



REC Limited
Media Coverage
04 January 2024

India's REC hires bankers
for up to
\$500 mln yen-denominated
green bond fundraise – official



India's REC hires bankers for up to \$500 mln yen-denominated green bond fundraise - official

By **Bhakti Tambe** and **Sarita Chaganti Singh**

MUMBAI/NEW DELHI, Jan 4 (Reuters) - India's REC ([RECM.NS](#)) has hired bankers to raise up to \$500 million through its debut issuance of yen-denominated green bonds by Jan. 15, the company's director of finance told Reuters on Thursday.

The state-owned infrastructure financier will issue five-year and 10-year bonds to raise \$300 million-\$500 million to fund green infrastructure projects, said Ajoy Choudhury.

The company has hired DBS Bank, Mizuho, MUFG and SMBC Nikko as joint lead managers for the proposed issue.

A foreign bank source mandated by the company corroborated the details of the issue. He did not want to be named as he is not authorised to speak to media.

REC is yet to finalise the specifics of the issue, Choudhury said, adding that the company is looking at the yen market because rates are elevated in the dollar bond market and include a 20% withholding tax, which is discouraging.

"The interest rate in the yen market is very low and the corresponding withholding tax will be low," he said.

Withholding tax is a form of tax that applies to the interest earned by foreign investors who invest in rupee-denominated Indian debt instruments.

Indian companies' fundraising via dollar bonds hit a 14-year low in 2023.

The fully-hedged cost of the proposed issue is expected to be around 6%-6.5%, Choudhury said, which is lower than the domestic average cost of borrowing of 7.20%, as of end-September.

Bond yields and term loan rates in India stand at 7.70%-7.80% for the 10-year paper currently.

The company had tapped the yen-denominated term loan market and borrowed close to \$700 million between April and December 2023. Its total yen-denominated loan book is around \$1.2 billion.

"We are focusing more on offshore, particularly yen, since it is the cheapest," Choudhury said.

In November, REC revised its total borrowing limit for the current financial year to up to 1.5 trillion rupees from 1.2 trillion rupees earlier due to the increased need for funding as disbursements picked up.

Of the total borrowing, 40% is through domestic corporate bonds, 30% through external commercial borrowings, 20% via bank term loans and the remaining via 54EC capital gains bonds.

REC last tapped the dollar bond market in April 2023 when it raised \$750 million via green notes maturing in five years.

"U.S. treasury yields are expected to fall in the coming days and if they do come down, then we could look at issuing dollar bonds in June-July," Choudhury added.

Reporting by Bhakti Tambe in Mumbai and Sarita Chaganti Singh in New Delhi; Editing by Swati Bhat and Sonia Cheema

Full Story Link - <https://www.reuters.com/markets/rates-bonds/indias-rec-hires-bankers-up-500-mln-yen-denominated-green-bond-fundraise-2024-01-04/>

ThePrint

India's REC hires bankers for up to \$500 million yen-denominated green bond fundraise – official

MUMBAI/NEW DELHI (Reuters) – India's REC has hired bankers to raise up to \$500 million through its debut issuance of yen-denominated green bonds by Jan. 15, the company's director of finance told Reuters on Thursday.

The state-owned infrastructure financier will issue five-year and 10-year bonds to raise \$300 million-\$500 million to fund green infrastructure projects, said Ajoy Choudhury.

The company has hired DBS Bank, Mizuho, MUFG and SMBC Nikko as joint lead managers for the proposed issue.

A foreign bank source mandated by the company corroborated the details of the issue. He did not want to be named as he is not authorised to speak to media.

REC is yet to finalise the specifics of the issue, Choudhury said, adding that the company is looking at the yen market because rates are elevated in the dollar bond market and include a 20% withholding tax, which is discouraging.

"The interest rate in the yen market is very low and the corresponding withholding tax will be low," he said.

Withholding tax is a form of tax that applies to the interest earned by foreign investors who invest in rupee-denominated Indian debt instruments.

Indian companies' fundraising via dollar bonds hit a 14-year low in 2023.

Full Story Link - <https://theprint.in/economy/indias-rec-hires-bankers-for-up-to-500-million-yen-denominated-green-bond-fundraise-official/1910405/>



India's REC hires bankers for up to \$500 million yen-denominated green bond fundraiser - official

MUMBAI/NEW DELHI (Reuters) - India's REC has hired bankers to raise up to \$500 million through its debut issuance of yen-denominated green bonds by Jan. 15, the company's director of finance told Reuters on Thursday.

The state-owned infrastructure financier will issue five-year and 10-year bonds to raise \$300 million-\$500 million to fund green infrastructure projects, said Ajoy Choudhury.

The company has hired DBS Bank, Mizuho, MUFG and SMBC Nikko as joint lead managers for the proposed issue.

A foreign bank source mandated by the company corroborated the details of the issue. He did not want to be named as he is not authorised to speak to media.

Full Story Link - [India's REC hires bankers for up to \\$500 million yen-denominated green bond fundraiser - official -January 04, 2024 at 02:40 am EST | MarketScreener](#)

REC Limited to launch yen-denominated green bond fundraise



REC hires bankers for up to \$500 million yen-denominated green bond fundraise | Image:Republic

Company to issue bonds: REC Ltd, a 'Maharatna' company under the administrative control of Ministry of Power, is gearing up to launch its inaugural yen-denominated green bonds, aiming to raise up to \$500 million by January 15, as confirmed by Ajoy Choudhury, the company's director of finance, in a statement on Thursday.

The state-owned infrastructure financier plans to issue both five-year and ten-year bonds, seeking to secure funds ranging from \$300 million to \$500 million earmarked for green infrastructure projects.

Full Story Link - [REC Limited to launch yen-denominated green bond fundraise- Republic World](#)



India's REC hires bankers for up to \$500 mln yen-denominated green bond fundraise - official

MUMBAI/NEW DELHI, Jan 4 (Reuters) - India's REC RECM.NS has hired bankers to raise up to \$500 million through its debut issuance of yen-denominated green bonds by Jan. 15, the company's director of finance told Reuters on Thursday.

The state-owned infrastructure financier will issue five-year and 10-year bonds to raise \$300 million-\$500 million to fund green infrastructure projects, said Ajoy Choudhury.

The company has hired DBS Bank, Mizuho, MUFG and SMBC Nikko as joint lead managers for the proposed issue.

A foreign bank source mandated by the company corroborated the details of the issue. He did not want to be named as he is not authorised to speak to media.

REC is yet to finalise the specifics of the issue, Choudhury said, adding that the company is looking at the yen market because rates are elevated in the dollar bond market and include a 20% withholding tax, which is discouraging.

"The interest rate in the yen market is very low and the corresponding withholding tax will be low," he said.

Withholding tax is a form of tax that applies to the interest earned by foreign investors who invest in rupee-denominated Indian debt instruments.

Full Story Link - [https://www.nasdaq.com/articles/indias-rec-hires-bankers-for-up-to-\\$500-mln-yen-denominated-green-bond-fundraise-official](https://www.nasdaq.com/articles/indias-rec-hires-bankers-for-up-to-$500-mln-yen-denominated-green-bond-fundraise-official)

Thank You
