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असीमित ऊर्जा, अनन्त संभावनाएं
Endless energy. Infinite possibilities.
A MAHARATNA COMPANY

REC Limited | आर ई सी लिमिटेड
(भारत सरकार का उद्यम) / (A Government of India Enterprise)
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CIN : L40101DL1969GOI005095 | GST No.: 06AAACR4512R3Z3

SEC-1/187(2)/2026/3090 **Dated: November 4, 2026**

लिस्टिंग विभाग नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड एक्सचेंज प्लाजा, बांद्रा कुर्ला कॉम्प्लेक्स, बांद्रा (पूर्व), मुंबई - ४०० ०५१	**कॉर्पोरेट संबंध विभाग** बीएसई लिमिटेड पहली मंजिल, फीरोज जीजीभोय टावर्स दलाल स्ट्रीट, फोर्ट, मुंबई - ४०० ००१
स्क्रिप कोड—RECLTD	**स्क्रिप कोड—532955**
Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.	**Corporate Relationship Department** BSE Limited 1st Floor, Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai – 400 001.
Scrip Code—RECLTD	**Scrip Code—532955**

Sub: Transcript of Investors Conference Call held on October 29, 2026.

महोदय/महोदया,

In continuation of our earlier letter(s) dated October 26, 2026 & October 29, 2026 and pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith transcript of Investors Conference Call (Group Meet) of REC Limited held on October 29, 2026.

यह आपकी जानकारी के लिए है।

Thanking you,

Yours faithfully,
For REC Limited

DINESH GARG

Digitally signed by DINESH GARG
DN: c=IN, st=Haryana, 2.5.4.20=5402a6280f5e1fe498c111801 5cd082802338 48ae85147a3697421 10d5ea67f8, postalCode=122001, street=Dinesh Garg House No 603 Tower C 7 PWO Apartments Opposite Huda City Centre Metro Station Sector 43 Gurugram Gurgaon, pseudonym=d1e7efcc079a4dd7a4c23c516e39aeb9, title=90745, serialNumber=608165ab115d3bfb3650861f705ac9bfb dbd94adb67230e9690fc81b0b2f2577c, cn=Personal, cn=DINESH GARG
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(Dinesh Garg)
Company Secretary &
Compliance Officer

Encl.: As above

"REC Limited

Q2 & H1 FY'27 Earnings Conference Call"

October 29, 2026

MANAGEMENT: **MR. JITENDRA SRIVASTAVA – CHAIRMAN AND MANAGING DIRECTOR – REC LIMITED**
MR. T.S.C. BOSH – DIRECTOR, PROJECTS – REC LIMITED
MR. RAJESH KUMAR – DIRECTOR, FINANCE – REC LIMITED
MR. MOHAN LAL KUMAWAT – EXECUTIVE DIRECTOR, FINANCE – REC LIMITED
MR. SUPREET PANDYA – DGM, FINANCE – REC LIMITED

MODERATOR: **MR. SHREEPAL DOSHI – EQUIRUS SECURITIES**

Moderator: Ladies and gentlemen, good day and welcome to REC Limited Q2 and H1 FY '27 Earnings Conference Call hosted by Equirus Securities. This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions and expectations of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

As a reminder, all participant line will be in the listen-only mode and there will be an opportunity for you to ask question after the presentation concludes. Should you need assistance in the conference call, please signal an operator by pressing star then zero on your touch-tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Shreepal Doshi: from Equirus Securities. Thank you and over to you, sir.

Shreepal Doshi: Thank you, Danish. Good afternoon, everyone. We welcome you all to the earnings conference call of REC Limited to discuss the Q2 and H1 FY '27 performance of the company. To discuss the company's performance, we are pleased to welcome Mr. Jitendra Srivastava:, Chairman and Managing Director; Mr. T.S.C. Bosh, Director, Projects; Mr. Rajesh Kumar:, Director, Finance; and Mr. Mohan Lal Kumawat, Executive Director, Finance.

On behalf of Equirus, we would like to thank the senior management of REC Limited for giving us the opportunity to host this call. I would now like to invite Mr. Supreet Pandya, DGM, Finance, to take us through the presentation. This will be followed by the opening remarks from Mr. Jitendra Srivastava:, CMD, REC, after which we will open the floor for question and answer. Over to you, Supreet.

Supreet Pandya: Thank you, Shreepal, and thank you, Equirus team. Good afternoon, everyone. REC welcomes you all to this Q2 FY '27 and H1 post-earnings call. Just for kind information of all, the investor presentation has been uploaded on stock exchanges and also on the website of REC in compliance of SEBI norms.

I shall now take you through to an investor presentation for the quarter, which has been broadly divided into 6 areas, which is the REC overview, financial highlights, operational performance, asset quality, shareholders' outlook and what we are doing in ESG at REC.

As you are aware, that REC has a successful track record of more than 5.5 decades now, where it has grown leaps and bounds and has rewarded its shareholders time and again with dividends, bonus shares, and it currently boasts of a strong financials with stable asset quality. As a pioneer of new initiatives, most recently in 2026, REC has successfully launched India's first pilot issuance of tokenized corporate bonds under the SEBI regulatory sandbox framework.

We have multiple strengths as a company, of which some are that we are the highest domestic-rated company in India with AAA rating. Internationally, we are rated at par with the sovereign ratings of India, where we are rated Baa3 by Moody's, BBB- by Fitch, and most recently, Japan Credit Rating Agency has upgraded the international ratings of REC to A-, and all are with a stable outlook.

