

## Tamilnadu Industrial Development Corporation Limited

January 03, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Issuer rating	0.00	CARE A; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The issuer rating assigned to Tamilnadu Industrial Development Corporation Limited (TIDCO) derives strength from significant market value of investments, regular inflow of dividend income from investments, and financial risk profile characterised by good profitability and comfortable capital structure. The rating also derives strength from ownership by Government of Tamil Nadu (GoTN). However, the rating is constrained by exposure to market-related risks of investment portfolio with concentration risk associated with top investment accounting for 97% of market value of investments, moderate scale of operations with relatively lower share of income from lending and project-related activities, and risk associated with project funding/project investments including execution and commercialisation risk.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors - Factors that could, individually or collectively, lead to positive rating action/upgrade:

- Significant improvement in the scale of operations and improvement in related revenue stream on a sustained basis.

#### Negative factors - Factors that could, individually or collectively, lead to negative rating action/downgrade:

- Significant decline in the market value of investments/dividend receipts on sustained basis.
- Moderation in gearing levels with overall gearing exceeding 2x.

### Analytical approach:

Standalone

### Outlook: Stable

The stable outlook reflects the likely continuation of stable credit profile with comfortable capitalisation levels.

### Detailed description of the key rating drivers :

#### Key strengths

#### Significant market value of investments and steady flow of dividend income from investments

TIDCO has equity investments in various companies, including subsidiaries and joint ventures (JVs). As on November 13, 2024, TIDCO's holdings in listed companies had a market value of ₹81,324 crore. Among these holdings, Titan Company Limited (TCL; rated 'CARE AAA; Stable') is the major contributor, accounting for ~97% of the value of equity listed companies held by TIDCO.

The primary source of TIDCO's income is dividends. From FY18 to FY24, dividend income ranged from ₹78 crore to ₹278 crore. In FY24, the dividend income was ₹278 crore, of which ₹247 crore coming from TCL.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

There is limited flexibility to TIDCO in terms of disinvestment and major disinvestment happens only with the approval of GoTN.

### **Ownership by GoTN**

TIDCO is a GoTN enterprise incorporated as limited company in 1965 to identify and promote the establishment of large and medium-scale industries within Tamil Nadu in association with the private and public institutions. GoTN holds 100% equity stake in TIDCO as on March 31, 2024. TIDCO is Headquartered in Chennai, Tamil Nadu, and the company operates only from its Head Office. The company also pays regular dividend to GoTN.

Currently, TIDCO's board consists of 12 directors including two independent directors. The directors of the company (other than the two independent directors) are nominated by GoTN. Thiru. Sandeep Nanduri, IAS, is the Managing Director, and Thiru V. Arun Roy, IAS, is the Chairman. Most of the board members are IAS officers holding various positions in the state government. TIDCO has well-defined organisation structure with separate teams for key functions including Development, Finance, Legal & Secretarial, HR, and Admin department. Many of the departments are led by individuals at SGM/GM level. All the department's report to ED who in turn reports to MD.

### **Financial risk profile characterised by good profitability and comfortable capital structure.**

The major source of income for TIDCO is dividend income, with a significant amount of dividends received, contributing to the company's healthy profitability. The company reported a profit after tax (PAT) of ₹255 crore in FY24, compared to ₹229 crore in FY23. Return on total asset (ROTA) moderated to 8.92% in FY24 from 9.06% in FY23. As on March 31, 2024, the CAR% and Tier-1 CAR% were both at 36.04%, with a net worth of ₹2,513 crore. The market value to debt ratio stood at 640.34x. Although the company is considering to raising debt of ₹500 crore, the coverage is expected to remain comfortable at 129.70x.

### **Key weaknesses**

#### **Exposure to market related risks of investment portfolio with concentration risk associated with top investment**

The company derives strength from the market value of investments held. As on November 13, 2024, the market value of investments stood at ₹81,324 crore and changes based on movement in market price of shares held by it. Its holding in TCL contributes to 97% of market value of investments as on November 13, 2024, resulting in concentration risk. However, TCL has demonstrated healthy business and financial performance in the past. The ability to diversify the investments remains key monitorable.

#### **Moderate scale of operations with relatively lower share of income from lending and project-related activities**

TIDCO projects are limited to Tamil Nadu, as the company was promoted with the objective of facilitating the establishment of large industrial and infrastructure projects within the state. In addition, TIDCO functions as a nodal agency for the development of a few industrial corridors. The company generates a negligible amount of income from lending and project-related activities. The major portion of its income comes from investments and the dividends from those equity investments. As of March 31, 2024, TIDCO's interest income stood at ₹29 crore for FY24, while loans and advances stood to ₹305 crore.

### Risk associated with project funding/project investments including execution risk and commercialisation risk

TIDCO is exposed to risks associated with funding of the projects as well as to the execution and commercialisation of the projects. However, TIDCO appoints external consultants for feasibility study and a small team with Project Management Consultant (PMC) and engineering, procurement, and construction (EPC) contractor is formed for the implementation of the projects. The track record of TIDCO handling large projects over the period provides comfort.

