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## CMD Interview with ET NOW Transcription



**REC Limited/ आरईसी लिमिटेड**  
(A Maharatna Government of India Enterprise)  
(भारत सरकार का महारत्न उद्यम)

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**Anchor -**

Let's move on then and put the spotlight on our REC. Understand a little bit more about their order book, the borrowing picture, what is their diversification strategy and what's in store for FY-25 joining in right now we have Vivek Kumar Dewangan, who is the chairman and managing Director at REC. Thank you so much for taking time out now. Given that at the Invest 2024 the company signed the non-binding MoU with RE-Developers and that aggregated to about 1.12 lakh crore rupees, can you give us more details on this? Who are some of the players? What will be the timelines for these MoU's?

**CMD -**

Re-Invest Summit was organized by Ministry of New Renewable Energy during 16 to 18th of September at Gandhinagar and we are given our letter of commitment that is called Shapath Patra to Honourable Minister for New and Renewable Energy. That REC would be committed to provide financing to the Entire value chain of renewable energy projects and we intend to increase our renewable energy portfolio to about 3,00,000 crores by the year 2030. In the light of this commitment, we had Discussion one-on-one basis with the various developers in the RE sphere and we were able to sign MoU's worth 1,12,000 crore covering solar wind projects, hybrid solar wind projects, battery energy storage projects, pump storage, hydro projects, large hydro projects, electric vehicle Mobility and the associated charging infrastructure, solar module manufacturing, wind turbine manufacturing Units, new technology, they are like green hydrogen, green ammonia. The entire value chain of renewable energy projects will be covering through this financing, which we are committed to Ministry of New and Renewable Energy.

**Anchor -**

Right, Mr. Dewangan. For this? How much will you finance this year itself? That's in FY-25.

**CMD -**

Yeah. Let me just go a little backward. Last year when we had organized Green Finance Summit on the side line of G20 Anytime Working Group meeting in Goa in the month of July 2023, that time we had signed MoU's worth 2,85,000 crore and I am happy to share with you. That out of 2,85,000 crore MoU's which you had signed the month of July 2023, we have already sanctioned projects worth 1,75,000 crores so far. and the MoU's which we have signed about 1,12,000 crores in Gandhinagar, we hope that we'll be able to issue sanctions and approvals within next one year.

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Receiving Maharatna status, the company was also eyeing international projects. The financing of the green Energy Corridor also. So, what is the status of the international projects now?

**CMD -**

Yeah. In fact, after getting Maharatna status in the year 2022 in the month of September 22. We have got more operational and financial autonomy. Our board has been empowered to take decisions. We have given special focus on evacuation of the renewable energy. Since renewable energy is intermittent in nature, we need to have balancing power or storage

solution, the evacuation of green energy, through green energy corridor becomes very Critical. So, we have been financing this transmission line for evacuation of this green energy through the green energy corridors and we are committed that right now we have been financing green energy corridors only in the within the country. So far, no proposal have come from outside the country, if Any such proposal come will evaluate and will go by the guidelines of RBI while financing projects outside India.

**Anchor -**

And you have also said that your total loan portfolio will be 10,00,000 crores by 2030, which means an addition of 2.5 lakh crores for renewable energy and the non-renewable side each. Some would say that's a bit conservative especially on the renewable side. Would you be revisiting these targets?

**CMD -**

Yeah. Let me just give the facts first. Our loan book at the end of financial year 24 was 5,09,000 crore and after the end of quarter one in FY-25, our loan book has increased to 5,30,000 crores. Now, we have made a study that we would like to double our asset under management to say about 10,00,000 crores by the year 2030 and most of it will come from renewable energy projects. Right now, my renewable energy portfolio, about 42,000 crore that would see a huge jump about 6 to 8 times. It will increase to about 3,00,000 crores. You have to understand that the project execution of renewable energy products quite fast within two to three years, these renewable energy products get commissioned while large hydro projects and the coal-based power plant, they took more time four to six years. Yes, I do agree that we had made. We are given conservative estimates but as going by the huge response that we received through the RE Invest Summit, I think that we'll be able to touch this 3,00,000 crores renewable and portfolio well before 2030, maybe 2028-29 itself we'll be able to achieve that target.

