

## REC Grants In-Principle Approval for Merger with Parent Company – Attention Now on the Upcoming Merger Scheme

The following is a comment by Japan Credit Rating Agency, Ltd. (JCR) on the announcement by REC Limited (REC) that it has granted in-principle approval for its merger with Power Finance Corporation Limited (PFC).

- (1) On February 6, REC, an Indian public financial institution, announced that it had granted in-principle approval for a merger with its parent company, PFC, which holds 52.63% of REC's shares. PFC made a similar announcement on the same day.
- (2) PFC is a listed public financial institution in which the Government of India holds a 55.99% stake. The detailed merger scheme will be determined going forward and disclosed after the necessary approval procedures are completed. The merged entity is expected to maintain its status as a "Government Company" under the Indian Companies Act (i.e., a company in which the Government of India holds 51% or more of the share capital). JCR will continue to monitor the forthcoming merger scheme and future management structure.

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### <Reference>

Issuer: REC Limited

Foreign Currency Long-term Issuer Rating: BBB+

Outlook: Stable

Local Currency Long-term Issuer Rating : BBB+

Outlook: Stable

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