### Liquidity: Adequate

TIDCO has an outstanding debt of ₹128 crore as on March 31, 2024, and the company has a cash and cash balance of ₹138 crore as on March 31, 2024. The company receives significant dividend income on a yearly basis, and with current investments, the liquidity is adequate.

### Applicable criteria

[Criteria on assigning 'Outlook' and 'Credit watch' to Credit Ratings](#)  
[CARE's Policy on Default Recognition](#)  
[Financial Ratios - Financial Sector](#)  
[CARE's Issuer Rating](#)  
[Non-Banking Financial Companies](#)  
[Investment holding companies](#)

### About the company and industry

#### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Financial services	Financial services	Finance	Non-banking financial company (NBFC)

TIDCO was established in 1965 by GoTN to service large industrial and infrastructure projects which include large investments and huge employment potential. TIDCO is the Nodal Agency for the development of Chennai Bengaluru Industrial Corridor (CBIC), Chennai Kanyakumari Industrial Corridor (CKIC), Western Corridor (Kochi – Coimbatore - Bangalore Industrial Corridor), and Défense Industrial Corridor projects.

TIDCO has several JV projects across sectors such as Chemicals, Fertilizers, Pharmaceuticals, Textiles, Iron and Steel, Auto Components, Food & Agro, Floriculture, Engineering, Petroleum and Petrochemicals, infrastructure projects, including IT/ITES Parks, Bio-Tech Parks, Special Economic Zones (SEZ), Road Development Projects, and Agri Export Zones. TITAN Industries Limited, TANFAC Industries Ltd, Mahindra World City, Tamilnadu Petro products Ltd, TIDEL Park Ltd, Ascendas IT Park (Chennai) Ltd, TICEL Bio Park Ltd, Tamilnadu Road Development Company Ltd, Chennai Trade Centre, Tanflora Infrastructure Park Ltd, TIDEL Park Coimbatore Ltd, L&T Shipbuilding Ltd, and Indian Oil LNG Private Ltd are some of the successful JV of TIDCO.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	285	324
PAT	228	225
Interest coverage (times)	2,600	46
Total assets	2,472	3245
Net NPA (%)	0	0
ROTA (%)	9	9

A: Audited UA: Unaudited; Note: these are latest available financial results

**Status of non-cooperation with previous CRA :** Not Applicable

**Any other information :** Not Applicable

**Rating history for last three years :** Annexure -2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

#### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Issuer rating-Issuer ratings		-	-	-	0.00	CARE A; Stable

#### Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Issuer rating-Issuer ratings	LT	0.00	CARE A; Stable	1)CARE A; Stable (13-May-24)	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

**Annexure-3: Detailed explanation of covenants of rated instruments/facilities:** Not applicable

**Annexure-4: Complexity level of instruments rated:** Not applicable

#### Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

### Contact us

<p><b>Media Contact</b> Mradul Mishra Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a></p> <p><b>Relationship Contact</b></p> <p>Pradeep Kumar V Senior Director <b>CARE Ratings Limited</b> Phone: 91 44 2850 1001 E-mail: <a href="mailto:pradeep.kumar@careedge.in">pradeep.kumar@careedge.in</a></p>	<p><b>Analytical Contacts</b> Vineet Jain Senior Director <b>CARE Ratings Limited</b> Phone:: 91 -22 -6754 3456 E-mail: <a href="mailto:vineet.jain@careedge.in">vineet.jain@careedge.in</a></p> <p>Ravi Shankar R Associate Director <b>CARE Ratings Limited</b> Phone: +91-44-2850 1016 E-mail: <a href="mailto:ravi.s@careedge.in">ravi.s@careedge.in</a></p> <p>Harikrishnakumar Balasubramaniam Lead Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:harikrishnakumar.b@careedge.in">harikrishnakumar.b@careedge.in</a></p>
---	--

#### About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

#### Disclaimer:

The ratings issued by CARE Ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse, or recall the concerned bank facilities or to buy, sell, or hold any security. These ratings do not convey suitability or price for the investor. The agency does not constitute an audit on the rated entity. CARE Ratings has based its ratings/outlook based on information obtained from reliable and credible sources. CARE Ratings does not, however, guarantee the accuracy, adequacy, or completeness of any information and is not responsible for any errors or omissions and the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE Ratings have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE Ratings or its subsidiaries/associates may also be involved with other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating/outlook assigned by CARE Ratings is, inter-alia, based on the capital deployed by the partners/proprietors and the current financial strength of the firm. The ratings/outlook may change in case of withdrawal of capital, or the unsecured loans brought in by the partners/proprietors in addition to the financial performance and other relevant factors. CARE Ratings is not responsible for any errors and states that it has no financial liability whatsoever to the users of the ratings of CARE Ratings. The ratings of CARE Ratings do not factor in any rating-related trigger clauses as per the terms of the facilities/instruments, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and triggered, the ratings may see volatility and sharp downgrades.

**For detailed Rationale Report and subscription information,  
please visit [www.careedge.in](http://www.careedge.in)**