

February 04, 2026

## Tamilnadu Trade Promotion Organisation: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term- Fund-based - Term loan	202.0	149.0	[ICRA]A- (Stable); reaffirmed
Long-term- Unallocated limit	-	53.0	[ICRA]A- (Stable); reaffirmed
<b>Total</b>	<b>202.0</b>	<b>202.0</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation on the bank lines of Tamilnadu Trade Promotion Organisation (TNTPO) considers the healthy increase in its scale of operations in FY2025, and an expected modest growth over the medium term, aided by increase in occupancy levels at the trade centre. The rating remains supported by TNTPO's established position in Chennai and its strategic importance to both the Government of India and the Government of Tamil Nadu in promoting trade. The commercial operations at the Phase II brownfield expansion began on August 31, 2024, driving a 42% Year-on-Year (YoY) revenue increase to Rs. 67.4 crore in FY2025 and raising operating margins to 65% in FY2025 from 57% in FY2024. The operating margins are likely to remain healthy over the medium term with minimal fixed overheads. However, the entity has higher repayment obligation on loan availed towards the expansion. The rating also considers the strong operational profile of the company, characterised by the dominant position of its exhibition venue in Chennai — the Chennai Trade Centre (CTC). The centre hosts various trade exhibitions and conventions for a diversified clientele, which comprises varied industrial and commercial entities. Given its strategic location and no major competition for indoor exhibition halls in Chennai, it remains a key business exhibition venue in Tamil Nadu. ICRA also notes that TNTPO's promoters include India Trade Promotion Organisation (ITPO, with a 51% shareholding), a Government of India enterprise, and Tamil Nadu Industrial Development Corporation (TIDCO, with a 49% shareholding), a Government of Tamil Nadu enterprise.

The rating, however, remains constrained by high geographical concentration (operations limited to Chennai), which makes scaling up of operations highly dependent on Tamil Nadu's economic activity. The rating also factors in large-debt funded expansion for Rs. 438.1 crore incurred across five fiscals, funded through term loan of Rs. 149.0 crore and internal accruals leading to a significant reduction in its free cash reserves. With the increase in bank borrowings, the interest coverage indicator has moderated in FY2025 to 6.0 times from 44.4 times in FY2024 and is expected to improve over the medium term with repayment of term loan. In the current fiscal, TNTPO has pre-paid term loan to the extent of Rs. 10.0 crore towards reducing their bank borrowings. ICRA also notes that there could be fund outflow because of its ongoing income tax dispute. Nonetheless, it may not have any major impact on its liquidity profile.

The Stable outlook on the long-term rating reflects ICRA's expectations that TNTPO's improvement in revenues and operating metrics is likely to sustain. Further, the outlook underlines ICRA's expectation that the entity's incremental capex, if any, will be funded in a manner that it is able to durably maintain its debt protection metrics commensurate with the existing rating.

### Key rating drivers and their description

#### Credit strengths

**Strong operational profile characterised by established position of exhibition and convention centre in Chennai** - TNTPO's facility, under the name of Chennai Trade Centre, is in Nandambakkam, Chennai, spanning an area of 34.6 acres. It is in

proximity to the Chennai airport and the railway station. It is an established player in the exhibition hall market in India and enjoys a dominant market position in Chennai in the closed exhibition space segment. TNTPO's operating income (OI) is generated mainly through rentals received in its exhibition halls and the convention centre, with the exhibition halls accounting for around 80% of the total operating income in FY2025 and the convention centre contributing to around 18%.

**Preferred venue for promotional events leads to healthy revenue visibility** - TNTPO offers its facilities for organising promotional events and trade fairs and is commonly chosen for conducting events due to its location-specific advantages. TNTPO's promoters are Government entities, namely ITPO and TIDCO, which support various financial and operational aspects. The promoters have helped TNTPO by assigning Government grants for facility development and allocating land at prime location in Chennai (around 34.6 acres of land had been leased out at a nominal cost of around Rs. 1.4 crore per annum). The built area of TNTPO's facility has almost doubled with completion of the phase II expansion w.e.f. August 31, 2024. At present, TNTPO has eight exhibition halls, two convention centres, three conference halls, one utility building, and a multi-level parking lot with around 1,300 parking spaces. TNTPO witnessed a 42% YoY growth in its operating income in FY2025. Further, TNTPO has recorded revenue of around Rs. 62 crore till December 31, 2025 and is likely to generate revenues of around Rs. 80 crore in FY2026, demonstrating healthy revenue visibility.

