

## Shri Vivek Kumar Dewangan Chairman and Managing Director REC Ltd.



## “REC All Set To Explore New Areas To Stimulate Growth”

**In Q4FY23, the company's revenue from operations rose 6.3 per cent on YoY basis while net profit zoomed 33 per cent from the corresponding quarter last year. What were the contributing factors for this impressive performance?**

The increase in net profit by 33 per cent is primarily on account of write-back of provisioning for loan assets, resulting in lower credit costs. There was a write-back of provisions of Rs 320 crore during Q4FY23 as against provisioning of Rs 754 crore during Q4FY22. The consequent decrease was Rs 1,074 crore and after the tax impact on the same the net profit increased from Rs 2,288 crore during Q4FY22 to Rs 3,001 crore during Q4FY23.

### **What are your top three strategic priorities?**

The top three strategic priorities for REC revolve around the changing landscape of the power, energy and infrastructure sectors and the zeal with which REC and all its employees are planning to charge forward. Defining these priorities in detail, these include:

1. The first and foremost priority is definitely growth and profitability. REC aims to leverage its 'Maharatna' status to expand the business manifold and increase profitability for the company and its shareholders.

2. The second priority would be clean energy and energy transition. As mentioned earlier, the complete landscape of the energy sector is evolving and REC, being a pioneer in financing, is gearing up to be actively involved in supporting clean energy and energy transition initiatives. REC believes that it is not just about capitalising on business opportunities but also about the company's responsibilities to promote renewable energy and contribute to the sustainable development of the nation. REC's funding priorities are being aligned with these ideas.
3. The third priority for REC is diversification. The company's recent mandate into non-power infrastructure lending and subsequent sanctions and disbursements is evidence of its portfolio expansion in terms of both the category of loans as well as the borrower base.

### **The company has forayed into the infrastructure sector. How does this match its long-term objectives?**

REC has forayed into the infrastructure sector as part of its diversification strategy to sustain the growth of its loan assets. While the company's primary focus remains the power sector, it aims to represent around 25-30 per cent of its loan book with non-power infrastructure lending in the next 2-3 years. Diversification into new sectors can help companies mitigate risks and expand their business opportunities. By exploring new areas for lending, REC can potentially tap into new markets and revenue streams, which could contribute to its long-term objectives of growth and profitability.

Furthermore, REC's entry into the infrastructure sector aligns with the Indian government's focus on developing infrastructure and promoting sustainable development. As a leading public sector enterprise, REC has a role to play in supporting the government's initiatives and contributing to the country's economic growth. Overall, REC's foray into the infrastructure sector is a strategic move that aligns with its long-term objectives of growth, profitability, diversification and contributing to the nation's development. India is rapidly moving to the status of being a globally recognised economic powerhouse and therefore infrastructure has to match this escalation to the next level. REC has both the experience and the skills to contribute to infrastructure development and help the nation march forward.

### **What is the company's outlook for the next three years?**

REC has a very strong positive outlook for its loan book expansion in the coming years. Additionally, it is focusing not only on credit growth but also on the quality of its loan assets so as to maintain a healthy loan portfolio and ensure the sustainability of business. Furthermore, REC is exploring diversification into non-power infrastructure lending. By venturing into new sectors and expanding its lending capabilities, REC aims to sustain the growth of its loan assets and potentially increase its market share in the infrastructure space with a target of infrastructure loan

book being 30 per cent of the overall loan book.

Overall, the company plans to have a positive and proactive approach towards achieving its long-term objectives by focusing on loan growth, asset quality and diversification.

### What is the current competitive landscape for the company and what are your plans for enhancing your competitive position?

Speaking of the competitive landscape, REC operates in the power and infrastructure financing sector that is a competitive industry with several players in the field, including other NBFCs, various financial institutions and banks.

The competitive landscape involves factors such as interest rates, loan terms, customer service and the ability to attract and retain clients. With regard to our plans for enhancing the company's competitive position, REC is focusing on several strategies, including the already mentioned diversification plan and focus on clean energy.

REC plans to continually revisit the existing products and at the same time create new lending products. The borrowing mechanisms are also being explored with a fresh perspective with respect to the dynamics on the lending side such as project type and lifecycle. Since the sectors are evolving, the lending and borrowing mechanisms have to evolve accordingly. And REC being a leader in the sector, we will be taking the baton forward. REC acknowledges and welcomes technological

advancements and digital solutions which will enhance operational efficiency, streamline processes and improve customer experience.

By leveraging technology, REC plans to stay competitive in a rapidly evolving financial landscape. Another critical area for REC's competitive position is that of strategic partnerships. REC has been a nodal agency for various Government of India initiatives over the past years and has been again been bestowed with the responsibility, jointly with PFC, for the flagship Revamped Distribution Sector Scheme (RDSS) programme. Collaborating with other organisations such as government agencies, power companies and infrastructure developers can help REC access new opportunities, expand its network and strengthen its competitive position.



### Profile of Chairman & Managing Director

*Shri Vivek Kumar Dewangan is the Chairman & Managing Director of REC Limited, a Maharatna Central Public Sector Enterprise under the Ministry of Power, Government of India. He is an Indian Administrative Services (IAS) officer and holds a Bachelors of Engineering in Electronics from NIT, Bhopal and a Post-Graduation degree from IIT, Delhi. Prior to joining REC, he was Additional Secretary in the Ministry of Power, Government of India.*

*During his illustrious IAS career, he has held various administrative positions in the areas of Finance, Power & Energy, Petroleum & Natural Gas, Elections, Law & Justice, Commerce & Industries, Minister's Offices (Corporate Affairs, Agriculture & Food Processing Industries), Education, Human Resource Development, Sericulture, Agriculture & Cooperation, Economic affairs, Economics & Statistics, Rural Development & Panchayati Raj, District Administration (Surguja & Raipur district in Chhattisgarh and Senapati district in Manipur) and revenue administration.*

*In his current role as CMD - REC, he provides strategic vision and overall direction to REC for achieving its corporate objectives. REC has achieved greater heights under his leadership and is looking to diversify into energy transition and infrastructure funding businesses along with its strong footprints across the energy sector. Under his leadership, REC has been conferred the Maharatna status – the highest recognition for a Central Government organization and became the latest entrant to this coveted club.*

*He is also the ex-officio Chairman of REC's wholly-owned subsidiary viz. REC Power Development and Consultancy Limited (RECPDCL).*