We maintain a very robust asset quality with healthy provision coverage ratio. We are one of the strategic leaders in India's power, infrastructure and logistics sector, and are also nodal agency for major Government of India power sector reforms, the most recent being the Rooftop Solar Scheme, the RDSS scheme and the India Energy Stack. We are also a major player in the renewable energy and creation of India's Green Energy Corridor.

We have a diversified portfolio on our business side, where we are funding across entire infrastructure and power sector value chain. Power sector value chain including renewable energy, conventional generation, transmission, distribution, infrastructure and also logistics. We have the capability available to appraise, fund and monitor the newer technology such as battery storage, pump storage, green hydrogen, nuclear and all the new emerging technologies.

We have won various awards and accolades across all the areas, including corporate governance, financial reporting, risk measurement and planning. I am glad to inform you that most recently, REC has been awarded as the NBFC of the Year at the 3rd Annual Bharat NBFC & FinTech Summit & Awards 2026.

Coming on to the financial highlights, for the half year FY '27, the loan book of REC has reached its all-time high of INR6.17 lakh crores, which is a growth of 6% from the last year at the same time. The net worth has increased to INR94,325 crores, a growth of 14% Y-on-Y. While maintaining such high loan book, the net credit-impaired assets have gone down by 50% to 0.11% as at 30 September 2026, which was about 0.24% last year same time.

The total income of REC for the half year has reached to INR29,068 crores, and the net interest income of roughly INR10,116 crores. The net profit for the half year has reached to INR7,541 crores. The capital adequacy ratio, which gives an indication of the future growth potential of any company, we are comfortably placed at 24.04% against the RBI requirement of 15%.

Coming on to the broad areas of revenue and profits, the interest income of REC for the half year was INR28,398 crores, while the finance cost was about INR18,282 crores, giving a profit before tax of INR9,483 crores and resultant PAT of INR7,541 crores.

The key ratios of REC for the half year: the yield on loan assets was 9.57%, which was stable as compared to where we were in the Q1 of 9.55%; the cost of funds was 7.19% in the half year, and the resultant spread being 2.38%. The NIM has remained stable at 3.22%, and the ROE is at 16.89%. The interest coverage ratio is comfortably placed at 1.52x, and the debt equity at 5.6x.

Coming on to the operational performance of REC for the half year FY '27, REC has disbursed INR56,457 crores, which is 67% growth over Q1 FY '27. a . We have made disbursement across all the categories and disbursement remains to be strong. During the Q2, roughly 11% of our disbursement went into conventional generation, 17% into renewable energy and distribution contributed 22% of the disbursements that we made in Q2 FY '27.

On the outstanding loan assets, we continue to maintain strong AUM growth in Q2, which has risen by 6% from 31st of March 2026, and in fact, if we compare, this growth as at 30th of June, it is 5%. This growth has come across all the areas if we compare with 31st of March and 30th

of September. The conventional generation book has grown by 4%, the renewable has grown by 15% and the infra and logistics, which is the area where we have recently diversified about 3 years back, is now constituting 10% of our portfolio and has grown by roughly 6% from 31st March 2026. This is a significant growth as compared to what we have seen across all other NBFCs, where we remain insulated by all the major geopolitical issues, crude-related issues and the weak monsoon as well.

On the outstanding borrowing front, the borrowings of REC has reached to INR5.27 lakh crores, which is a growth of 4% from 31st of March 2026.

Now I will come on the asset quality. REC remains committed to continuously resolve its bad assets, which are very, very insignificant now. In the current quarter also, we resolved one project worth roughly INR4 crores, and as a result, our gross credit-impaired assets have come down to 0.22% and the net credit-impaired assets have come down to 0.11%, which is significantly low considering the asset size on which we are operating . We continue to maintain a provision coverage ratio of roughly 51% on the NPA assets that we have right now. Let me tell you all, whatever NPA are there as of now are all in the private sector, and there have been no new NPA from last 19 quarters of REC operations.

On the Stage 1 assets, we maintain a provision of 0.85%, and these Stage 1 constitutes about 99.26% of our total loan portfolio. The Stage 2 assets have come down by almost 4x, from INR12,350 crores as at 30th of June and has come down to INR3,235 crores, and we are maintaining a provision of 4.5% on these Stage 2 assets as well. These all provisioning are giving us a comfort on the balance sheet. In addition to these provisions, we continue to maintain statutory reserves under 45-IC of the RBI Act and as required under the Income Tax Act, which is about INR18,736 crores and INR1,200 crores respectively.

Coming on to the shareholders' outlook, we have continuously rewarded our shareholders with dividends. Last year, we paid a dividend of INR18.55 over the face value of INR10. In the current year also, we have declared a total dividend of INR7.75, which includes INR3.5 dividend which has been declared for the quarter 2. Now let me tell you all, this dividend is in addition to the various bonus issue shares that we have given in the past, and we continuously maintain the 30% dividend payout ratio as mandated by the Government of India.

The shareholding pattern of REC has also been given in the presentation, and I wish to inform you that the shareholding of foreign institutional investors in REC has gone up from 15.76% as of 30th of June to 16.78% as of 30th of September, which gives an idea that we remain to be one of the few companies in India right now where FIIs have improved their shareholding.

The earning per share for the half year has improved to INR57.27 on annualised basis, and the book value per share is currently at INR358.21. As per the current market price of REC share, it is currently trading at a discount to the book value.

