



Tamil Nadu Transmission Corporation Limited

Entity	Instrument	Amount (Rs. crore)	Ratings
			September 2015
TANTRANSCO	Non Convertible Bonds Program	200	[ICRA]A-(SO); Finalised
TANTRANSCO	Non Convertible Bonds Program	200	[ICRA]A-(SO); Finalised
TANTRANSCO	Non Convertible Bonds Program	0.8	Provisional [ICRA]A-(SO); Withdrawn
TANTRANSCO	Non Convertible Bonds Program	69	[ICRA]A-(SO); Outstanding

ICRA has assigned a final rating of [ICRA]A-(SO) (pronounced ICRA A Minus structured obligation) to the Rs. 400 crore* long term bond programmes of Tamil Nadu Transmission Corporation Limited (TANTRANSCO)†. The final rating follows the entities' compliance with the structure conditions stipulated by ICRA, incorporating an unconditional and irrevocable guarantee from the Government of Tamil Nadu (GoTN) and involving an escrow account to be monitored by a Trustee. The letters SO in parenthesis suffixed to the rating symbol stand for Structured Obligation. An SO rating is specific to the rated issue, its terms, and its structure. SO ratings do not represent ICRA's opinion on the general credit quality of the issuers concerned.

ICRA has also withdrawn the rating of Provisional [ICRA] A-(SO) assigned to the Rs. 0.8 crore bond programme of TANGEDCO, against which there is no amount outstanding.

The rating assigned to the bond programs of TANTRANSCO derives strength from the unconditional and irrevocable guarantee extended by GoTN towards repayment of principal and interest due thereon over the tenure of the bonds, and an ICRA stipulated structured payment mechanism, which includes an escrow account to be monitored by a Trustee. As a result, the rating assigned to the bond program primarily reflect the credit strength of GoTN and the integrity and adherence/expected adherence to the structured payment mechanism as stipulated by ICRA.

Entity Profile

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). TANGEDCO is the largest utility in the country in terms of number of consumers (25.56 million as of March 31, 2014) and one of the top few state utilities in terms of energy sales. TANGEDCO's own capacity for power generation stood at 6,877 MW for FY 2014 of which thermal and hydel generation capacity constituted ~60% and ~33%, respectively. TANGEDCO 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.

September 2015

* 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



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