



Tamil Nadu Electricity Board

Rating History

Instrument	Amount (Rs. crore)	Amount Outstanding (Rs. crore)	Ratings		
			July 2011	June 2011	January 2011
Non Convertible Bonds Program	1,500	N.A	[ICRA]A-(SO) (Conditional)	[ICRA]A(SO) (Conditional)&	[ICRA]A(SO) (Conditional)&
Non Convertible Bonds Program	600	69	[ICRA]A-(SO) (Conditional)	[ICRA]A(SO) (Conditional)&	[ICRA]A(SO) (Conditional)&
		531	[ICRA]A-(SO) (Conditional)	[ICRA]A(SO) (Conditional)&	[ICRA]A(SO) (Conditional)&
Non Convertible Bonds Program	600	400	[ICRA]A-(SO)	[ICRA]A(SO)&	[ICRA]A(SO)&
		200	[ICRA]A-(SO)	[ICRA]A(SO)&	[ICRA]A(SO)&
Non Convertible Bonds Program	200	200	[ICRA]A-(SO)	[ICRA]A(SO)&	[ICRA]A(SO)&
Non Convertible Bonds Program	300	208	[ICRA]A-(SO)	[ICRA]A(SO)&	[ICRA]A(SO)&
Bank term loans	5,000	N.A.	[ICRA]D	[ICRA]D	[ICRA]BB+&

'&' represents: Under rating watch with developing implications

ICRA has revised the rating outstanding from [ICRA]A(SO) [pronounced as ICRA A (Structured Obligation)] to [ICRA]A-(SO) [pronounced as ICRA A minus (Structured Obligation)] against the various debt programs amounting to Rs. 1,700 crore of Tamil Nadu Electricity Board (TNEB)[†]. ICRA has also revised the rating outstanding from [ICRA]A(SO) [pronounced as ICRA A (Structured Obligation)] to [ICRA]A-(SO) [pronounced as ICRA A minus (Structured Obligation)] against the various debt programs amounting to Rs. 1,500 crore* of Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO), an entity created as part of the unbundling process of TNEB^{*}.

The rated bond programs are unconditionally and irrevocably guaranteed by Government of Tamil Nadu (GoTN). The aforesaid ratings have been removed from 'watch with developing implications'.

ICRA also has a rating outstanding of [ICRA]D [pronounced as ICRA D] against the bank lines amounting to Rs. 5,000 crore of TNEB. The standalone rating factors in the delay in the servicing of bank loans arising from the stretched liquidity position of the Board. The term loans of TNEB are not guaranteed by GoTN.

* 100 lakh = 1 crore = 10 million

† For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications

* SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned. The rating assigned to the Rs. 531 crore and Rs. 69 crore bonds of TNEB remain conditional, pending TNEB's complete compliance with ICRA's structure conditions. Also, the rating assigned to the Rs. 1500 crore bonds of TANGEDCO remain conditional, pending TANGEDCO's complete compliance with ICRA's structure conditions. The rated bond programs are unconditionally and irrevocably guaranteed by GoTN. The term loans of TNEB are not guaranteed by GoTN.



The ratings for the bond programmes of TNEB and TANGEDCO primarily reflect the credit strength of Government of Tamil Nadu (GoTN) and the integrity and adherence to the structured payment mechanism as stipulated by ICRA. These ratings have been revised following the assessed adverse impact of the significant expansion of existing and introduction of new subsidies and schemes subsequent to the recent Legislative elections, on the extent of fiscal consolidation that the State Government would be able to achieve in the near-to-medium term, in spite of the introduction of certain measures by GoTN to enhance its revenue receipts. Additionally, GoTN is likely to be required to extend significant funding support to TNEB/successor entities, which is expected to have further adverse implications for the fiscal position, leverage levels (debt and guarantees) and overall credit profile of GoTN.

Entity profile

TNEB, a wholly-owned statutory body of GoTN, is engaged in the business of generation, transmission and distribution of power in the entire state of Tamil Nadu as a regulated monopoly. It is the largest SEB in the country in terms of number of consumers (21.3 million as of March 31, 2010) and one of the top few state utilities in terms of energy sales. TNEB's own capacity for power generation stood at 5690 MW for FY 2010 of which thermal and hydel generation capacity constituted 52% and 38%, respectively. TNEB also sources a significant portion of its requirement from central power sector utilities like National Thermal Power Corporation Ltd (NTPC), Neyveli Lignite Corporation Ltd (NLC) and Nuclear Power Corporation of India Ltd (NPCL) besides independent power producers (IPPs) in the State. Other sources, from where power is purchased, include captive generating units, co-generation units and wind mills.

Under the reorganization and transfer scheme of TNEB under the Tamil Nadu Electricity (Reorganization and Reforms) Transfer Scheme 2010 issued by Government of Tamil Nadu (GoTN) with effect from November 1, 2010, TNEB has been reorganized into TNEB Limited (the holding company), Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) and Tamil Nadu Transmission Corporation Limited (TANTRANSCO).

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