I will quickly take you through to the ESG initiatives at REC. We are making continuous efforts toward ESG goals. Most recently, REC has started incentivizing its ESG-compliant renewable borrowers. In fact, I am happy to inform you that we have been ranked first among 505 Indian

financial sector companies in NSE ESG ratings. REC's renewable energy portfolio has continuously grown by more than 3x in the last 5 years and has reached to INR86,660 crores as at 30th of September 2026. This renewable energy portfolio is across all the diversified areas, where solar constitutes 35%, pumped storage projects constitute 14%, hybrid 18% and also hydro 13%. The ESG ratings have also been displayed on the website of REC.

If you need to ask any questions beyond this call as well, we have given our Investor Relations e-mail IDs and also social media network handles as well, where you can reach out to the investor cell of REC at any point of time. This is what the presentation is all about.

May I now request Chairman sir to give his opening remarks, and then we can open the floor for the Q&A.

Jitendra Srivastava: Thank you, Supreet. A very good afternoon to all of you and to my wonderful directors on the Board. We stand here today talking to all the investors and shareholders of REC, and I would like to say that this quarter has been very good for REC.

Quarter 2 and the first half of the year have shown remarkable improvements over last year. And today, I am very happy to say that we have a very high disbursement of close to INR90,000 crores, out of which almost INR80,000 crores is just in the power sector. This is the highest disbursement amongst all our peers for the first half of this year.

And while doing these huge disbursements, we have maintained our asset quality. Like I said, asset quality continues to be a very high-priority area for us. We have brought down our overall net NPA by almost 50%. Last year, it was close to 0.24%. As on end of this quarter, it is at 0.11%. That's almost a 50% drop in our net NPAs. Even if you look at our Stage 2 assets, our Stage 2 assets have come down by a factor of 80%. It was close to INR12,500 crores; it has come down to roughly INR3,300 crores.

I am sure all of you will appreciate that REC continues and will continue to pay a lot of attention on the asset quality of all our investments and all our borrowers. Apart from this, I am very happy to say that our renewable sector growth has shown tremendous improvement. Our RE portfolio loan book stands at close to INR86,000 crores, which is 27% increase over last year. Our infrastructure loan book also has increased to almost INR62,000 crores, and currently, infrastructure accounts for almost 10% of our loan book.

Power continues to be and will remain our mainstay, and I am very happy to say that the power sector itself is poised for a manifold growth over the next 4 or 5 years. If we look at certain projections by the NITI Aayog, the NITI Aayog predicts that India will need close to $5 trillion, that is roughly INR500 lakh crores, investment in the next 15-20 years. Assuming that, like we fondly say, that 1 out of every 4 light bulbs that glow in India are financed by REC, which is indicative of our roughly 25% market share. If we go by that, we are looking at funding opportunities close to the tune of over INR100 lakh crores over the next few years.

Government of India continues its attention to the power sector. Recently, Government of India has announced a INR1.85 lakh crores project for strengthening the transmission sector of the country. The RDSS continues to play out. The Rooftop Solar Scheme is growing leaps and

bounds, and I am very happy to say that REC being the nodal project implementation agency for Rooftop Solar Scheme, we have achieved almost 55 lakh installations, and our applications have touched almost 95 lakhs against a target of 1 crores installations which we have targeted by the end of this year.

Our contribution in the RDSS continues to increase, and we work very closely with the states. And we are very happy that the states that we are handholding for the Revamped Distribution Sector Scheme are showing tremendous improvements in AT&C losses and they are turning more profitable day-by-day.

I would also like to mention that while we are paying attention to business, while we are paying attention to government programs, we take a lot of pride in our ESG commitments and our ability to handle risks. I am very happy to say that our ESG ranking is the first among all 505 financial institutions in the country as per NSE ratings. And this year, we are committed to trying to become the first carbon-neutral organization. We are trying to ensure that our Scope 1 and Scope 2 emissions are brought down to 0, and we are very hopeful that in this financial year, we will become the first carbon-neutral financial organization in the country.

Apart from this, in risk, we have the ISO 31000:2018 certification, which further underscores our commitment and the importance we pay to risk management. And we are very hopeful that our systems will keep on evolving to serve our investors and to serve our borrowers better.

As far as further growth is concerned, I am sure that's a question which is agitating the minds of everybody. As on date, we have already disbursed close to INR90,000 crores, and we have set a target of over INR2 lakh crores for our disbursements. And already, we have shown a 6% increase. We are very confident of touching double-digit growth, and we are hopeful that we should be able to show around 10% to 12% growth by the end of this year.

All of you will appreciate that the environment right now is full of competition, and I am sure you are also aware that the power sector as such has derisked significantly. We are very proud that we are passing on whatever derisking is happening in the sector; we are passing it on to our borrowers. And consequently, due to the competition as well as the derisking of the sector, our net interest margins have come down slightly. However, we still maintain highest among the highest net interest margins in the sector, and we are very confident that our NIMs will not go down further too much. So combined with a high growth of over 10% - 10% to 12% - and sustainable NIMs of over 3% - 3.2%, we are fairly confident that this year again we will deliver wonderful growth and we will continue to create value for our investors and our shareholders.

With this, I would now like to throw the field open to our callers, and our team stands ready to answer any queries which all of you might have. Thank you one and all.

Moderator: Thank you so much sir for the wonderful opening remarks. The first question comes from the line of Avinash Singh with Emkay Global Financial Services Limited. Please go ahead.

