



Press Release
TRANSITRA PROJECTS PRIVATE LIMITED
August 08, 2024
Rating Assigned

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	87.00	ACUITE BB+ Stable Assigned	-
Total Outstanding Quantum (Rs. Cr)	87.00	-	-

Rating Rationale

Acuite has assigned its long term rating to '**ACUITE BB+**' (read as **ACUITE Double B plus**) on the Rs 87.00 Cr. bank facilities of Transitra Projects Private Limited (TSPPL). The outlook is 'Stable'.

Rationale for Rating Assigned

The rating assigned factors in TSPPL's experienced management, established track record of operations of the promoters in the industry. The rating further considers the completion of the construction of warehouse-1 and its occupancy by HUL, from June 2024 with a long term lease agreement of 9 years, reflecting steady revenue stream over the medium term. Furthermore, the construction of warehouse-2, is completed ~52% as of July 2024 and is expected to be completed and occupied by other reputed clients by Q1FY2026. Companies such as Siemens, Marico Group, Asian Paints, and Reliance Group have provided expression of interest for occupying the property. However, the rating remains constrained on account of existence of execution and occupancy risk.

About the Company

Transitra Projects Private Limited (TSPPL) was incorporated in 2018, The company is a part of Scalar group, which is established in Hyderabad for more than 100 years. TSPPL was established with the main purpose of undertaking business of logistic warehouse. The registered office of the Company is at 6-3-679, I St Floor, Elite Plaza, Punjagutta, Hyderabad, Telangana - 500082. The company is a special purpose vehicle (SPV) formed for construction and lease of ware house facility at Kagal, Kohlapur. The company leased out warehouse-1 to Hindustan Unilever Limited (HUL). The company is promoted by Sri Pramod Kumar Gupta and his family members for the purpose of providing logistic warehouse service.

Unsupported Rating

Not Applicable

Analytical Approach

Acuité has considered the standalone business and financial risk profiles of the TSPPL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management and establish track record of operations

TSPPL is a part of Scalar group promoted by Mr. Pramod Kumar Gupta and family. The promoters of the group have been engaged in the warehouse construction and leasing business for more than a decade through various entities including Musaddilal Projects Private Limited, Egwood Industries Private Limited, Musaddilal Properties Private Limited, Bhawat

Chattels Private Limited among others. The group owns contracted warehouse space of ~3 Million sq. ft. in 7 locations all over India and entered long term lease agreements of 9-10 years with reputed clients namely Hindustan Unilever Limited, ITC Limited and UTI Worldwide (India) Private Limited under various SPVs. Apart from the leasing business, the Scalar group is in plywood manufacturing business since 1964 under 'Egwood Boards and Panels Private Limited'.

Acuité believes that the company will continue to benefit from the experience of the management over the medium term.

Commencement of revenue stream under lease arrangement from reputed client

TSPPL has recently started to derive its revenue by way of lease rentals from HUL through its warehouse-1 facility based in Kagal, Kolhapur District. HUL is among India's largest FMCG companies with a diverse product portfolio including soaps and detergents, personal care products, and food and beverages. The total leasable area is around 480,000 sq. ft. Of this, Hindustan Unilever Limited (HUL) has committed to a nine-year lease of 220,246 square feet, starting from June 2024 to May 2033. This leased space is anticipated to yield a monthly revenue of approximately INR 40 lakhs, with an escalation clause of 15% every three years. Currently, HUL has taken possession of 170,246 square feet, and an additional 50,000 square feet is prepared for their expansion. The fit-out phase is underway, with full occupation by HUL scheduled from December 2024.

The construction of the remaining 260,000 square feet (Warehouse-2) is progressing well with 52% already completed, and with completion anticipated by December 2024. Notably, the company has received expressions of interest from companies such as Siemens, Marico Group, Asian Paints, and Reliance Group, to lease the space, with potential occupancy expected by Q1FY26.

Weaknesses

Project execution risk along with customer concentration risk in revenue receipts

TSPPL is currently constructing Warehouse-2, which will offer a leasable area of approximately 260,000 square feet. As of July 2024, 52% of the construction has been completed. The project cost is funded through promoter contributions and a term loan sanctioned by the bank. The Commercial Operation Date (COD) for Warehouse-2 is scheduled for June 2025. Timely completion of the project and achieving the COD will be a key rating sensitivity for the company.

Further, as of now, the company's revenues are entirely dependent on single customer i.e. HUL till the completion of warehouse-2 and its subsequent occupancy by new tenants. Acuité believes that any unprecedented stretch in receiving lease rental from HUL is likely to impact TSPPL's debt servicing ability. However, the risk is partially mitigated by the long-term agreement of 9 years and lock-in period for 5 years.

Rating Sensitivities

Timely completion of the construction of warehouse-2 as per schedule.

Timely occupancy of warehouse-2 as per expected timelines and conversion of construction finance into LRD loan.

Liquidity Position

Adequate

The company has debt tie-up with SBI Bank for the construction of the warehouse. Further, the repayments for the debt will commence post conversion of the existing construction finance loan into LRD loans once the construction is completed and lease rental starts to flow in from warehouse-2 as well.

Going ahead, the liquidity is expected to remain adequate on account of debt tie-up with SBI Bank and support from promoters in case of any exigencies.

Outlook: Stable

Acuité believes that TSPPL will maintain a 'Stable' outlook over the medium term from its promoters' industry experience and commencement of long term lease agreement with the HUL. The outlook may be revised to 'Positive' in case of timely completion of the pending construction work and its subsequent occupation by new customers. Also, the timely

conversion of the construction finance loan into LRD loan as per schedule specified in the sanction terms. Conversely, the outlook may be revised to 'Negative' in case of any significant delays in completion of the construction of warehouse-2 or of any significant stretch in its receivables leading to deterioration of its financial flexibility and liquidity.

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Provisional)	FY 23 (Actual)
Operating Income	Rs. Cr.	0.04	5.34
PAT	Rs. Cr.	(0.11)	(0.09)
PAT Margin	(%)	(304.51)	(1.75)
Total Debt/Tangible Net Worth	Times	6.25	71.38
PBDIT/Interest	Times	0.00	(19.44)

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

Not Applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Real Estate Entities: <https://www.acuite.in/view-rating-criteria-63.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuite has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite'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

Rating History :

Not Applicable

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Complexity Level	Quantum (Rs. Cr.)	Rating
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	Simple	35.28	ACUITE BB+ Stable Assigned
State Bank of India	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	01 Jun 2025	Simple	51.72	ACUITE BB+ Stable Assigned

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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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