



**Press Release**  
**Tamilnadu Transmission Corporation Limited**  
**March 28, 2025**  
**Rating Reaffirmed**

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	2056.97	ACUITE BBB   Stable   Reaffirmed	-
Total Outstanding Quantum (Rs. Cr)	2056.97	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

**Rating Rationale**

Acuite has reaffirmed its long-term rating of '**ACUITE BBB**' (read as **ACUITE triple Bo**) on Rs.2056.97 Cr. bank facilities of Tamil Nadu Transmission Corporation Limited (TANTRANSCO). The outlook remains '**Stable**'.

**Rationale for reaffirmation of rating:**

The rating reaffirmation reflects the comfort derived from the Government of Tamil Nadu's complete ownership of the company through TNEB and its strategic importance to the state in meeting electricity requirements. The rating also considers the extended support of the state government in the form of grants and guarantees towards few of the existing debts of the company. The rating also factors in the increase in tariff rates by 4 percent FY2024 by the Tamil Nadu Electricity Regulatory Commission (TNERC) which has resulted in 33.67 percent revenue growth in FY2024 as compared to FY2023 levels. Further, TANTRANSCO is expected to show similar growth in current year revenue due to recent revision in tariff rate in July 2024. The rating also draws comfort from the efficient working capital operations of the company. However, the rating is constrained by its below average financial risk profile marked by negative net worth due to accumulated losses and below average coverage indicators. Further, it factors in the susceptibility of its operating performance to transmission charges set by Tamil Nadu state electricity commission and stretched liquidity due to insufficient cash accruals to pay its debt obligation.

Going forward, TANTRANSCO's ability to sustain the revenue and profitability growth and register sufficient cash accruals to meet the debt obligations will be a key monitorable.

**About the Company**

Tamil Nadu Transmission Corporation Limited is a State Government entity domiciled in India and incorporated in the year 2009 under the provisions of the Companies Act, 1956. Headquartered in Chennai, the company became a wholly owned company by the GoTN and started functioning from 14 December 2009. The company was incorporated as part of Tamil Nadu Electricity Re-organization and Reforms Transfer Scheme notified by the GoTN and is engaged in the transmission of power in the State of Tamil Nadu. The current directors of the company are Mr.Rajesh Lakhoni, Mr. N Muruganandam, Mr.T.Udhayachandran, Mr.Baskar, Mr. Vishnu Mahajan, Ms. Pooja Kulkarni, Ms. Lilly, Mr. Beela Venkatesan, Mr. Ramesh Chand Meena, Ms.Pallavi Baldev, Mr.M.Ramachandran, Mr.D.Rajendran, Mr.R.Manivannan, Mr.K.Sundaravadhanam, Mr.R.Selvasekar and Ms. Maheshwari Bai.

**Unsupported Rating**

### **Analytical Approach**

Acuité has taken a standalone view of the business and financial risk profile of TANTRANSCO to arrive at the rating. Acuité has also factored in benefits emanating from the ownership by Government of Tamil Nadu. GoTN's financial support to TANTRANSCO is in the form of its 100 per cent ownership and its guarantee for certain

## Key Rating Drivers

### Strengths

#### Strategically important entity for Government of Tamil Nadu

Tamil Nadu Transmission Corporation limited (TANTRANSCO) incorporated in 2010 is an electric power transmission system operator in Tamil Nadu state. TANTRANSCO serves transmission infrastructure network for power companies in Tamil Nadu. As per requirement of the Electricity Act 2003, Tamil Nadu electricity board (TNEB) was restructured into two companies namely TANGEDCO (Tamil Nadu generation and Distribution Company) and TANTRANSCO. Final transfer scheme of restructuring was completed in the year 2015 by bifurcation of assets and liabilities between both the entities. TNEB continued to be holding company of TANGEDCO and TANTRANSCO, which is ultimately held by Government of Tamil Nadu. TANTRANSCO maintains the entire substations above 66Kv capacity. TANTRANSCO is the sole power transmission company in Tamil Nadu and is a 100 percent government owned entity. The GoTN provides capital investment, grants and guarantees for certain loans.