Avinash Singh: **Good afternoon,** Two questions. First, if you can help not sure if you already explained, but if you can help understand this NIM compression, what has led to this kind of a sharp increase in

borrowing cost? Is there kind of an increase hedge cost being part of your cost of fund and that going forward how this NIM trajectory will look like? So that's one.

And second, more on the medium- to long-term, I mean, of course the CEA or the other planning bodies, they keep making certain projections of or rather, I would say, pretty optimistic scenario of the coal-based thermal power plant that India needs over the by 2032 or 2035. But in reality, I mean, even when this coal capacity requirement being now projected to be higher, maybe 120, 125 gigawatt over the next 7, 8 years, but in reality, I mean, the state, particularly state utilities, which are your typically, I would say, the target borrowers, have not shown any significant progress, particularly with the new thermal power plant.

So in that backdrop, how do you see your conventional thermal AUM and disbursement to be growing over the next 2-3 years? Because these numbers, I mean, planning is one part, but if any capacity has to come by 2032, say, considering 5, 6 years of gestation period, these things should already have been in motion, but that's not happening. So how do you see, I mean, this conventional thermal power AUM and loan growth over the next 3, 4 years?

Rajesh Kumar: This is Rajesh Kumar, Director, Finance, REC. So as far as cost is concerned, before answering your question, I like to say that we are having a diversified source of borrowings. We are borrowing from ECBs, from domestic bonds, from term loan. Out of these three sources of borrowing, only term loan is floating borrowing, other borrowings are of fixed nature. Either these were originally fixed or we have converted to fixed swap. So our INR term loan and few of ECBs are of floating of nature, which is about 24%. In case of these floating borrowings, definitely there would be some pressure of costing also. But we have also our loan book also of floating nature. Almost 25% of our loan book is also floating nature, where that increased cost would be compensated. So as far as PAT is concerned, we don't see any like, pressure.

Otherwise also, I like to share that we usually do new things every year. Last year, we have done a zero-coupon bond, wherein we got concession of about 100 basis point. That bond was about 10% of our total bonds borrowing for the year, which ultimately gave a positive impact of about 10 basis point in our overall portfolio of bond borrowing.

Similarly, this year also we are trying to do new things, like we are requesting Ministry of Finance for withholding tax exemption on our ECB. We are also trying to have green bond basket mandate from Ministry of Finance. If anything would happen, there would be some positive impact on our borrowing cost also. I don't think there would be any pressure on cost of borrowing.

As far as other question is concerned, I am requesting my Director of Projects to please answer.

T.S.C. Bosh: Yes. The minimum additional capacity planned under the National Electricity Plan by CEA is around 80 gigawatt. From the baseline 217 gigawatt, we are going up to 283 gigawatt. At around INR8.34 crores per megawatt, the capital investment requirement by 2031-32 would be somewhere INR6.67 lakh crores.

So we have availability with target of some 30% equity and 70% debt component, we are targeting somewhere around INR1.8 lakh crores to INR2.2 lakh crores by 2031-32. I think that to meet the minimum, the evening peak and morning peak, that is going to happen now. Yes.

Moderator: Our next question comes from the line of Sanket Chheda with DAM Capital.

Sanket Chheda: Yes. Sir, just on your guidance on growth of, say, 10% to 12%, this you are giving just for REC, or you see that that kind of a growth can continue once the merger is consummated over '28, '29 as well?

Jitendra Srivastava: Yes. So right now, we are talking about REC, but let me tell you, the merged entity will also have very significant synergies. And I don't think that the merged entity also will face too many issues. And I think the growth that we have set out for ourselves should hold for us at least in the short-term. Let us talk about the financial scenario and the economic scenario changes day-to-day, so it would not be very prudent of me to prophesy too much into the future. I would like to restrict myself to this financial year and just talk about REC right now.

But having said that, the merged entity also we don't foresee too many issues. We have very, very skilled manpower, the synergies of borrowing, the synergies of lending, the synergies of having a huge capital base. They are undeniable. So I don't think the merged entity will also face too many issues. But I would not like to hazard and put a figure for the merged entity right now.

Sanket Chheda: Okay, sir. So just for REC, the other thing that I wanted to know is that where this confidence comes from? Has the competitive forces moderated, like for last couple of years we have had some headwinds from some of the unlisted entities like NaBFID also, and does the rate hike cycle lowers the competitive intensity from banks as well? Do we get to benefit on that front? So are there some forces which I think will play out in our favor, you think, and is the reason for you comfortably now saying that 10% to 12% should not be a problem?

Jitendra Srivastava: Yes. So last year we had a record disbursement of INR2.11 lakh crores, but which was almost a 10% growth over the previous highest record of INR1.9 lakh crores. But in spite of record disbursements, we could not show more than a 3% growth in loan book. The main reason for that was our prepayments. The prepayments last year totaled close to INR1 lakh crores. So almost the entire advantage that we had in our record disbursements was totally negated by our prepayment cycle.

However, if you will notice this year, our prepayments in the first 2 quarters have come down to only INR19,000 crores. So even though our disbursements are at INR90,000 crores and prepayments are only INR20,000 crores, of course, I am differentiating this from the repayment and prepayments; repayments are natural corollary, that will not affect anything, but prepayments are what we have to worry about. I am confident that the prepayments scenario has peaked out, and now that we are entering increasing interest rate cycle, I don't think prepayments will be a major issue for us. So yes, my confidence stems from the fact that yes, prepayments have peaked out. It also stems from the sense that banks have sectoral limits. There are limits even though they have excess liquidity right now, but they have sectoral limits, so they will not be able to lend beyond a point.