**Financial profile characterised by strong capital structure** - TNTPO has a strong capital structure, characterised by a healthy net worth position, which stood at Rs. 420.3 crore as on March 31, 2025. TNTPO's gearing levels have moderated to 0.4 times as on March 31, 2025, owing to an increase in term loan borrowings for the expansion. However, the same remains comfortable and is expected to improve over the medium term with the repayment of term loan. Despite an increase in bank borrowings over the last two fiscals, TNTPO's capital structure remains strong.

### Credit challenges

**Moderate, albeit improving scale of operations and high geographical concentration** – TNTPO's scale of operations is modest, and it reported an operating income of Rs. 67.4 crore in FY2025. However, since FY2026 will be the first full year of operations for the expansion, TNTPO's scale is expected to improve over the medium term, supported by the larger built-up area and increase in capacity utilisation in the newly constructed facilities. Besides, TNTPO's facilities are in Chennai, and the company's long-term growth depends on the economic growth of Tamil Nadu. Moreover, its revenue remains prone to cyclicity in the business and economic environment.

**Moderate coverage indicators with recent expansion** – TNTPO concluded its brownfield expansion project on August 31, 2024. Due to increase in scope of project and cost escalations, the project's cost increased to Rs. 438.1 crore against earlier estimates of Rs. 300 - 320 crore. There had been a time and cost overrun in the project, which led to a reduction in its free cash reserves to Rs. 28.6 crore as on March 31, 2025, from Rs. 93.7 crore as on March 31, 2023. The brownfield project was funded through a term loan of Rs. 149.0 crore. With the increase in bank borrowings, the interest coverage indicator has moderated in FY2025 to 6.0 times from 44.4 times in FY2024 and is expected to improve over the medium term with repayment of term loan obligations.

**Ongoing litigation regarding tax matters** – The income tax exemption enjoyed by TNTPO was withdrawn from FY2009 and income tax demands were raised from FY2009 to FY2018, and its financials are under audit assessment for the subsequent years. Over the years, TNTPO has paid the major portion of the income tax demand under protest, however, the issue is currently sub-judice. In case of an unfavourable outcome to TNTPO, there is bound to be a cash outflow for the entity. As ITPO (the holding company) had a favourable ruling in 2015 on a similar lawsuit, the risk on the company's financial profile/liquidity position because of the dispute is moderate as the entity had already deposited tax to an extent of Rs. 105.3 crore as on March 31, 2025, against a claim of Rs. 88.6 crore.

## Liquidity position: Adequate

The liquidity position of TNTPO is adequate, supported by expected healthy cash flow of more than Rs. 30 crore from operations. Further, the company had free cash and liquid investments of Rs. 28.6 crore as on March 31, 2025. Against these sources of cash, the entity has debt repayment obligation of around Rs. 25 crore in FY2026 (including prepayment done for Rs. 10.0 crore) and around Rs. 15 crore in FY2027. The cash generated from operations from both the new and the existing facility is expected to be sufficient towards meeting the term loan repayment obligation.

## Rating sensitivities

**Positive factors** – ICRA could upgrade TNTPO’s rating if it can significantly increase capacity utilisation levels in the newly constructed facilities and establish a stronger buffer against its debt repayment obligations.

**Negative factors** – The rating can be downgraded if the entity’s capacity utilisation level declines significantly in the future, affecting operational income and profitability on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The rating is based on the standalone financial profile of the rated entity

## About the company

TNTPO, a joint venture of ITPO (a Government of India enterprise) and TIDCO (a Government of Tamil Nadu enterprise), was incorporated in 2001. Its registered office is in Chennai and functions as a non-profit company under Section 25 of the Companies Act, 1956 (Section 8 Companies Act, 2013). TNTPO was set up for promoting trade and industries in Tamil Nadu by facilitating and organising national and international trade fairs. At present, TNTPO manages the Chennai Trade Centre, which is spread over 34.6 acres of land in Chennai consisting of eight exhibition halls, two convention centres, three conference halls, one utility building, and a multi-level parking lot with around 1,300 parking spaces. The entity has a total exhibition area of around 21,858 square metres, making it one of the largest exhibition centres in India. The convention centres consist of four halls with a combined capacity of around 5,000 seats and three conference halls with a total capacity of 900 seats.

