

REC Limited Media Coverage July 2024

REC Limited Advertorial In Open Magazine



ENERGIZING INDIA's GROWTH STORY

REC Limited has played a pivotal role in shaping India's power sector landscape. Established in 1969 with a focus on electrifying rural India, REC has evolved into a leading NBFC to finance the entire power sector value chain, including generation, transmission, distribution, and renewable energy segments.



Shri Vivek Kumar Dewangan
Chairman and
Managing Director,
REC

POWER GROWTH

REC actively participates in the development of new financial instruments, such as green bonds, to support sustainable power projects. REC shall continue to strive to raise cheaper resources from all sources, domestic and international and provide cost effective financing products to the sector.

growth of 34%. The sanctions book shall translate into the loan book in the next couple of years. In line with the Installed Capacity projections of the country to grow from 441 GW in FY 2024 to 777 GW by FY 2030, REC's total Loan Book is targeted to grow from current level of ₹5.09 lakh crore to ₹10 lakh crore by FY2030.

MAHARATNA STATUS AND DIVERSIFICATION INTO NON-POWER INFRASTRUCTURE: In September 2022, REC got Maharatna Status. Post this, Govt. allowed REC to lend to the logistics and infrastructure sectors up to 1/3rd of our total sanctions annually. In FY24, REC sanctioned ₹40,569 Crore to non-power infrastructure sectors comprising Roads & Expressways, Metro Rail, Airports, IT Communication, Social and Commercial Infrastructure (Educational Institution, Hospitals), Ports and Electro-Mechanical (E&M) works in respect of various other sectors like Steel, Refinery, etc. The lending mandate accorded by Ministry of Power to finance non-power infrastructure is likely to comprise around 15%-20% of the loan book of REC by FY 2030 i.e. ₹1.5 lac Cr to ₹2 lac Cr.

CHAMPIONING RENEWABLE ENERGY: Renewables capacity in the country is estimated to reach 485 GW (Non-Fossil 500 GW) from current 182 GW (Non-Fossil 190 GW) by 2030. In line with this energy transition pathway of the country, REC's Renewables Loan Book is targeted to grow from current ₹38,971 crore to ₹3 lakh crore by 2030 representing a CAGR of 35%. The recent pace of sanctions in renewables confirms this target is on track as there has been an increase in Renewables in FY24 over FY23 by 533%.

As India's power sector is standing at the threshold of a significant transition committed to increase the green energy contribution and achieve the ambitious target of net zero emissions by 2070, REC is a key player in this journey.

ILLUMINATING INDIA: REC's primary mission since its inception has been to bridge the gap and electrify whole India. Through financial assistance for power projects in underserved areas, REC has significantly contributed to India's electrification drive. Our financing has helped build transmission and distribution lines, substations, and renewable energy projects, bringing light to millions of homes across the country. Every fourth bulb illuminated in the country is financed by REC.

FINANCING POWER GROWTH: REC has emerged as a critical financial institution for the entire power sector. We provide loans for various power projects, including generation (thermal, hydro, renewable), transmission, and distribution including backward and forward linkages in Coal Blocks, Pollution Control measures to improve emission efficiency like FGD installation, Super Critical Thermal Plants etc. The loan book has maintained its growth trajectory and has increased by 17% to ₹5.09 lakh crore as against ₹4.35 lakh crores as on 31st March 2023. Our approximate 90% lending is in state sectors and 10% lending in private sector. The company is witnessing healthy traction in the new projects and the same is evident from the healthy growth in sanctions. The sanction during the FY24 achieved ₹3.58 lakh crore against ₹2.68 lakh crore achieved during FY23, representing a

INNOVATION AND EFFICIENCY: REC has continuously embraced innovation to improve its services and efficiency. We have implemented online loan applications, streamlined processes, and adopted digital solutions for faster loan disbursements. Additionally, REC actively participates in the development of new financial instruments, such as green bonds, to support sustainable power projects. REC shall continue to strive to raise cheaper resources from all sources, domestic and international and provide cost effective financing products to the sector.