The power sector is growing, so the appetite for growth and the appetite for funds in the power sector is increasing. The RE sector is increasing. The transmission sector is going to get a big boost. You will have noticed that the Cabinet has also come out with a very unique INR23,000 crores biogas plan, and that comes under the core structure of infrastructure and that is one area where we are very keenly watching as to what are the business opportunities there.

So yes, transmission sector is a huge business opportunity, the biogas sector is a huge business opportunity, the distribution and the generation and the conventional power sectors continue to remain a good opportunity. Infrastructure is booming, shipping is coming up, we are looking at certain new sectors. So all in all, I don't see growth dampening in any way, and we are confident that our strong financial credentials, our deep pockets, our ability to lend long-term will keep us as a preferred lender choice.

Sanket Chheda: Sure, sir. And lastly on margins, you said that you don't expect margins to now come down. And on cost of fund, I understand there is a limit that we can do. But on yield side, like in last quarter, one of the south-based account, which once the rating was available, was offered a lower rate. In that context, do you see any downside on the yield side per se to some of our lendings and our pursuit of keeping those account with us and stop them from getting BT out or anything? So our yield has fallen, but do you think now these are the yields which are sustainable or there is more downside or upside to that?

Rajesh Kumar: Regarding yield, I would like to say that since yield curve is already moving towards north, so downsizing may not be much in our yield. In past also, we have faced competition, and we are passing on some benefit to the state sector also, which is already completed. I think almost all the proposals of rebate or concessions have since been settled down. So we don't think there would be much downside in the yield. Otherwise also, we are very hopeful that our yield would be slightly improved in view of the sector facing interest rate pressure.

Moreover, our cost is primarily of fixed nature, but our loan book is of primarily floating. Almost all of the assets are floating, either reset in 1 year or are linked to benchmark. So in the increasing scenario, we usually get benefited on the bottom line. We don't think there would be any pressure on yield.

Sanket Chheda: Sure, sir. And lastly, just wanted to understand that once you get merged, you will be about INR12 trillion, size balance sheet. Do you think that once we get merged, our pricing power among the small and mid-power companies shall improve than what is right now?

Jitendra Srivastava: See, like I said, a loan book of INR12 lakh crores with the dominance of being the single power financier, you must understand that power is a long-term game. And being a long-term game, people who are in for the means those who are fly-by-night operators who are in for 2 or 3 years, who would just like to make a quick fast buck while the sector is doing well and move on, they will get attracted to maybe cheaper sources of finance because they are trying to make a fast buck while the going is good.

But those who are in for the long-term, they will come to the merged entity only, because they realize that this entity is going to be there for the long-term. And you forget the advantage that

the merged entity has in terms of policy advocacy. So policy advocacy is a unique skill set which the merged entity will have, and any serious player in the power market would not like to be dissociated from this unique USP which the entity will have. So I honestly don't think we will see too many problems in the merged entity, and yes, I think I will just restrict myself with that right now.

Moderator: Our next question comes from the line of Abhijit Tibrewal with Motilal Oswal Financial Services Limited.

Abhijit Tibrewal: Sir, whatever we have heard till now, I mean, the sense that I am able to make is that we are not really too much affected by maybe monsoon's drought situation in India. And given how the weather has been, right, in some parts of the country, maybe it's more hotter than what it typically is in October. We are already reading that the El Nino impact could stretch into next year, which would mean that what you also alluded to earlier that power demand will remain strong.

So like you mentioned to the previous participant that last year you did record disbursements and it was only prepayments of almost INR1 lakh crores which pulled the growth down. Sir, looking at the trajectory almost, I would say, 7 months into the year, do you think this could also be another year, where compared to last year we could have another year of record-high disbursements?

Jitendra Srivastava: I am hopeful. We would love to see REC crossing INR2.11 lakh cores.

Abhijit Tibrewal: Right, right. But sir, I mean, which is where we are trying to understand that, I mean, first quarter was weak in terms of growth, second quarter we have seen disbursements, loan growth pick up. Is it more like a quarterly phenomenon, because when I look at the last 2 years, typically the fourth quarter has tended to be weak for you? So I'm just trying to understand this better, that this is more some quarterly strong growth that we have seen which is more seasonal in nature, or do you think this momentum sustains in the third and fourth quarter as well?

T.S.C. Bosh: The initial quarter 1, is not the main reason, no such specific reason. The major loan documented, the major projects, not able to materialize in terms of documentation. And with the stiff peer competitions and all, the disbursement has come down. The DISCOMs' health has also improved. So disbursement under the government-supported RDSS has also improved, with which the capex addition of the state distribution segment has slightly faced challenges. But overall in the financial year, in the H2, we are hoping to make up because we have the sufficient committed balance with us in kitty, the sanctioned commitment. 40% of our disbursement, the loan assets are under the documentation, so that is going to help us, and in H2, we will be able to make up.

Jitendra Srivastava: See, one -- I'll just give you one important statistic. It will help you understand. The documented projects where disbursement is just to start is close to INR70,000 crores. So that is an immediate area where we see that over the next 2 quarters, this has to come through. So that is one immediate signal which I can give you.

Apart from this, we have a committed order book of close to INR2.5 lakh crores. So I don't see quarter 3 and quarter 4 being less than quarter 1 and quarter 2, and I am saying this very conservatively.

