in this area, while the public sector will take the lead in conventional and nuclear energy.

What will be REC's future focus areas?

Among the new business opportunities identified by REC are renewable energy projects, large hydroelectric projects, solar rooftop projects, solar parks, KUSUM projects, thermal power plant renovation, and pollution control equipment installation. The company is also considering investing in dedicated upstream infrastructure to ensure a consistent supply of coal. In order to capitalise on upcoming business opportunities and maximise returns for its stakeholders, REC is forming close professional partnerships with national and international financial institutions and multilateral development organisations such as KfW, JICA, the World Bank, IFC, the Asian Development Bank, and SDF. REC intends to raise capital in a competitive manner while adhering to international best practises, with a focus on power sector development in the country and beyond. REC also intends to diversify into new fields, such as funding, subsidiaries, and joint ventures, while closely monitoring market changes in order to maximise stakeholder value.

What is the REC's current corporate exposure?

The state sector remains our primary area of operation in our outstanding loan composition. At least 90% of our loans are in the public sector, where we have never had a default. The private sector accounts for only 10% of the total. However, as we expand our use of renewables, the private sector's share will grow.

interview

“With a diverse asset portfolio, REC will be able to meet future business growth”

REC holds a strategic position due to its role in financing the power sector and implementing the Government of India's policies and flagship programmes. The company maintains a strong financial position and is well capitalised, with high asset quality, to meet future business growth. REC Chairman and Managing Director **Vivek K. Dewangan** recently spoke with J. P. Gupta on the sidelines of an event about the company's robust portfolio and plans.

Excerpt:

How has been REC's performance in FY23?

Our loan book has increased by 13%. In FY22, our total outstanding loan was around Rs 4.35 lakh crore, up from Rs 3.85 lakh crore. Similarly, our profit after tax (PAT) has increased by 10%. Our PAT in FY23 was Rs 11,055 crore. It was approximately 10,034 crore in FY22.



What is the outlook for FY24?

We are concentrating our efforts in the renewable energy (RE) sector because India has set an ambitious goal of achieving 500 GW of capacity from renewable energy sources. The total installed renewable energy capacity is currently around 175 GW. To reach the 500 GW target, the country will need to add 325 GW of capacity, which will cost an additional Rs 15 lakh crore. REC plans to invest roughly 20% of this amount, or nearly Rs 3 lakh crore, in renewable energy. Furthermore, as we fund the upcoming green energy corridors, our loan book in the transmission sector may expand slightly.

What is the driving force behind REC's new initiatives?

REC has a diverse asset portfolio with no single borrower accounting for more than 10% of the portfolio, and strong relationships and networks with stakeholders in the Central and State governments allow REC to participate in new strategic initiatives.

What is your short- to medium-term outlook for the power sector?

The long-term plan for discoms' infrastructure upgrades, which will cost more than Rs 5 trillion, aims to increase competition and efficiency in the distribution sector by allowing consumers to select their electricity supplier and monetizing transmission assets. Aasma Nirbhar Bharat intends to move towards renewable energy, hydrogen-based energy, and smart metering. Expansion of domestic manufacturing is critical for supporting renewable growth, reducing reliance on imports, and improving the storage-manufacturing ecosystem. The sector

is expected to prioritise renewable energy investment, with the private sector taking the lead in this area, while the public sector will have the lead in conventional and nuclear energy.

What will be REC's future focus areas?

Among the new business opportunities identified by REC are renewable energy projects, large hydroelectric projects, solar rooftop projects, solar parks, KUSUM projects, thermal power plant renovation, and pollution control equipment installation. The company is also considering investing in dedicated upstream infrastructure to ensure a consistent supply of coal. In order to capitalise on upcoming business opportunities and maximise returns for its stakeholders, REC is forming close professional partnerships with national and international financial institutions and multilateral development organisations such as KfW, ICA, the World Bank, IFC, the Asian Development Bank, and SDF. REC intends to raise capital in a competitive manner while achieving international best practices, with a focus on power sector development in the country and beyond. REC also intends to diversify into new fields, such as funding, subsidiaries, and joint ventures, while closely monitoring market changes in order to maximise stakeholder value.

What is the REC's current corporate exposure?

The state sector remains our primary area of operation in our outstanding loan composition. At least 50% of our loans are in the public sector, where we have never had a default. The private sector accounts for only 10% of the total. However, as we expand our use of renewables, the private sector's share will grow.

In September 2022, REC was awarded Mahatma status for its adaptability, resilience, and consistent performance even during the global COVID-19 pandemic.

REC made its highest ever net profit of 10,016 crore in FY22 and reached a net worth of 30,969 crore thanks to its cost-effective resource management and strong financial policies.

Interview Link - <https://online.fliphtml5.com/xjbzu/tays/#p=20>

Thank You