FINANCIAL SUSTAINABILITY: REC has maintained a strong financial performance, contributing to India's overall economic well-being. We have consistently achieved healthy profitability and a strong credit rating, allowing us to provide competitive financing options. REC holds the highest credit rating from CRISIL, ICRA, IRRPL & CARE and internationally rated at par with the sovereign ratings. Additionally, our focus on diversified loan portfolios helps mitigate risk and ensures long-term financial stability. It is not the only the credit growth REC is focusing but also the quality of loan assets, which is evident from the fact that no new NPA has been added during the last nine consecutive quarters and the net NPA has come down to 0.86% as at Mar'24 from 3.32% as at Mar'20. We expect, by March 2025, we shall be a Net zero NPA company.

NODAL AGENCY: REC continues to play a key strategic role in the flagship schemes for the power sector and has been nodal agency for Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGAYA), Deen Dayal Upadhaya Gram Jyoti Yojana (DDUGJY) & National Electricity Fund (NEF) Scheme. REC has also been made the nodal agency for the Revamped Distribution Sector Scheme (RDSS) under which Govt. targets to install 250 million smart meters by 2025. Recently, REC has also been given the responsibility of PM Surya Ghar Muft Bijli Yojana under which Govt. targets to install Roof Top Solar on 1 Crore households.

54EC BONDS: REC has always carved a niche for itself with its innovative and forward thinking ideas. In 2023, the company has unveiled an array of customer centric services for the convenience of

its 54EC Capital Gain Tax Exemption Bonds holder including the 'SUGAM REC' mobile app. The idea behind these innovations is to move from customer satisfaction to customer delight.

SOCIAL IMPACT: At the core of REC's business practices, there has been a constant endeavour to balance economic, environmental, and social growth. Through its CSR arm, the REC Foundation, the company has been actively involved in facilitating inclusive growth through projects in areas including health and wellness, women empowerment, rural development, environmental sustainability, and education among many others. REC Foundation has made major impact by supporting the training and incubation of sports talent in the country, providing medical assistance and educational facilities to the last mile, and running skilling programmes

for the youth. Through these projects, REC is working constantly to create a more equitable and sustainable society, and bringing about meaningful difference in lives of the beneficiaries. REC has supported over 400 projects in healthcare, sanitation, clean water access, education and skill development, women empowerment, sports and environmental sustainability. With over ₹1,300 Crore of CSR funds disbursed, REC's cumulative commitment towards CSR activities stands at more than ₹2,000 Crore.

In conclusion, REC Limited's achievements over the past five decades have been instrumental in shaping India's power sector. From illuminating rural homes to fostering renewable energy adoption, our multifaceted efforts have empowered communities, strengthened the economy, and paved the way for a sustainable future. ■

REC ACHIEVEMENTS OVER YEARS

2017 First Indian PSU to issue USD Green Bonds on London Stock Exchange

2018 Achieved 100% village electrification under DDUGJY as Nodal Agency

2019 Achieved 100% Household Electrification under SAUBHAGYA as Nodal Agency

2021 Appointed as Nodal Agency for RDSS

2022 Raised Largest-ever Syndicated Term Loan by an Indian NBFC with USD 1,175 Million Term Loan

2022 Conferred Maharatna Status by the Govt. of India

2022 With Government's permission forayed into Infrastructure and Logistics sector financing.

2023 Issued Green Bonds of USD 750 million & listed on GIFT IFSC Stock Exchanges

2023 Secured place in MSCI Global Standard Index

2023 Becomes the largest NBFC on standalone basis

2024 Lowest net NPA in the Industry at 0.86%

2024 With market sentiment on the rise and investors showing stronger interest, ascended from Mid Cap to Large-Cap basket in the AMFI's latest list published (Jan'24).

2024 Issued first ever Yen denominated Green bonds by Indian PSU of JPY 61.1 Billion, which marked the largest ever Euro-Yen issuance and also non-sovereign Yen-denominated issuance ever by a South & South-East Asian issuer.

2024 Appointed as Project Implementing Agency for PM Surya Ghar Muft Bijlee Yojana.

2024 Received approval from RBI to set up subsidiary in GIFT City