Rajesh Kumar: In addition to what our Chairman spoke, I like to say that our disbursement is more than cumulative disbursement of all other government NBFCs. REC is a big company. We are biggest financier for power sector.

Jitendra Srivastava: I'll just give you a small statistic. We had collected inputs from various state utilities. Of course, my data is restricted to state power utilities, not the private power utilities. But considering the fact that state power utilities account for almost 90%, 95%, I would say it's a fair indicator of the market.

So as per data collected by our regional offices, in the last 3 years, close to INR10 lakh crores of debt financing has gone to the state power utilities. Out of this, REC alone has lent INR4.5 lakh crores to these state power utilities. So you're looking at 45% share if you look at the power market for the last 3 years. REC has funded 45% of the power market. I'm just leaving you with these statistics. You can draw your own conclusions.

Abhijit Tibrewal: Sure, sir. This is useful. Thanks for sharing all those statistic to all of you. Sir, the other thing I wanted to understand is couple of times in the call, you said that the yield should not fall too much, the margin should not fall too much from here. And I think if I heard you right, and sir, please correct me, that margins may be guided for 3% to 3.2%, which I think are historically low margins versus what REC used to operate at. I think I also heard earlier in the call where you said that whatever benefits we got on the borrowing side have been passed on to our projects.

So sir, I mean, is there some more pass-through which is left, which we will see in the upcoming quarters? So basically, all I'm trying to understand is, even if there is better growth trajectory from here, which is a 10% to 12% growth that maybe you guided for, will we also see a better earnings growth from here if margin continues to remain under pressure?

Jitendra Srivastava: See, loan book growth is definite, I don't think we have too many worries on that. But let us also accept the fact that we are in a very different phase of competition, where banks are flushed with liquidity and the entire power sector is looking for very low rates. Obviously, the kind of investment that is required and the kind of investment that India would like to see people investing in power envisages a lower interest rate scenario.

Combine this with an increasing borrowing cost scenario, it would not be proper for me to misguide you and say key my NIMs will increase. Let us be very clear on that. There will be pressure on my NIMs, but you should take recourse to the fact that we are trying to ensure that our NIMs stay as high as possible.

And I think even with a NIM of 3.22% as on date, if you look at peers, you will find that we stand head and shoulders above our peers even as far as NIMs go. And please remember, we are maintaining these NIMs over a INR6 lakh crores loan book. It is easy to maintain a NIM over a INR20,000 crores loan book or a INR1 lakh crores loan book or a INR2 lakh crores loan book. I am sure you will appreciate the difficulty of maintaining very high NIMs over a INR6 lakh

crores loan book. So let us be realistic. We will be very happy if we can maintain our NIMs at 3.22%.

Abhijit Tibrewal: Got it, sir. I think that point is well taken. And sir, lastly, now that the swap ratio has already been announced, and I think, I mean, one of the prerequisites for both the Boards approving the merger was also that this remains a government company. So I mean, in the last couple of months, any updates on how we are planning to keep this as a government company? Are there some discussions happening around equity infusion, or it will be more through preferential shares, what we keep hearing? Anything that you have picked up in the last couple of months?

Jitendra Srivastava: So as you are aware that both the Boards have passed a merger resolution and REC will get absorbed into PFC. And this has received NOC from RBI as well as from the stock exchanges. The draft merger scheme is currently pending Cabinet approval, so it would not be proper for me to say things which are directly linked to the Cabinet approval. I think we will have to wait for the Cabinet approval to see where the to get the final details. But yes, the precondition for the entire merger is that the merged entity will remain a government company, and I think that will be maintained.

Abhijit Tibrewal: Got it. And sir, when we say it will remain a government company, we are talking about the government maintaining more than 50% stake directly?

Jitendra Srivastava: We are talking about management control, we are talking about voting rights, we are talking about everything.

Moderator: Our next question comes from the line of Shreya Shivani with Nomura.

Shreya Shivani: Sir, I wanted to understand the new government project that Cabinet Union Cabinet approved, that INR1.85 lakh crores project for strengthening the transmission sector. So can you help us understand how much what all financing opportunity can come our way?

Will it get split across PFC, REC the way, you know, it happened with the smart meter program, the states were split, etcetera? Will there be long tenor long-term loan kind of financing that you will be offering, or will the project involve short-term quick liquidity the way we gave out RPBF to the distribution segment? Any color on this new opportunity that's opening up could be useful.

Jitendra Srivastava: Okay. So as of now, the Cabinet has given approval to this. However, the detailed guidelines are still being worked out by the Ministry of New and Renewable Energy. So I would not be in a position to give you more clarification than what already exists in the public domain. And I think you will have to wait for the guidelines to come.

Of course, we are engaging with the Ministry of New and Renewable Energy to see how we can contribute, I'm sure PFC also must be engaging with the Ministry of New and Renewable Energy to see how they can contribute. I think we'll have to wait for some more time to see how things play out.

Shreya Shivani: Right, sir. And just a follow-up on the distribution, the earlier the smart meter program and the tech upgradation that was happening over there. How much is effectively stuck in terms of, say,

the smart meters are getting rejected by the common man on the ground and the project is moving? And how much do you think we will be optimistically be able to complete in the next couple of years?