## Key financial indicators (audited)

TNTPO (Standalone)	FY2024	FY2025	5M FY2026*
Operating income	47.4	67.4	36.8
PAT	26.2	25.9	-
OPBDIT/OI	57.0%	65.0%	71.1%
PAT/OI	55.3%	38.4%	-
Total outside liabilities/Tangible net worth (times)	0.6	0.5	-
Total debt/OPBDIT (times)	4.8	3.6	-
Interest coverage (times)	44.4	6.0	-

Source: Company, ICRA Research; All ratios as per ICRA’s calculations; Amount in Rs. crore ;\*provisional number

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Feb 04, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term loan	Long term	149.0	[ICRA]A-(Stable)	Nov 25, 2024	[ICRA]A-(Stable)	-	-	-	-
Unallocated limit	Long term	53.0	[ICRA]A-(Stable)	-	-	Aug 28, 2023	[ICRA]A (Stable)	May 30, 2022	[ICRA]A (Stable)

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based term loan	Simple
Long-term - Unallocated limit	NA

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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	Oct 2023	NA	Dec 2034	149.0	[ICRA]A- (Stable)
NA	Unallocated limit	NA	NA	NA	53.0	[ICRA]A- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

## ANALYST CONTACTS

**Jitin Makkar**

+012 4454 5368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Srikumar Krishnamurthy**

+44 4596 4318

[ksrikumar@icraindia.com](mailto:ksrikumar@icraindia.com)

**Ramakrishnan G S**

+44 4596 4327

[g.ramakrishnan@icraindia.com](mailto:g.ramakrishnan@icraindia.com)

**Trusha Mahendra Patil**

+44 4596 4326

[trusha.patil@icraindia.com](mailto:trusha.patil@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

[info@icraindia.com](mailto:info@icraindia.com)

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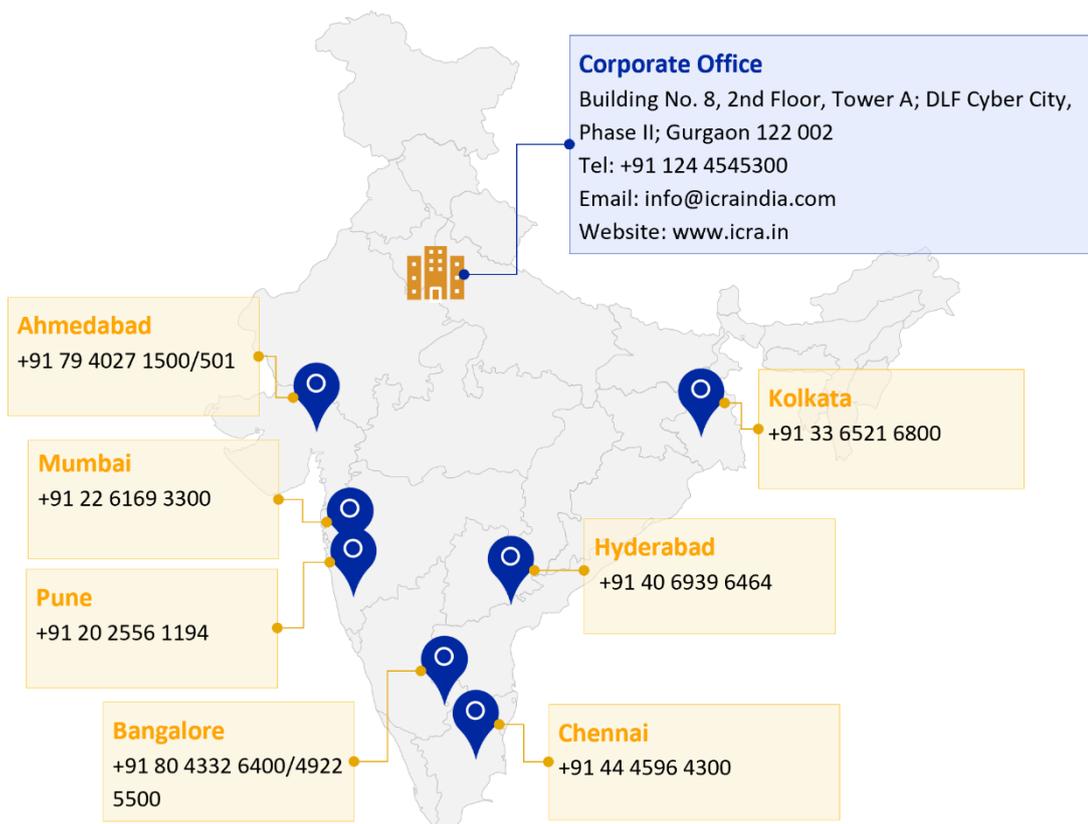
### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



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