

April 29, 2026

Tamil Nadu Power Finance and Infrastructure Development Corporation Limited: Rating reaffirmed

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); reaffirmed
Total	44,224.58	44,224.58	

*Instrument details are provided in Annexure II

Rationale

The rating for Tamil Nadu Power Finance and Infrastructure Development Corporation Limited's (TNPFC) fixed deposit (FD) programme continues to derive strength from the ownership and expected financial support from the Government of Tamil Nadu (GoTN). The rating, however, remains constrained by the significant borrower concentration risk, moderate profitability and concentrated deposit profile. ICRA notes that the capital profile has improved steadily over the last few years, backed by sizeable equity infusions by the GoTN. TNPFC had a capital adequacy ratio (CRAR) of 19.1%, while its public deposits to net owned funds (PD to NoF) ratio stood at 1.4 times (provisional) as of December 2025.

Historically, TNPFC mainly lent to Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO). In FY2025, TANGEDCO got bifurcated into two separate entities for generation and distribution, i.e. Tamil Nadu Power Generation Corporation Limited (TNPGL) as the thermal power generation entity and Tamil Nadu Power Distribution Corporation Limited (TNPDL; rated [ICRA]A-(CE) (Stable)) as the distribution entity. Accordingly, its disbursements have shifted to TNPGL and TNPDL from July 2024. In addition, TNPFC has also commenced lending to Tamil Nadu Green Energy Corporation Limited (TNGECL), a new entity in the renewable energy business formed through the merger of the Tamil Nadu Energy Development Agency (TEDA) and the renewable energy wing of TANGEDCO. As of December 2025, TNPGL accounted for 92% of its loan portfolio, with TNGECL and TNPDL accounting for the balance.

ICRA notes that TNPGL's financial profile is expected to remain constrained owing to factors such as inadequate tariff rates, low-capacity utilisation over the years, moderately weak operational efficiency, etc. Notwithstanding the same, ICRA takes comfort from the strategic importance of the borrowing entities to the state's power sector due to which it has continued receiving support from the GoTN over the years.

ICRA notes that in November 2023, a government order was issued to amalgamate TNPFC and Tamil Nadu Transport Development Finance Corporation Limited (TDFC) into a single infrastructure project financing entity under the GoTN. However, the same has been deferred currently as the entities are expected to improve their information technology systems before the amalgamation is implemented.

ICRA also notes the qualification in TNPFC's audit report of FY2025 in relation to the overstatement of liabilities¹ and believes that there is scope for improvement in its internal controls and processes. The company is taking initiatives to augment this.

The Stable outlook reflects the support from the GoTN, which would help keep the company's financial and operational performance under control.

¹ The reversal of this liability amounting to Rs. 606.95 crore in the financials of FY2026 has been recently approved by the company's board.

Key rating drivers and their description

Credit strengths

GoTN ownership and support – TNPFC, wholly owned by the GoTN, is a key financing entity for the state's power and infrastructure projects in Tamil Nadu. It accounted for ~48% of TNPGL's borrowings outstanding as of March 2025. Given its strategic importance, ICRA expects TNPFC to receive timely capital and liquidity support from the GoTN and GoTN-controlled entities as and when required. During FY2019-FY2022, it received a total equity infusion of Rs. 3,677 crore from the GoTN to comply with various regulatory and prudential requirements, which are applicable to the Government-owned non-banking financial companies (NBFCs). It received a further equity infusion of Rs. 250 crore in FY2026. ICRA also notes that TNPFC has access to deposits from the GoTN and GoTN-controlled entities, which upholds its liability and liquidity profile. The company's board largely comprises Indian Administrative Services (IAS) officers from various departments of the GoTN.

Adequate capitalisation profile – TNPFC's capitalisation profile is adequate, with a gearing of 6.2 times (provisional) as of December 2025 (6.5 times as of March 2025), improving significantly over the years from 14.0 times as of March 2019. Its CRAR also rose to 19.1% (provisional) as of December 2025 (16.8% as of March 2025) from 7.2% as of March 2019 on the back of capital infusions from the GoTN and better internal accruals in the past. The capital profile is expected to remain adequate in the medium term, given the modest growth expectations.

Credit challenges

Significant borrower concentration risk – TNPFC extended loans only to TANGEDCO until June 2024. In FY2025, TANGEDCO was bifurcated into two separate entities for generation and distribution, i.e. Tamil Nadu Power Generation Corporation Limited (TNPGL) and Tamil Nadu Power Distribution Corporation Limited (TNPDL). Further, a new entity – Tamil Nadu Green Energy Corporation Limited (TNGECL) – was formed for the renewable energy business through the merger of the Tamil Nadu Energy Development Agency (TEDA) and the renewable wing of TANGEDCO. As of March 2025, funding from TNPFC accounted for 48% of TNPGL's total borrowings. At present, the company lends to these three entities. TNPGL accounted for 92% of the loan portfolio as of December 2025, followed by TNGECL at 6% and TNPDL accounted for the balance 2% of the loan portfolio.

