

June 08, 2022

Tamil Nadu Power Finance and Infrastructure Development Corporation Limited: Migration of the rating outstanding on the medium-term rating scale to the long-term rating scale

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fixed deposit programme	44,224.58	44,224.58	[ICRA]BBB- (Stable); Migrated from MA- (Stable)
Total	44,224.58	44,224.58	

Rationale

In compliance with the circular [SEBI/HO/MIRSD/MIRSD_CRADT/P/CIR/2021/594] issued by the Securities and Exchange Board of India (SEBI) on July 16, 2021 and the subsequent circular SEBI/HO/MIRSD/MIRSD_CRADT /P/CIR/2022/43 of April 1, 2022, for standardizing the rating scales used by the Credit Rating Agencies, ICRA has discontinued the medium-term rating scale which was being used to assign ratings to the fixed deposit programmes of entities.

Accordingly, ICRA has migrated the rating currently outstanding for the fixed deposits programme of Tamil Nadu Power Finance and Infrastructure Development Corporation Limited from the medium-term rating scale to the long-term rating scale. The medium-term rating scale of ICRA was a 14-point scale, while the long-term rating scale is a 20-point scale. The migration of the rating has resulted in a change in the rating symbol; however, this is to be construed only as a recalibration of the rating from one scale to another, and not as a reflection of a change in the credit risk of the fixed deposit programme.

Please refer to the following link for the previous detailed rationale that captures the Key rating drivers and their description, Liquidity position, Rating sensitivities, Key financial indicators: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies Implicit Support from Parent or Group
Parent/Group Support	The assigned rating factors in TNPFC's strategic importance to the GoTN and the expectation of timely financial support from the GoTN, if required
Consolidation/Standalone	Not Applicable

About the company

TNPFC is wholly owned by the GoTN. Incorporated in 1991 as a deposit-accepting NBFC, TNPFC mobilises funds through public and institutional deposits for funding power and infrastructure projects in Tamil Nadu (TN). It currently provides loans only to TANGEDCO. TNPFC's funding profile mainly comprises deposits from public and state government institutions (99% of the borrowings as of December 2021) and GoTN-guaranteed debentures (1%).

TNPFC's portfolio registered a 5-year compound annual growth rate (CAGR) of 16% during FY2017-FY2021. It reported a net profit of Rs. 396 crore in FY2021 on a total asset base of Rs. 43,491 crore compared to a net profit of Rs. 505 crore on a total

asset base of Rs. 39,488 crore in FY2020. For 9M FY2022 (provisional), the company reported a profit after tax of Rs. 564 crore on a total asset base of Rs. 47,475 crore.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2023)				Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020
					Jun 08, 2022	Apr 05, 2022			
1	Fixed deposit programme	Long term	44,224.58	44,224.58	[ICRA]BBB- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)	MA- (Stable)

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fixed Deposit Programme	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN	Instrument	Date of Issuance/ Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fixed Deposit	-	-	-	44,224.58	[ICRA]BBB- (Stable)

Source: Company

Annexure-2: List of entities considered for consolidated analysis – Not applicable

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About ICRA Limited:

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