

Tamil Nadu Urban Development Fund

December 26, 2018

Summary of rated instrument:

Instrument	Rated Amount (Rs. crore)	Rating Action
Term-loan (proposed)	100.0	Provisional [ICRA]A(SO)(Stable); Withdrawn
Total	100.0	

**Instrument details are provided in Annexure I*

Rating action

ICRA has withdrawn the provisional [ICRA]A(SO) (pronounced as Provisional ICRA A Structured Obligation)¹ rating with a Stable outlook, that had been assigned in May 2018² to the proposed Rs. 100.0 crore³ long-term loan to be raised by Tamil Nadu Urban Development Fund (TNUDF).

Rationale

The provisional rating assigned to the proposed Rs. 100.0-crore term-loan of the TNUDF has been withdrawn, based on a request from the TNUDF. The TNUDF has confirmed that the proposed term-loan has not been availed, and therefore there are no dues outstanding against the rated instrument.

Outlook

Not Applicable

Key rating drivers

Not applicable

¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

² For detailed rating rationale on Tamil Nadu Urban Development Fund [click here](#), for referring to the release published on ICRA website

³ 100 lakh = 1 crore = 10 million

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Rating Methodology for State Governments ICRA's Procedure to Assign Provisional Ratings Approach for rating debt instruments supported by structural features (Non-securitised transactions)
Parent/Group Support	Not Applicable
Consolidation / Standalone	Standalone

About the company

The TNUDF was established by the Government of Tamil Nadu (GoTN) in 1996 as a trust under the Indian Trust Act, 1882. There are four contributors to the TNUDF, (a) the GoTN (71.6%) (b) ICICI Bank Limited (11.7%) (c) HDFC Limited (8.4%) and (d) IL&FS Limited (8.3%). TNUDF provides financial assistance for implementing urban infrastructure projects in the urban local bodies (ULBs) in Tamil Nadu. These projects are typically funded by the external agencies through the GoTN.

The TNUDF is managed by a corporate trustee, namely, Tamil Nadu Urban Infrastructure Trustee Company Limited (TNUITCL). The Board of Directors of TNUITCL, which prescribes the policies and procedures for the operations of the TNUDF, are nominated by the four contributors of the TNUDF. Tamil Nadu Urban Infrastructure Financial Services Limited is the fund manager of TNUDF.

As per the audited financials for FY2017, the TNUDF reported a net profit of Rs. 15.3 crore on income of Rs. 167.8 crore, compared with a net profit of Rs. 5.7 crore on an income of Rs. 149.2 crore in FY2016. This uptick in net profit in FY2017 benefited from a reversal of tax provisioning that had been made previously in FY2015. The total loans extended by TNUDF for infrastructure projects stood at Rs. 1,956.8 crore at end March 2017.

Key financial indicators (Audited)

(In Rs. crore)	FY 2016	FY 2017
Total Income	149.2	167.8
Interest on loans disbursed	138.2	158.7
Other Income	10.9	9.0
Total Expenditure	140.4	157.4
Interest on borrowings	115.4	131.0
Interest to Contributors	16.5	16.6
Other expenditures	8.5	9.9
Net Income before tax	8.8	10.4
Provision for tax		
for current year	3.1	4.1
for previous year	0.0	-9.1
Net Income/surplus after tax	5.7	15.3

Source: TNUDF

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for last three years:

		Current Rating (FY2019)					Chronology of Rating History for the past 3 years		
Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs crore)	Date & Rating Dec 2018	Date & Rating Sep 2018	Date & Rating May 2018	Date & Rating in FY2018	Date & Rating in FY2017	Date & Rating in FY2016
Term-loan (Proposed)	Long-term	100.0	NA	Provisional [ICRA]A (SO) /Withdrawn	Provisional [ICRA]A (SO) (Stable)	Provisional [ICRA]A (SO) (Stable)	NA	NA	NA

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website www.icra.in

Annexure-1: Instrument Details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term-loan (Proposed)	Not issued	NA	NA	100.0	Provisional [ICRA]A(SO) (Stable)/Withdrawn

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