ICRA, however, takes comfort from the strategic importance of the borrowing entities to the state's power sector, due to which it is expected to continue receiving support from the GoTN. However, any material deterioration in the credit profile of the borrowing entities would be a key rating sensitivity.

ICRA also notes that TNPFC has taken regulatory exemption from the adherence to existing credit concentration norms. At present, the company's exposure is predominantly to TNPGL and was ~515% of its Tier-I capital as of December 2025.

Moderate profitability indicators – TNPFC's profitability remained low due to limited pricing flexibility with the borrowers. It lends at competitive rates and provides additional rebates, resulting in modest interest margins. The net profitability moderated to 0.5% in FY2025 (1.3% in 9M FY2026) compared to the average of 1.3% during FY2020-FY2024 as the margins remained modest. The credit cost is low as there have been no overdues from its borrowers. Going forward, the profitability is expected to stay range-bound and will be maintained at similar levels due to limited pricing flexibility.

Concentrated deposit profile – TNPFC's borrowing profile is concentrated, with FDs constituting 100% of the total borrowings as of December 2025. Within FDs, public deposits constituted ~24% (provisional) as of December 2025, with the rest largely from the GoTN and GoTN-controlled entities. ICRA notes that TNPFC's depositor profile is concentrated towards government entities, including educational institutions, municipal corporations and infrastructure development institutions managed by the GoTN. The top 20 depositors accounted for ~38% of the total deposits as of December 2025. ICRA notes that the PD to NoF ratio was 1.4 times (provisional) as of December 2025, within the regulatory threshold of 1.5 times.

Liquidity position: Adequate

TNPFC had cash and bank balances of Rs. 5,575 crore and Rs. 9,593 crore investments in government securities as of December 2025 compared to its deposit maturities of Rs. 13,918 crore during January-June 2026. The liquidity profile is also supported by the deposits placed by the GoTN-owned/controlled entities, which are anticipated to be stable. ICRA expects TNPFC to receive timely support from the GoTN to maintain an adequate liquidity profile going forward.

Rating sensitivities

Positive factors – Improvement in the risk profiles of the GoTN or TNPFC’s borrowers and a sustained enhancement in the earnings, funding and capital profile would positively impact the rating.

Negative factors – Pressure on the rating could arise in case of lower-than-expected support from the GoTN or a material deterioration in the credit profile of TNPFC’s borrowers. Non-compliance with key Reserve Bank of India (RBI) stipulated requirements for Government-owned NBFCs on a sustained basis or weakening of the liquidity profile would also negatively impact the rating.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	ICRA’s Credit Rating Methodology for Non-banking Finance Companies
Parent/Group support	The rating factors in TNPFC’s strategic importance to the GoTN and the expectation of timely financial support from the GoTN, if required
Consolidation/Standalone	For arriving at the rating, ICRA has considered the standalone financial statements of TNPFC

About the company

TNPFC is wholly owned by the GoTN. Incorporated in 1991 as a deposit-accepting NBFC, the company mobilises funds through public and institutional deposits for funding power and infrastructure projects in Tamil Nadu (TN). At present, it extends loans to TNPGL and TNGECL. TNPFC’s funding profile comprises deposits from public and state government institutions (100% of the borrowings as of December 2025).

TNPFC reported a net profit of Rs. 276 crore in FY2025 on a total asset base of Rs. 58,801 crore compared to a net profit of Rs. 276 crore on a total asset base of Rs. 51,962 crore in FY2024. In 9M FY2026 (provisional), the company reported a profit after tax of Rs. 605 crore on a total asset base of Rs. 62,713 crore.

Key financial indicators (audited)

TNPFC (standalone)	FY2024	FY2025	9M FY2026*
Total income	3,602	3,823	3,425
PAT	289	276	605
Total managed assets	51,962	58,801	62,713
Return on managed assets	0.6%	0.5%	1.3%
Reported gearing (times)	5.8	6.5	6.2
Gross stage 3	0.0%	0.0%	0.0%
CRAR	17.4%	16.8%	19.1%

Source: Company, ICRA Research; *Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)		Chronology of rating history for the past 3 years						
	FY2027		FY2026		FY2025		FY2024		
	Type	Amount rated (Rs. crore)	Apr-29-2026	Date	Rating	Date	Rating	Date	Rating
Fixed deposit programme	Long term	44,224.58	[ICRA]BBB-(Stable)	Apr-29-2025	[ICRA]BBB-(Stable)	Apr-29-2024	[ICRA]BBB-(Stable)	Apr-21-2023	[ICRA]BBB-(Stable)
			-	-	-	-	-	-	Dec-27-2023

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI

4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSR other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Fixed deposit programme	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: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Fixed deposit	NA	NA	NA	44,224.58	[ICRA]BBB- (Stable)

Source: Company

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

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