**Anchor -**

Right. Your company has given a guidance of about 17 to 20% growth in the loan book in FY-25. Will you be revising the guidance upwards looking at the pace of the power sector?

**CMD -**

Actually, we go by the hard Facts actually FY-23 our loan book had gone by 13% and FY-24 our loan book has increased by 17%, In the current financial year FY25, at the end of quarter One our loan book has increased by 17%. We hope to maintain that we are targeting that loan book may grow from 17 to 20%, but we are keeping a conservative estimate that at least 70% growth will be able to achieve and you have to appreciate the fact that whatever renewable energy project which we have sanctioned, that disbursement takes place over a period of two to three years, it doesn't happen instantaneously. Definitely the disbursement will increase substantially in FY-25 and 26 and our loan books will accordingly increase FY-26.

**Anchor -**

The company was expecting 2000 crore write back in FY-25. The Lanco Amarkantak resolution was one of them, where Adani has already got the NCLT approval. When do you expect recoveries from this and how much recoveries can we expect in this quarter?

**CMD -**

Yeah, Lanco Amarkantak Resolution has already been resolved. The NCLT order has already come to that write back will happen in this quarter itself and plus we have some operational asset like KSK, Mahanadi here in my project and this Sinner plant is at Nashik. They are at advanced stage of building and the initial bids that we have. See the response is quite good and we hope to have good recovery. Although we have made reason to the extent of 68 to 70%, but we hope that we'll be able to recover almost the entire amount. So, we hope to get. Right back about 1500 crores or 2000 crore in the current financial year.

**Anchor -**

And your company also has foreign exposure in borrowing, especially in the Japanese yen. Off late, we have seen Japan raising interest rates. How does this impact your interest payments? Will you go ahead and continue borrowing in the Japanese yen?

**CMD -**

We keep a prudent mix our borrowing profile, actually our 40 to 40% borrowing from the domestic corporate bonds about 18% borrowing is from the domestic term loan from the banks and 25 to 30% is from the external commercial borrowing. The external commercial borrowing at this. At the present level, after accounting for all the hedging costs is cheaper than our domestic borrowing. What we do is that we do 100% hedging of whatever excellent commercial borrowing we are doing, that's why even if any fluctuation is there, the exchange rate or the borrowing the we do not get affected by all and in fact are borrowing from the extreme commercial sources we are targeting below 7%. And while domestic borrowing varies from 7.3 to 7.5%, so there's clear cut benefit of 30 to 50 basis point if we are going for foreign currency borrowing. So, we do take a judicious view and our overall target is to reduce our cost of funds.

**Anchor -**

Right, Mr. Dewangan, in 2023, your company also entered into infrastructure and logistics financing, right? How much financing is done in these two sectors? And also, are you looking to diversify going forward?

**CMD -**

Yeah, actually we had got approval from the Ministry of Power to diversify into non power infra logistics in the year 2022 and in the first year we had sanction was worth about 85,000 crores. But in FY-24 we sanctioned projects worth about 40,000 crores only. Right now, my hands are full actually. Our core competency is in the power sector. The power generation distribution and transmission. And with the renewed focus on renewable energy, a lot of projects are coming in. The traditional power sector and renewable energy projects. Since my hands are full from my core competency. We are very choosy about this Non point for the logistics and our first priority and has to utilize our core competency area in power sector and renewable energy sector.

**Anchor -**

If I could encourage you to clear the Air. We understand that. Vodafone Idea approached REC for fundraising. Is it true? Are they speaking to you? Could you be looking at them?

**CMD -**

No such proposal is there with us, at present, and anyway we have not done any telecom sector financing. So, we'll be very cautious and right now we are not considering any such proposal for telecom, for the financing at this stage.

Link - <https://youtu.be/vaAwdcfyiz0>

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