

REC Limited
Media Coverage
06 November 2025

Director (Finance)
Interview
in
Dalal Street





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REC: Fueling Growth with Financial Strength

As India accelerates toward its 'Viksit Bharat 2047' vision, REC Ltd. stands at the forefront, driving sustainable financing across power and infrastructure sectors. Backed by strong credit discipline, diversification, and digital innovation, REC's strategy underscores both resilience and readiness for the nation's energy transition.

REC stands as the largest NBFC in India on a stand-alone basis. Can you shed some light on the kind of financial strategy that the company employs to ensure steady growth?

As a part of REC's financial strategy, the focus has been towards steady growth through a combination of strong financial management, risk diversification, and continuous innovation. To maintain growth and long-term financial stability, REC has been continuously adopting digital technologies, thereby enhancing operational efficiency, such as online loan applications and streamlining processing to accelerate loan disbursements. With more than five decades of experience in the power sector, REC is able to gauge the financing requirements and has created tailor-made solutions for effective and robust financing.

REC enjoys the highest domestic credit ratings from CRISIL, ICRA, IRRPL, and CARE, along with international ratings at par with India's sovereign ratings. The robust operational and financial profile, along with high credit ratings, enables REC to access capital at competitive rates, allowing it to offer cost-effective financing solutions to the power and infrastructure sectors.

Going ahead, REC remains focused on adopting a financial strategy encompassing resource mobilisation from both domestic and international markets

at lower costs, and also maintaining healthy and stable growth, thereby reinforcing its commitment to financial sustainability and sectoral progress.

Besides financing the power sector, REC has also forayed into financing non-power infrastructure and logistics sector. How do you see this transition from conventional power sector financing?

In September 2022, REC was granted Maharatna status, marking a significant milestone in our journey. Following this recognition, the Government of India, placing its faith in us, has authorised us to lend up to one-third of our total annual sanctions to infrastructure and logistics, including roads and expressways, metro rail, airports, IT and communication, social and commercial infrastructure like educational institutions and hospitals, as well as ports.

With strong growth and investment expected in the near future in the conventional power sector, which has also remained our forte, the same will continue to be the thrust area. However, we have been selectively funding infrastructure projects which are backed with stable cash flows, security mechanism, and strong promoter group to have a diversified portfolio. In conjunction with the vision of our Hon'ble Prime Minister of making India a developed nation by 2047, significant investments are expected in the infrastructure sector in India, and we

expect that REC will play an important role in nation building.

Can you please enlighten about REC's borrowing plans and avenues you have in focus for raising funds for future growth?

REC has a market borrowing programme of ₹1.7 lakh crore for the current FY ending March 31, 2026. REC has a strong track record of more than five decades in fund raising, wherein there has been no case of delay or default and instils confidence with investors. REC continuously engages with investors, bankers, and bondholders so as to apprise them about operational and financial performance of REC along with future plans and outlook.

REC has access to multiple sources of funding in domestic and international markets; however, the decision for the preferred funding option is primarily driven by the landed cost. The decision of fund raising is complex and dynamic, as it is dependent on vagaries of markets including liquidity, pricing, tenor, etc.

Domestically, REC has been generally resorting to fund raising in the form of Corporate Bonds, Bank loans, Commercial Papers, etc. REC always strives for widening of borrowing instruments and investor base, and in this process, we raised funds from Zero Coupon Bonds, after seeking specific approvals from CBDT. In addition to domestic markets, REC has been actively tapping offshore markets through

External Commercial Borrowings in forms of Term Loans and International Bonds. Foreign currency borrowings allow REC to tap a new market, broaden investor base and also help in reducing cost of borrowings, with use of innovative hedging instruments. REC will continue to strive to explore new funding options, geographies, instruments, and investor base, which can ultimately increase liquidity and thereby reduce the cost of borrowings.

REC is aiming to become a zero NPA company in the coming financial year. Can you talk us through the progress that the company has on achieving this?

While REC has ensured steady credit growth, we have been increasingly focusing on the quality of our assets. This is evident from the fact that REC's net NPA has come down to 0.24 per cent as at June 2025 from 0.82 per cent as at June 2024. As remaining stressed assets are under advanced stages of resolution, we are confident to become a net zero NPA company by end of current financial year.

It is pertinent to mention that REC has a robust credit appraisal mechanism which not only encompasses strong project appraisal but also equally diligent entity appraisal. We have tight project monitoring systems so as to keep a close watch on progress of project. The primary objective of REC has been to identify and finance healthy assets, which ultimately contribute to nation's goals for the power sector.

REC's commitment to India's renewable energy transition is well-known. What kind of innovative financial strategy has REC come up with to support this transition?

Renewable Energy capacity in the country is estimated to reach 500 GW by year 2030 from current approximately 242 GW. In keeping with Government of India's plan, we are according the highest priority to financing renewable energy projects. REC aims to be a leader in this area with a target of about 30 per cent share of business and with targeted loan outstanding of ₹3 lakh crore by 2030 in renewable energy projects such as Solar, Wind, Hydro, and pumped storage. The

company is also actively pursuing financing new and upcoming technology-based initiatives in the green space such as Green Hydrogen, Ammonia, and Ethanol projects.

What is REC's strategic outlook, considering the nation's energy transition goals and rising power demand and growth of infrastructure sectors?

The power sector operates under a crucial dual mandate: achieving energy security while spearheading the energy transition. The commitment of Government of India towards 'Net Zero' by 2070 and the medium-term target of 500 GW of non-fossil fuel capacity by year 2030 are generating massive investment needs in Renewable Energy (RE). REC will continue to play the pivotal role as leading financier towards enabling this green shift. Also, additional thermal capacity is projected to be installed in the near future for grid stability, and needless to say that REC is the most preferred financier in this segment owing to our more than five decades of experience in the power sector. These humongous capex requirements in the generation segment require commensurate investments in Transmission and Distribution infrastructure to ensure reliable power supply 24x7.

The long-term growth driver is India's rising consumption. Our per capita energy consumption is currently only about one-third of the world average and one-tenth of developed economies like the US. The 'Viksit Bharat' goal by 2047 necessitates a manifold increase in power consumption, creating a vast and durable financing opportunity for REC.

This investment environment is reinforced by the Ministry of Power's proactive policy reforms. Initiatives like the Revamped Distribution Sector Scheme (RDSS) and stringent monitoring of Discoms' financial health are improving sector creditworthiness. Furthermore, faster Environmental Clearances are accelerating project timelines and boosting investor confidence. The policy initiatives such as the new Electricity Amendment Bill are

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bound to be a game changer in the overall dynamics of the power sector.

I am also happy to inform you that REC has also diversified into non-power infrastructure and logistics sector since 2022, which provides an additional opportunity to explore other sectors such as Metro, railways, airports, roads, etc., which will remain to be the focal areas in India's growth story.

To sum up, I can say that REC, as a leading financial institution, is perfectly positioned to capitalise on this energy boom, which will act as a catalyst in powering India's economic ascent. REC will remain to be front runner in funding these expansions planned in the entire power sector value chain, i.e., generation including renewables, transmission and distribution, and booming non-power infrastructure sectors.

Looking ahead, what are the key financial priorities of REC till 2030?

REC aims to double its current Assets Under Management (AUM) to ₹10 lakh crore by 2030 as part of its long-term growth strategy. If we are able to maintain our current growth momentum, we are confident of reaching or perhaps even surpassing this target well before 2030. The primary objective of REC has been stable growth with healthy asset quality, and we shall continue to strive for that. ■