

August 26, 2024

Penguin Trading & Agencies Limited - Update on Material Event

Summary of rating(s) outstanding

Instrument	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Outstanding
Long-term/Short-term – Cash Credit	100.00	100.00	[ICRA]A (Stable)/[ICRA]A1
Total	100.00	100.00	

Rationale

In a recent ruling, the Hon'ble Supreme Court of India upheld the state government's power to tax mineral rights and mineral-bearing lands under Entries 49 and 50 of List II in the Constitution's Seventh Schedule. On August 14, 2024, the Supreme Court ruled that states have the discretion to decide on the retrospective application of the tax. However, any tax demand will not impact transactions conducted before April 1, 2005. In case of retrospective tax demand, payments will be spread over 12 years, starting from April 1, 2026. Additionally, interest and penalties on demands for the period before July 25, 2024, will be waived for all assesses. The states are yet to come out with their decision on imposition of such retrospective tax.

ICRA will assess the impact of the Supreme Court ruling on Penguin Trading & Agencies Ltd. given that it is involved in mining operations and take appropriate action when further clarity emerges from the states with respect to taxation of mineral rights following the Supreme court ruling.

Please refer to the following link for the previous detailed rationale that captures Key rating drivers and their description, Liquidity position, Rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Mining
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of PTAL. As on March 31, 2023 (provisional financial statements), the company had three subsidiaries and seven associates.

About the company

Penguin Trading & Agencies Limited (PTAL) was incorporated in August 1981 by the Kolkata-based Bathwal family. PTAL, the flagship entity of the Group, has been involved in iron ore mining. The company's iron ore mine is located at Raikela and Tantara villages in the Sundargarh district of Odisha, which falls under the Koira mining belt. PTAL has a mineral reserve of around 31.61million tonnes (MT). The mining lease is valid till 2036. PTAL's erstwhile wholly owned subsidiary, Bhagawati Steels Private Limited (BSPL), having sponge iron manufacturing capacity of 15,000 tonnes per annum (TPA), has been merged with PTAL and the merger has been accounted in the audited financials since FY2020.

Key financial indicators (audited)

PTAL	FY2023	FY2024
Operating income	485.90	1087.31
PAT	211.66	500.11
OPBDIT/OI	51.01%	38.19%
PAT/OI	43.56%	45.99%
Total outside liabilities/Tangible net worth (times)	0.4	0.4
Total debt/OPBDIT (times)	0.4	0.7
Interest coverage (times)	73.9	34.8

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Any other information: None

Rating history for past three years

Current (FY2025)					Chronology of rating history for the past 3 years					
			FY2025		FY2024		FY2023		FY2022	
Instrument	Type	Amount Rated (Rs Crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund Based/Non Fund Based-Cash Credit	Long Term and Short Term	100.00	26-Aug-24	[ICRA]A (Stable)/[ICRA]A1	30-June-23	[ICRA]A (Stable)/[ICRA]A1	-	-	-	-
Unallocated Limits	Long Term and Short Term	-	-	-	-	-	04-Apr-22	[ICRA]A (Stable)/[ICRA]A1	-	-

Complexity level of the rated instrument

Instrument	Complexity Indicator
Fund Based/Non Fund Based-Cash credit	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 analyzing 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, is available on ICRA's website: [Click Here](#)

Annexure-I: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Fund Based/Non Fund Based-Cash Credit	-	-	-	100.00	[ICRA]A(Stable)/ [ICRA]A1

Source: Company

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

Annexure-II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Seven Star Steels Limited	68.08%	Full Consolidation
Power International DMCC	100.00%	Full Consolidation
Bathwal Plastics Limited	51.45%	Full Consolidation
Loucal Promoters Private Limited	35.19%	Equity Method
Calmo Estates Private Limited	43.64%	Equity Method
Laxmi Fiscals Investment Private Limited	43.80%	Equity Method
SV Plaza Private Limited	23.11%	Equity Method
Engge Datasoft Private Limited	0.94%	Equity Method
Shalini Fertilizers Limited	30.56%	Equity Method
Power International LLC, Fujairah	49.00%	Equity Method
Seven Star Steels Limited	68.08%	Full Consolidation

Source: PTAL

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