Jitendra Srivastava: So the smart meters program, any new thing will take some time. And especially something which increases your electricity bill or which gives an impression that your electricity bill is increasing will face some resistance. However, one must take into consideration that there are a lot of factors why bills are rising, and most of them are genuine reasons, and very few are to do with the fact that smart meters are defective or something like that.

We have this provision of installing check meters, and all states are being encouraged to increase the number of check meters that they are installing. And we have seen that wherever check meters are being installed, the people at large are quite satisfied that yes, these smart meters are showing the right picture and their impressions were generally wrong.

So having said that, there is still a long way to go, and yes, there is a perception battle which we are trying to address, and we will try to see that the perception battle is addressed in a more forthcoming manner.

Shreya Shivani: Sir, can you remind us how much of our smart meter was allocated to us in terms of how much we were supposed to finance and how much has been done already for REC states?

Jitendra Srivastava: You can just send a mail. I don't have that data with me right now. I'll see that you get that data.

Shreya Shivani: Sure, sir. Right. And the other part of RDSS was the technology upgrades that we were doing for our distribution. How is that.

Jitendra Srivastava: Yes, yes. Thanks for asking that question, because see, smart meters are just not to show this. The biggest advantage of smart meters is the data analytics which flow from the entire process. And I am very happy to say that there has been a lot of progress on the data analytics front. Many DISCOMs have started using the data that is coming from the smart meters. While on one hand the consumers are improving their electricity consumption habits, the DISCOMs are also breaking down this data and bringing down their AT&C losses very, very substantially. Theft has come down by a huge factor. So all these factors have really helped ensuring in ensuring that the uptake of smart meters is there.

But another thing I would like to talk about is the IES concept which REC is promoting, the India Energy Stack. I think once it has already seen some use-case scenarios, I think the media has also seen the use-case scenarios of a few things that we rolled out. And the positive outcomes of all these end use cases is very encouraging. However, we have yet to go to scale. We are in the process of doing that, but you must also appreciate that all this progress in IES has been made in as short a time.

So from being an abstract concept, it has actually got grounded in reality, and we have seen actual demonstrations of it in 4 or 5 utilities, and all the utilities which have seen actual proof of concept are very happy with their results. So I think we have come a long way in IES in just a very short span of time. I think the entire team deserves a lot of credit for that, the DISCOMs,

the knowledge support partners, my colleagues at REC who have worked very hard, the developers who are working very closely with all these teams. So yes, we have seen a lot of improvement on the technological front.

Moderator: Our next question comes from the line of Parag Trivedi with India Capital.

Parag Trivedi: So my question is, with the rising disbursements on the thermal side, should we expect this to drive an improvement in lending yields and also for the overall margins? And the second question is, given the longer tenure of this thermal projects compared to the renewables, should we expect a lower prepayment rates over there?

T.S.C. Bosh: Yes. As I said, under the National Electricity Plan, the targeted capacity addition under capacity plan under the thermal generation is 274 gigawatts from the baseline of 215 gigawatts. A minimum capacity addition of 80 gigawatts is in the plan. Around 22 to 24 gigawatts under various stages of construction.

At the rate of INR8.34 crores per megawatt, the fund requirement from REC side could be INR1.8 lakh crores to INR2.2 lakh crores. These all thermal projects come with a gestation period of 5 to 7 years, so that the moratorium would be somewhere around 5-plus years and a long repayment period - 25 years is the economic life of the thermal projects - so these are all the long-term projects. And basically, state sector and even the private sector who is having the committed FSA would come to us, and we would be in a position to take up.

Rajesh Kumar: In addition to what our Director Projects spoke, I would like to add that our major book is in generation thermal, which is about 25%. And you have rightly pointed out that yield on generation assets are slightly higher, which ultimately contribute to our bottom line and top line.

And recently, we also won another project of NTPC Meja, wherein we will disburse about INR27,000 crores, probably with Power Finance Corporation. If we join Power Finance Corporation, half of the disbursement would be from our side. So we keep on trying to get generation projects, which ultimately contribute to our top and bottom line significantly.

T.S.C. Bosh: Of the INR6.16 lakh crores, 24.7% is the generation, that is around INR1.52 lakh crores. We are planning to take it up, say, around INR2.5 lakh crores by 2032. We will be looking at the various emerging projects.

Moderator: Our next question comes from the line of Shreepal Doshi with Equirus Securities.

Shreepal Doshi: **Thank you for the opportunity.** My question was on the yield differential between thermal power project and renewable power project. And also in the infra segment, what is our yield for? So just wanted to understand the yield for these 3 segments.

Rajesh Kumar: So as we have discussed right now, the yield on thermal power plants are definitely slightly higher, but because of their long gestation period and other like uncertainties, there must be some higher risk also. In case of renewable energy projects, the projects are being delivered within 1 year and their returns are more visible, can be forecasted more accurately. So their rates are slightly lower.

But in case of I&L project, infrastructure and logistics project, the rates are much higher than renewable energy projects. The rates of I&L projects are definitely lower than thermal projects, but much higher than RE projects. So ultimately, on an average, there would be a like mix of average of all the 3 segments, and which ultimately contribute to our top line.

Shreepal Doshi: Sir, so what would be the differential if you could give that number? Let's say, for example, I'm not sure, thermal is 10%, so would renewable be at 8.50% or 8.5% or 9%? So just the differential if you could give some color on that.

Rajesh Kumar: Actually, sharing specific figures with you may not be possible, because it all depends on promoters, the kind of PPAs are there or not, kind of EPC are there. So there are various other factors also. So as such, we can't say that RE rate for a particular segment would be like this only. It's all depends on multiple factors.

