

November 15, 2023^(Revised)

STUP Consultants Private Limited: Update on Material Event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based - OD	15.0	15.0	[ICRA]BBB(Stable); outstanding
Long-term – Non-fund Based - Bank guarantee/ Letter of credit	70.0	70.0	[ICRA]BBB(Stable); outstanding
Total	85.0	85.0	

*Instrument details are provided in Annexure-I

Rationale

Material event

On November 02, 2023, STUP Consultants Private Limited (SCPL) entered a share purchase agreement with Larsen & Toubro Limited (L&T) to acquire 100% stake in L&T Infrastructure Engineering Limited (LTIEL), a wholly owned subsidiary of L&T, for a consideration of Rs. 60 crore subject to closing adjustments, as set out in the agreement. The expected date of completion of the sale is on or before January 15, 2024.

Impact of material event

The acquisition is expected to be funded entirely through the cash reserves with SCPL. As on Sep 30, 2023, SCPL had unencumbered cash and bank balance of around Rs. 52 crores. While the announced investment in LTIEL will impact the cash position, the liquidity position of the company is expected to remain adequate. ICRA expects the that the acquisition will provide synergistic benefits to SCPL, as the combined entity will be able to undertake more technical work given the expertise of LTIEL in certain fields like ports, urban planning, geo-technical work, etc. The completion of the transaction will be subject to satisfaction of conditions precedent identified under the share purchase agreement. ICRA will continue to monitor the developments in this regard and take appropriate rating action, if necessary.

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	Corporate Credit Rating Methodology
Parent/Group support	Parent Company: Assystem S. A. ICRA expect STUP's parent, Assystem S. A., to be willing to extend financial support to STUP, should there be a need, given the high strategic importance that STUP holds for Assystem S. A. for meeting its diversification objectives and out of its need to protect its reputation from the consequences of a Group entity's distress.
Consolidation/Standalone	Standalone

About the company

STUP Consultants Private Limited (STUP) is a full-service design, engineering and project delivery consultancy company offering services for urban and territorial infrastructures, civil engineering, complex buildings, transportation infrastructures, energy etc. It has been acquired by the French engineering group Assystem S.A. in July 2021.

Key financial indicators (audited)

Standalone	FY2022	FY2023
Operating income (OI)	166.8	173.6
PAT	-98.4	20.5
OPBDIT/OI	-9.5%	7.5%
PAT/OI	-59.0%	11.8%
Total outside liabilities/Tangible net worth (times)	0.8	0.7
Total debt/OPBDIT (times)	-	-
Interest coverage (times)	-7.1	8.6

Source: Company data, ICRA Research; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current rating (FY2024)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Amount outstanding as on Mar 31, 2023 (Rs. crore)	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	Date & rating in FY2021
				Nov 15, 2023	Oct 31, 2022	Jul 13, 2021	Feb 24, 2021
1 Fund-based – OD	Long term	15.0	-	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	-	-
2 Cash credit	Long term	-	-	-	-	[ICRA]BBB+ &	[ICRA]BBB+ (Stable)
3 Non-fund based Bank guarantee/ Letter of credit	Long term	70.0	-	[ICRA]BBB (Stable)	[ICRA]BBB (Stable)	[ICRA]BBB+ &	[ICRA]BBB+ (Stable)

&: Rating Watch with Developing Implications

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – OD	Simple
Long-term – Non-fund Based – Bank guarantee/ Letter of credit	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	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Fund-based - OD	NA	NA	NA	15.0	[ICRA]BBB (Stable)
NA	Non-fund based Bank guarantee/ Letter of credit	NA	NA	NA	70.0	[ICRA]BBB (Stable)

Source: Company data, ICRA Research

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

Corrigendum

Document dated November 15, 2023, has been corrected with revisions as detailed below:

Section where revision has been made	Details of change (s) made
Page 3: Complexity level of the rated instruments	Name of the instrument and associated complexity indicator rectified

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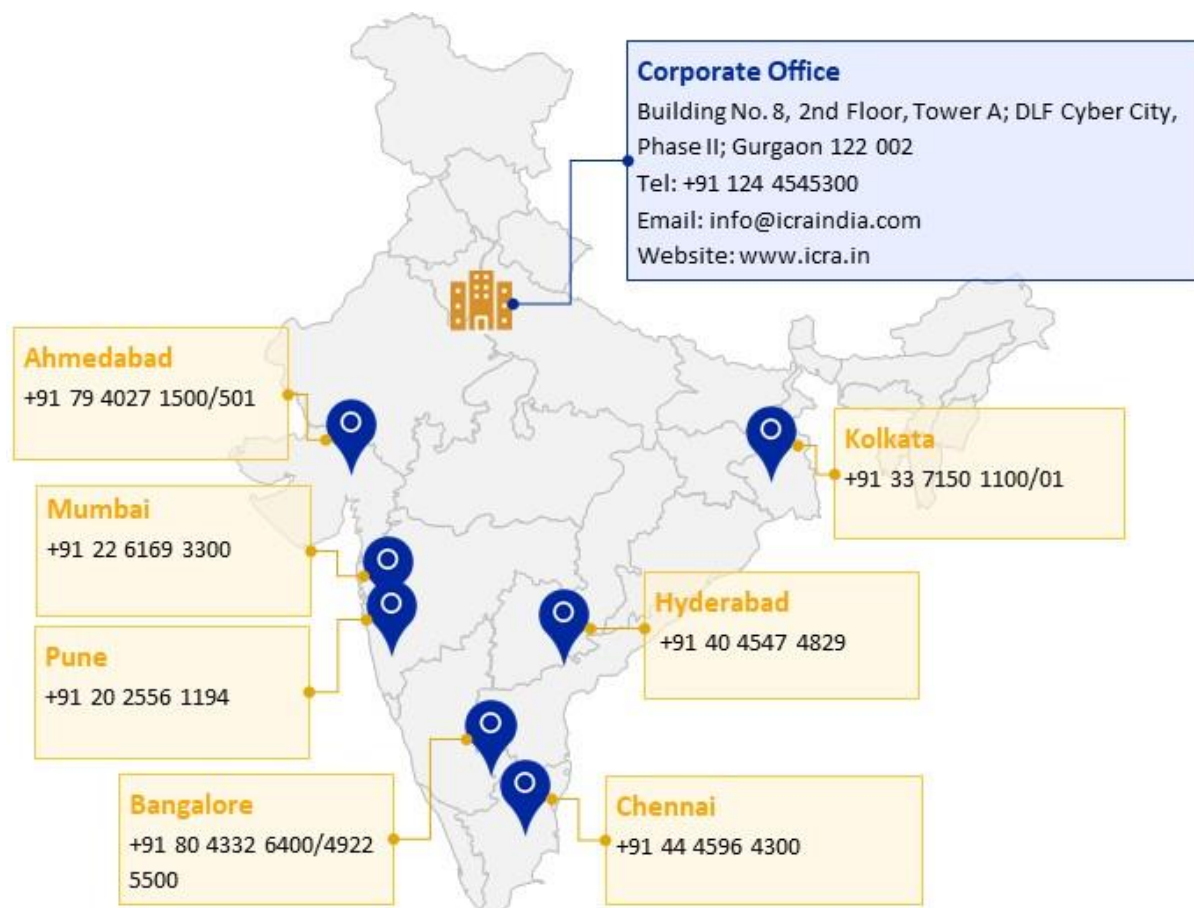


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