

December 27, 2023

Tamil Nadu Power Finance and Infrastructure Development Corporation Limited: Update on entity

Summary of rating action

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

*Instrument details are provided in Annexure I

Rationale

On November 23, 2023, a government order was issued, providing in-principle approval for the amalgamation of Tamil Nadu Transport Development Finance Corporation Ltd (TDFC; rated [ICRA]BBB- (Stable) for fixed deposit programme) and Tamil Nadu Power Finance and Infrastructure Development Corporation Limited (TNPFC). The amalgamated entity is expected to cater to the financing needs of various infrastructure sub-sectors within the state of Tamil Nadu and is proposed to be established under the administrative control of the Finance Department. The amalgamation process is still in a nascent stage and detailed government orders on the way forward are expected. ICRA would continue to monitor developments in this regard and would take a rating action as and when necessary.

The rating outstanding on TNPFC's fixed deposit 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.

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

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating Methodology for Non-banking Finance Companies Rating Approach – Implicit Support from Parent or Group
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	Not applicable

About the company

TNPFC is wholly owned by the GoTN. Incorporated in 1991 as a deposit-accepting non-banking financial company (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 Tamil Nadu Generation and Distribution Corporation Ltd (TANGEDCO). TNPFC's funding profile comprises deposits from public and state government institutions (100% of the borrowings as of March 2023).

TNPFC's portfolio registered a 5-year compound annual growth rate (CAGR) of 14% during FY2017-FY2022. It reported a net profit of Rs. 762 crore in FY2022 on a total asset base of Rs. 48,524 crore compared to Rs. 396 crore and Rs. 43,491 crore, respectively, in FY2021. The company reported a profit after tax of Rs. 1,017 crore in FY2023 on a total asset base of Rs. 51,355 crore.

Key financial indicators (audited)

TNPFC	FY2021	FY2022	FY2023
Total income	3,883	4,133 [#]	4,781
Profit after tax	396	762	1,017
Net worth	5,265	6,395	7,343
Total managed portfolio*	40,500	42,849	46,749
Total managed assets	43,491	48,524	51,355
Return on managed assets	1.0%	1.7%	2.0%
Return on net worth	8.2%	13.1%	14.8%
Gearing (times)	7.2	6.5	6.0
Gross stage 3	0.0%	0.0%	0.0%
Net stage 3	0.0%	0.0%	0.0%
Solvency (Net stage 3/Net worth)	0.0%	0.0%	0.0%
CRAR	13.3%	15.1%	15.9%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *As per balance sheet; [#]Adjusted for rebate on prompt payment

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years				
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in FY2024		Date & Rating in FY2023		Date & Rating in FY2022	Date & Rating in FY2021
					Dec 27, 2023	Apr 21, 2023	Jun 08, 2022	Apr 05, 2022	Apr 06, 2021	Nov 30, 2020
1	Fixed deposit programme	Long term	44,224.58	44,224.58	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	[ICRA]BBB-(Stable)	MA-(Stable)	MA-(Stable)	MA-(Stable)

Complexity level of the rated instruments

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: [Click Here](#)

Annexure I: Instrument details

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

Source: Company

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

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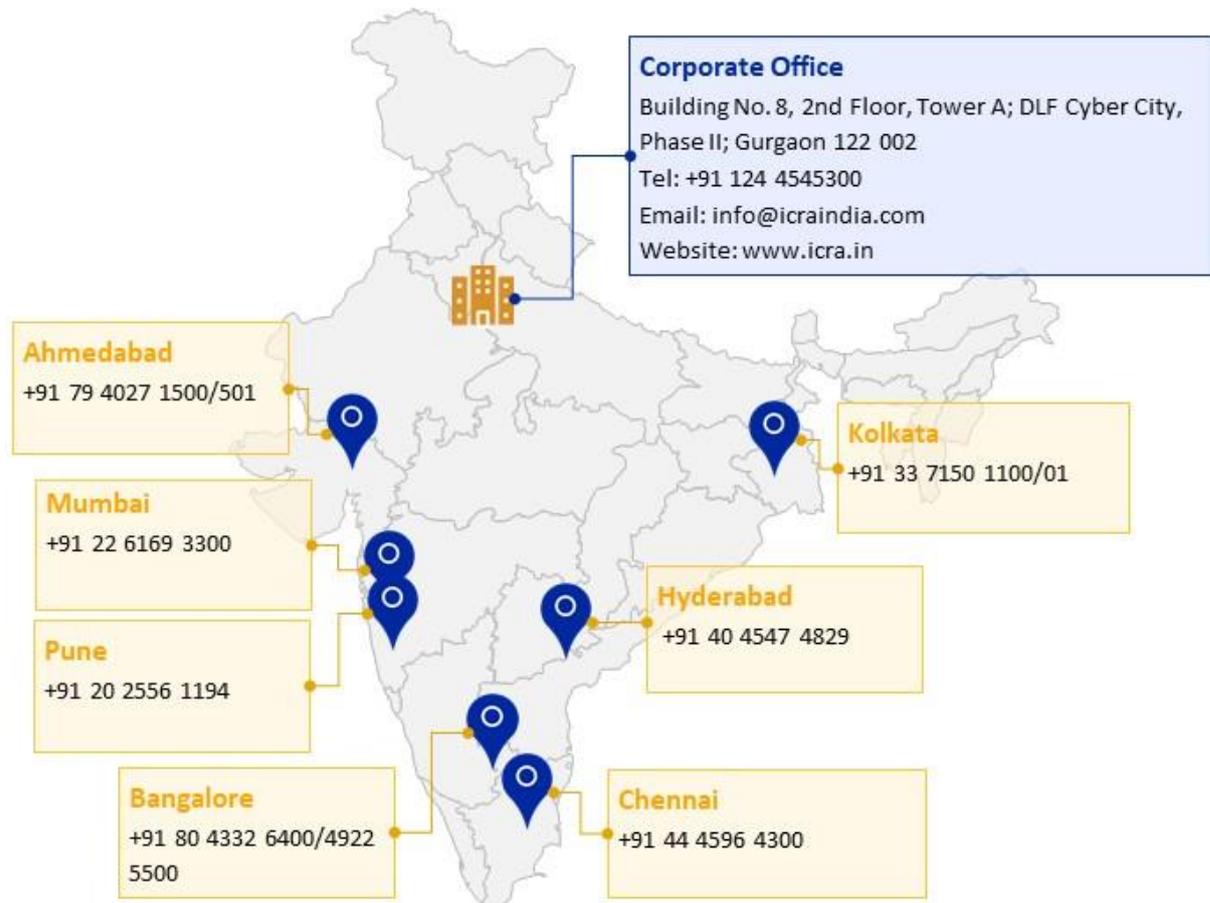
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