Shreepal Doshi: Got it. Sir, the second question was on the cumulative sanction pool that we have, because if we are aiming at a INR2 to INR2.1 lakh crores sort of a disbursements, just wanted to understand the cumulative sanction pool that we have for as we speak today.

T.S.C. Bosh: Yes. Last year, we had sanctioned INR4.09 lakh crores, and we have a committed scope of INR2.56 lakh crores as of now. During the current financial year, we have done INR1.12 lakh crores. Now we have a plan to go for another at least some INR1.7 lakh crores to INR2 lakh crores loan sanctions to happen. This is the highest among the peers, REC's performance in terms of loan sanctions. Now the committed scope is INR2.56 lakh crores, out of which INR 69 thousand crores still to be documented, which we will be pursuing with the borrowers.

Now till date, our disbursement in H1 is INR90,000 crores. So we are targeting another addition of, say, INR1.2 lakh crores, so it would be targeting INR1.2 lakh to INR1.3 lakh crores, which has to come up through basically under RE, the emerging infra and logistics, the Green Energy Corridor, for which the guidelines are underway.

Because our transmission profile is as of now around just little over 7% of INR45,000 crores, there also we have we are targeting a major chunk. So in the H2 of this year, under distribution and transmission and RE and the most competitive infra and logistics, we have a plan to go for a sanction of INR1.8 lakh crores and the balance commitment already sanctioned INR1.2 lakh crores. Overall, we are in a comfortable position to achieve INR2.1 lakh crores disbursement.

Shreepal Doshi: Got it, sir. Got it. There is just one confusion that I had was on the loan growth guidance for FY '27. So while we are confident on the disbursement side, how should that reflect in the loan book growth for the year?

Jitendra Srivastava: So we are looking at a double-digit growth book growth in loan book for this FY '27. We would like to see ourselves touching around somewhere between 10% to 12%. We have already reached 6% in H1.

Shreepal Doshi: Right, right. And sir, just the last question was on the credit cost side. So last 2 years, we've seen negative credit cost because of the NPA resolutions that happened, leading to provision reversals. However, now with no major project due for resolution, how do you -- how do we see

the credit cost moving from here? Because our Stage 1 requirement is almost 90- 95 basis points, and even Stage 2 is close to 1.4% - 1.5%. So incrementally, what is the internal number that you are working with, and something that you would want to give it as a guidance?

Rajesh Kumar: The Ind AS - new accounting standard - are mandated to us that we should have a scientific ECL, expected credit loss policy, for our company. We have hired a professional consultant for this working. As of now, we are providing about 1% ECL on our additional loan book. In this quarter, our loan growth is about INR26,000 crores, so almost INR300 crores additional ECL has been provided.

But I would like to say that our loan book is majorly towards state sector, so whatever we are providing for ECL is practically reserve type of thing, because you can see for last 50 years, we haven't seen any mis-happening or encountered any bad assets in state sector. So almost 80% of our ECL is reserve.

Although we have to provide ECL as per norms, because provisioning norms don't distinguish government vis-a-vis private, but ultimately you can appreciate that our ECL towards government assets are practically reserve. So we don't see like something abnormal in ECL or credit cost. As far as provisioning is concerned, straight 1% provisioning would happen in future also.

Moderator: Next question comes from the line of Saket Yadav with India Capital.

Saket Yadav: **Thanks for taking my questions** and also thanks to the management for the clear guidance and focus on growth, which is great to see. Sir, in terms of the new areas that we are exploring, are we actively looking and funding, say, opportunities in the especially in the battery storage space, including pumped hydro? And also are we exploring opportunities in areas such as data centers?

Jitendra Srivastava: Yes to all of the above.

Saket Yadav: Great, great. Just one more follow-up question, sir, on the forex expenses. In the first half of the year, the forex expenses were a bit on the higher side given the volatility in the currency. If the currency stabilizes a little bit, should we expect that the forex charges should come off a fair bit in the second half?

Rajesh Kumar: So as far as forex losses are concerned, we have already taken hit for forex liability and we don't see any new major hit on forex part. But currency is uncertain, and if something goes very abnormal, that cannot be foreseen as of now. But ultimately, we have already enhanced our forex hedging towards more than INR96 per dollar.

Saket Yadav: Understood, sir. Great. That's very helpful.

Supreet Pandya: Additionally, Saket, you might be aware that Government of India and RBI has taken a lot of steps to stem this depreciation of the currency. And you know, as per the latest reports which are coming out from a lot of prominent international institutions, they don't see any major issues with the currency as of now. Obviously, a lot of geopolitical issues needs to be solved first. But the currency is also the pain for the country as a whole, and a lot of positive steps have been

taken by Government of India and RBI, and they continue to monitor that. So we are pretty hopeful that whatever the pain was there, a lot of has already been taken care of.

Moderator: Ladies and gentlemen, that was the last question for today. I now hand the conference over to the management for the closing remarks. Thank you and over to you.

Supreet Pandya: Thank you so much to all the participants who participated on this call and asked very relevant questions to the REC management team. We hope that we answered to the best of our capabilities and to your satisfaction. We look forward to your continuous support to REC going forward as well. And thank you to the Equirus team for arranging this call. Thank you so much.

Moderator: Thank you so much, sir. Ladies and gentlemen, on behalf of Equirus Securities, that concludes this conference. Thank you for joining us and you may now disconnect your lines.