Acuite believes that TANTRANSCO, being a 100 per cent undertaking of GoTN, shall continue to benefit from the financial, operational and management support from time to time.

#### Growth in revenue due to revision in tariff rates:

TANTRANSCO registered revenue of Rs.5983.24 Cr. in FY2024 posting a growth rate of ~34 percent on FY2023 revenue of Rs.4476.08 Cr. This growth in revenue is attributable to the hike in tariff rates during the year. The tariff rate was increased by ~70 percent in FY2023 to Rs.5159 per MW per month, which was further increased by 4 percent to Rs.5365 per MW per month. Consequently, the operating profit margins have improved to 64.75 percent in FY2024 from 58.08 percent in FY2023 despite increase in employee costs due to wage revision in 2023. During the 9MFY2025, TANTRANSCO registered revenue of Rs.5119.06 Cr. Tamil Nadu Electricity Regulatory Commission (TNERC) in its new order in July, 2025 has increased the tariff by 4.8 percent which is expected to increase the revenue for the current year, while operating margins are expected to remain stable. Acuite believes, TANTRANSCO will continue to report stable revenue growth on account of yearly revisions in tariff rates which is also expected to cover all the operating expenses.

#### Efficient working capital operations:

The operations of the company are working capital efficient as reflected by is Gross current account (GCA) days of 82 days in FY2024 as against 159 days in FY2023. TANTRANSCO receives bills from Tamil Nadu Generation and Distribution Company (TANGEDCO), sole customer of the company within 30-45 days, resulting debtor days of 52 days in FY2024 against 48 days in FY2023. To support the working capital requirements company stretched its creditor days to 92 days in FY2024 as against 103 days in FY2023. Acuite believes that going ahead, the company's ability in efficiently managing its working capital operations will remain key rating sensitivity.

### Weaknesses

#### Below average financial risk profile:

The financial risk profile of the company is marked below average by below average network, gearing ratio and debt protection metrics. Company's net worth continued to be negative due to accumulated losses and stood at Rs. (3595.66) Cr. as on March 31, 2024 as against Rs.(3541.59) Cr. as on March 31, 2023. However, there was an addition of Rs.100 Cr. equity during FY2024. The gearing level of the company stood negative due to negative network and high capital outlay funded through debt at (8.72) times as on March 31, 2024 as against (8.75) times as on March 31, 2023. In current year company is undergoing capex with estimated capital outlay of Rs.2882.85 Cr, majorly funded by debt and partly through Rs.350 Cr. additional equity infusion. Further, the total outside liabilities to tangible network(TOL/TNW) stood at (16.25) times as on March 31, 2024 as against (16.01) times as on March 31 2023. Further, debt protection metrics remained below average with interest coverage ratio and debt service coverage ratio at 2.08 times and 0.69 times respectively, for FY2024 compared to 1.53 times and 0.59 times respectively for FY2023. Debt/EBITDA improved, yet stood high at 8.09 times as on March 31, 2024 as against 11.91 times as on March 31, 2023.

Acuite believes that financial risk profile of the company will continue to be below average and timely support from GOTN through equity infusion would be critical for sustaining the leverage indicators.

#### Susceptibility of operating performance to transmission charges set by Tamil Nadu Electricity Regulatory Commission (TNERC)

TANTRANSCO's revenue is influenced by regulatory framework governing the power sector. Revenues of companies such as TANTRANSCO are determined by Tamil Nadu State Electricity Regulatory Commission (TNERC). The TNERC considers key parameters like the cost structure and expected return on capital employed

to arrive at transmission tariffs, wheeling and SLDC (State Load Dispatch Centre) charges. Any significant delays in tariff approvals or a reduction in return on equity or a tightening of the TNERC norms could result in lower operating cash flows. Acuite believes that any significant change in the regulatory environment will impinge on the credit profile of the company.

