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CMD Interview With ET NOW Transcription



CMD -

At the end of FY24, our net NPA had come down to 0.86%, and at the end of Q1 of FY25, it has come down to 0.82%. As most of the stage assets under advanced stages of resolution through insolvency and bankruptcy court through national company law tribunal route, and bidding has happened. We are quite hopeful that we'll be able to resolve all the asset in this current financial year.

Anchor -

Talking about the focus on renewables. Now, this is something which you have been implementing for the past one and a half years very proactively. Where do we stand now and what is the scope?

CMD -

The major significant growth of REC is coming from the green projects. Our asset Under management had grown by 13% in FY-23, from 3,85,000 crore to 4,35,000 crore. In the last financial year, 24, our AUM has increased by 17%, from 4,35,000 to 5,09,000 crore. Right now, our renewable energy portfolio is about 8% of our asset under management to the tune of about 42,000 crores. This will see a significant jump as we are targeting loan book of about 3 Lakh Crore from renewable energy portfolio by the year 2030, when our asset management we are targeting to be about 10 lakh crore. The 30% of my AUM will come from renewable energy project in the next 5-6 years.

Anchor -

So that is the plan. Now, you talk about the sanctions. It has been over one-lakh crore till last quarter. And correct me if I'm wrong, how do we stand on disbursements part? Because that is important as far as the implementation of these disburse loans is concerned.

CMD -

Yeah, Our primary focus is on the disbursement, actually. In FY-23, our disbursement was to tune about 97,000 crore. Last year in FY-24, our disbursement increased to 1,61,000 crore. And in the Q1 of current financial year, as compared to Q1 of the last financial year, it has increased from 34,000 to 43,000 crore. So, the disbursement is increased at quite substantial pace, and we have made a conscious effort to increase our disbursement from Q1 itself. Q1 and Q2, if we focus, then naturally, our disbursement increases in Q3 & Q4. So, we are targeting total disbursement of more than 1,90,000 crore in the current financial year.

Anchor -

So talking about renewable focus, you have mentioned you mentioned about 2030 plan. But till FY25, where do you see yourself in terms of book, where it should be?

CMD -

Last financial Year, in FY-24, our total sanction of renewable energy project was to the tune of 1,36,000 crore. In the current financial year, we are targeting renewable energy project sanctions more than 1,50,000 crore, and it will see a substantial jump, actually. Right now, my renewable energy portfolio is about 42,000 crores. We are targeting to increase it to about 60,000 crores by the end of this FY-25.

Anchor -

So around 50% increase?

CMD -

Yeah

Anchor –

Okay. And how are the orders placed? Which are the projects and pipeline you see currently, which you already have in hand, which are currently underway. What is your expectation in this financial year?

CMD -

We have huge pipeline of projects, actually, particularly with regard to renewable energy project. We are covering the entire value chain. We are financing solar projects, hybrid solar wind projects, storage solution, be it battery energy storage or pump storage, hydro projects. We are also financing large hydro projects. We also sanction projects pertaining to solar module manufacturing, wind turbine manufacturing, electric vehicle mobility and associated charging infrastructure. New technology area like green hydro and green ammonia also we have been financing. So, you see the entire value chain of green projects we have been financing, and we would like to go. We have a huge pipeline of projects, and we are quite confident that we'll be able to build Loan book about Three lakh crore from this renewable energy projects by the year 2030.

Anchor -

Our next question is there on the margins front. Now, how do you navigate the challenge of maintaining the margins? Where do you see yourself?

CMD -

We are quite hopeful that we'll be able to hold on to margin about 2.8%. The spread will be there from 2.8 to 2.9%, and we'll be able to hold on to our net interest margin from 3.6 to 3.7%.

Anchor -

One of the good things which shareholders is getting from the company, and they expect many times or more is a dividend. Now, this pay-out ratio balancing with the profits, how do you want to navigate? Should investors continue to expect these kind of dividends in the current financial year as well?

CMD -

Yes, we are one of the highest paying dividend company. Last year, our total dividend payout was about 16 Rupee per share for a share of 10 Rupee. And we hope that we'll be able to maintain the government-mandated norm that 5% of the net worth or 30% of the fact. Whichever is higher, we are committed to give that much dividend to our shareholders.

Anchor -

One last question before I let you go. In your vision for REC, what are three top priorities?

CMD -

First priority is to double our Asset Under Management to, say about 10 lakh crore by the year 2030. Second top priority is to give renewed focus on renewable energy projects, which will be our core competency area in near future, and 30% of our asset and management will come from renewable energy project. And third focus area will be to strengthen our core competency area, that is conversion, generation, transmission, distribution business.

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