

L&T Shipbuilding Limited

Bank limits rated on long-term scale	Amount (Rs. crore)	Rating Action
Non-Convertible Debenture	1,331.00	[ICRA]AAA (SO) (Stable) Re-affirmed
Non-Convertible Debenture	1,550.00	[ICRA]AAA (SO) (Stable) Withdrawn

ICRA has re-affirmed the long-term rating of **[ICRA]AAA(SO)** [pronounced as ICRA Triple A (Structured Obligation)] assigned to the Non-Convertible Debenture (NCD) Programme aggregating to Rs. 1,331.00 crore¹ issued by L&T Shipbuilding Limited (Issuer) (LTSB). ICRA has also withdrawn the rating of [ICRA]AAA (SO) (Stable) outstanding on the Rs. 1,550.00 crore NCD Programme of LTSB, as the company has redeemed the instrument. The outlook on the long-term rating is **Stable**.

The letters SO in parenthesis suffixed to a 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.

The rating for the NCDs is based on the strength of an unconditional and irrevocable guarantee by Larsen & Toubro Limited (L&T) (Guarantor) [rated [ICRA]AAA (stable)]. The rating also factors the payment mechanism designed to ensure timely payment on the rated NCDs as per the terms of the transaction.

About the Issuer

L&T Shipbuilding Limited (LTSB) is a Joint Venture (JV) project between L&T and Tamil Nadu Industrial Development Corporation Limited (TIDCO), a Government of Tamil Nadu Enterprise, with respective shareholding of 97% and 3%. The company has a shipbuilding-cum-minor port complex at Kattupalli, Tamil Nadu. The project is located at Kattupalli, Thiruvallur District, about 20 km north of Chennai, north of the existing Ennore Port and about 12 km south of Pulicat Lake near Kattupalli village, Ponneri Taluka, Thiruvallur District, Tamil Nadu. The project land area and water front extent are approximately 1,148 acres and 2.2 km, respectively. The shipyard facility is allocated on an area of approximately 790 acres as a versatile facility with capability to build multiple types of defence vessels. In addition to developing newbuilds, the shipyard also has the capability to undertake repairs for both defence and commercial ships. The port facility consists of two container berths with a design capacity of 1.2 million TEUs. The project cost was in the range of Rs. 4,300 crore. The COD for shipyard was achieved on December 1, 2012, and that of the port was achieved on January 1, 2013.

As of March 31, 2016, the company has an order book of ~Rs. 1,419 crore comprising orders from defence, and commercial shipbuilding and ship repair. L&T has provided inter-corporate deposits of Rs. 1,550 crore in FY2016 for pre-payment of Tranches 1, 3 and 4 of the four tranches of NCD totalling Rs. 1,550 crore, which were due for redemption in FY2017.

About the Guarantor

Larsen & Toubro Limited (L&T) is a leading engineering and construction company in India with a nationwide as well as international presence. It is headquartered in Mumbai. It has interests in engineering and construction (E&C), electrical and electronics, as well as in machinery and industrial products. It is the market leader in the electrical and electronics business in India, and enjoys a dominant market share in low tension switchgears. It also has operations in the Americas, Middle East, Asia and Europe. Through its total of 130 subsidiaries, 15 associate companies and 14 joint ventures as of March 31, 2014, the group is involved in IT services, financial and infrastructure development activities. The E&C division, which is the largest business segment for L&T, is involved in engineering, procurement and commissioning of large projects for oil and gas, infrastructure, power, metals and minerals sectors. It also has a presence in heavy engineering, which includes the nuclear, marine and aviation sectors. Its electrical and electronics segment manufactures a range of products including switchgears, switchboards, metering equipment, medical devices, and automation systems.

¹ 100 lakh = 1 crore = 10 million



The machinery and industrial products segment deals in manufacturing of construction machinery and equipment, such as hydraulic and material handling equipment, and is also involved in valves and industrial machinery products.

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