**Assessment of Adequacy of Credit Enhancement under various scenarios including stress scenarios (applicable for ratings factoring specified support considerations with or without the “CE” suffix)  
Support from GoTN**

TANTRANSCO is responsible for operating and maintaining high voltage transmission network in Tamil Nadu. TANTRANSCO requires continuous upgradation and renovation of its transmission network, which requires significant amount of debt. GoTN extends support to TANTRANSCO by providing capital grants and debt arrangement from foreign financial institutions. Further, GoTN also extends its support by way of providing guarantee to few loans availed by TANTRANSCO.

**Stress scenario:**

Acuite believes that the support from the GoTN will continue in the form of arrangement of loans and capital grants even in stress scenario.

**Rating Sensitivities**

- Credit profile of Government of Tamil Nadu
- Significant improvement in scale of operations while maintaining profitability
- Dynamics in the regulatory environment
- Any deterioration in financial risk profile leading to stretch in liquidity

**Liquidity position: Adequate**

TANTRANSCO's liquidity is stretched marked by inadequate cash accruals to repay its maturing debt obligations. The company has reported cash accruals of Rs.2016.09 Cr. in FY2024 against repayment obligation of Rs.3771.04 Cr. Despite insufficient cash accruals, the company has met all its debt repayment obligations through support from GoTN and by adjusting their working capital cycle. Going ahead, the net cash accruals are expected to remain inadequate against its repayment obligations over the medium term. The company maintained Rs.317.60 Cr. unencumbered cash and bank balances as of March 31, 2024. The working capital limits remained unutilised over the past 12 months ending January 2025.

**Outlook: Stable**

**Other Factors affecting Rating**

None

## Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	5983.24	4476.08
PAT	Rs. Cr.	547.18	(527.77)
PAT Margin	(%)	9.15	(11.79)
Total Debt/Tangible Net Worth	Times	(8.72)	(8.75)
PBDIT/Interest	Times	2.08	1.53

**Status of non-cooperation with previous CRA (if applicable)**

Not applicable

**Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)**

**Not applicable**

**Any other information**

None

## Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Infrastructure Sector: <https://www.acuite.in/view-rating-criteria-51.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Group And Parent Support: <https://www.acuite.in/view-rating-criteria-47.htm>
- Public Finance - State Government Ratings: <https://www.acuite.in/view-rating-criteria-26.htm>
- Explicit Credit Enhancements: <https://www.acuite.in/view-rating-criteria-49.htm>

## Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on [www.acuite.in](http://www.acuite.in).

## Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook	
29 Dec 2023	Term Loan	Long Term	388.25	ACUITE BBB	Stable (Assigned)
	Cash Credit	Long Term	90.00	ACUITE BBB	Stable (Assigned)
	Cash Credit	Long Term	50.00	ACUITE BBB	Stable (Assigned)
	Term Loan	Long Term	500.00	ACUITE BBB	Stable (Assigned)
	Term Loan	Long Term	428.72	ACUITE BBB	Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	600.00	ACUITE BBB	Stable (Assigned)

**Annexure - Details of instruments rated**

<b>Lender's Name</b>	<b>ISIN</b>	<b>Facilities</b>	<b>Date Of Issuance</b>	<b>Coupon Rate</b>	<b>Maturity Date</b>	<b>Quantum (Rs. Cr.)</b>	<b>Complexity Level</b>	<b>Rating</b>
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	90.00	Simple	ACUITE BBB   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	50.00	Simple	ACUITE BBB   Stable   Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	600.00	Simple	ACUITE BBB   Stable   Reaffirmed
Bank of Baroda	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	31 Jul 2029	388.25	Simple	ACUITE BBB   Stable   Reaffirmed
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	21 Dec 2027	500.00	Simple	ACUITE BBB   Stable   Reaffirmed
PTC India Financials	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	29 Apr 2032	428.72	Simple	ACUITE BBB   Stable   Reaffirmed

**\*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

<b>Sr. No.</b>	<b>Company name</b>
1	Government of Tamil Nadu
2	Tamil Nadu Transmission Corporation Limited

## Contacts

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### About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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