

December 11, 2025

Penguin Trading & Agencies Limited: Ratings reaffirmed; outlook revised to Positive from Stable

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based - Cash Credit	396.00	396.00	[ICRA]A+ (Positive)/ [ICRA]A1; reaffirmed; outlook revised to Positive from Stable
Long term - Fund based Term Loan	50.00	50.00	[ICRA]A+ (Positive); reaffirmed; outlook revised to Positive from Stable
Long-term/Short-term - Unallocated Limits	4.00	4.00	[ICRA]A+ (Positive)/ [ICRA]A1; reaffirmed; outlook revised to Positive from Stable
Total	450.00	450.00	

*Instrument details are provided in Annexure-I

Rationale

While arriving at the ratings, ICRA has factored in the consolidated financial profile of Penguin Trading & Agencies Limited (PTAL) along with its subsidiaries and step-down subsidiaries.

The revision in outlook is driven by expected ramp-up of iron ore mining capacity to ~5 million metric tonnes (mmt), following the requisite of Environmental Clearance (EC), which is expected to significantly enhance the scale of operations and cash accruals from the next fiscal onwards. In addition, the ferro alloy project, being implemented through a step-down subsidiary in Abu Dhabi, has reached an advanced stage of execution, with commissioning expected by April 2026. The company has already achieved financial closure for the project, which mitigates funding risk and improves execution visibility. Upon commissioning, the project is expected to enhance business diversification and strengthen the manufacturing footprint. Accordingly, the ramp up of the mining capacity and achievement of scheduled commissioning of the ferro alloy unit without material time and cost overruns remain the key monitorable. In FY2026, the PTAL's consolidated financial performance is expected to remain healthy with an expected increase in iron ore sales volume of ~2.9 mmt from existing operations compared to 2.6 mmt achieved in FY2025. This coupled with stable domestic realisation, is expected to improve the performance with projected consolidated revenue of ~Rs 1330-1350 crore and OPBDITA of ~Rs 480-500 crore in FY2026 from existing operations. Lower debt resulted in healthy level of leverage and debt-protection metrics with TD/OPBDITA of ~0.6 times and interest coverage of ~11.2 times projected for the current fiscal.

The ratings continue to derive comfort from the long experience of the promoters in the iron-ore mining business. The mining lease of the company is valid up to 2036, with proven reserves of almost 31.61 million tonnes (MT) of iron ore. ICRA takes comfort from the sizeable reserves, long residual validity of the mining license and established presence of the company in the mining industry. ICRA also positively considers the competitive mining cost of PTAL, benefitting from operating a mine bagged under the erstwhile allotment regime having no revenue share, which leads to a distinct structural advantage and supports the overall profitability. Consequently, the credit indicators are expected to remain healthy in the near-to-medium term on the back of healthy profitability and modest borrowings. Also, the prudent and conservative expansion plans of PTAL further support the credit metrics of the company in the near-to-medium term.

The ratings are, however, constrained by the company's exposure to regulatory risks as it operates in a highly regulated mining industry and the cyclicity inherent in the consuming steel industry. Any unfavourable change in the mining policy by the Government may impact its revenue growth and profitability. Besides, PTAL derives the bulk of its consolidated revenues and profits from its single mine located in Odisha, thus exposing the company to mine-specific production disruptions like floods/natural calamities, labour unrest, and regulatory actions, which heighten the risk of volatility in cash flows. The rating

is also tempered by the significant increase in illiquid investments during the past four years (from FY2022 to FY2025), in the form of unsecured loans to companies with modest financial risk profile as well as PMS/AIF schemes. This has accentuated the counterparty credit and market risks and adversely impacted the overall free liquidity. In addition, PTAL's increase in investments in quoted securities further enhances its exposure to market risks. ICRA notes that the level of exposure and concentration of such risky and illiquid investments are key credit rating factors in the near term.

ICRA had earlier noted the recent ruling of the Hon'ble Supreme Court of India which upheld the state governments' 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 continue to assess the situation for any further clarity from the states with respect to taxation of mineral rights following the Supreme court ruling.

Key rating drivers and their description

Credit strengths

Expected increase in sales volume in FY2027 with new capacity enhancement likely to ~5 million MT – PTAL's scale of operations increased significantly in the last fiscal with volumes reaching 2.6 million tonnes from 2.2 million tonnes in FY2024. This increase was supported by the expansion of PTAL's production capacity from 2.53 million tonnes to 3.024 million tonnes. The sales volume is expected to remain healthy at ~2.9 mmt from existing operations. Further, the iron ore mining capacity is expected to ramp-up to ~5 million metric tonnes (mmt), following the requisite approvals, which is expected to significantly enhance the scale of operations and cash accruals from the next fiscal onwards.

In addition, the ferro alloy project, being implemented through a step-down subsidiary in Abu Dhabi, has reached an advanced stage of execution, with commissioning expected by April 2026. The company has already achieved financial closure for the project, which mitigates funding risk and improves execution visibility. Upon commissioning, the project is expected to enhance business diversification and strengthen the manufacturing footprint. Accordingly, the ramp up of the mining capacity and achievement of scheduled commissioning of the ferro alloy unit without material time and cost overruns remain the key monitorable.

Healthy profitability and credit indicators, backed by cost-competitive operations and prudent growth plans – PTAL's consolidated revenues increased by around 10% year-on-year (Y-o-Y) in FY2025 supported by higher production and sales volume. The net profit margins also remained firm at 25.4% (38.8% in FY2024). Although the entity's debt levels remained stable to support the expansion the entity's coverage indicators remained healthy supported by the sizeable operating profits. Further the entity's relatively lower cost of operations and nominal capex is expected to keep the credit indicators comfortable in the near to medium term.

High share of lumps along with a long residual lease tenure without revenue share supports profitability and revenue visibility – The mining lease of the company is valid upto 2036, with proven reserves of almost 31 million mt of iron ore. ICRA takes comfort from the sizeable reserves, long validity of the mining license and established presence of the company in the mining industries also positively considers the competitive mining cost of PTAL, benefitting from operating a mine bagged under the erstwhile allotment regime having no revenue share, which leads to a distinct structural advantage and supports overall profitability. Additionally, a higher share of lumps in the sales mix positively impacts the operating profile of the entity.

Long experience of the promoters in the iron-ore mining business – The promoters have been involved in the iron-ore mining business for more than three decades. The original lease of the mine, owned by PTAL, was obtained in 1986. Initially the mining lease was in the name of Mr. R. L. Bathwal, the Promoter of the Group. In 1991, the mining lease was transferred to PTAL. The company's original mining lease was valid till 2006, following which it obtained the first renewal with validity till 2026. However, as per The MMDR Amendment Act, 2015, the company's lease validity has been extended by 10 more years to 2036.

Credit challenges

Risks arising from operating in a highly regulated iron ore mining industry – PTAL remains vulnerable to regulatory risks associated with the iron ore mining industry in India and the cyclical nature inherent in the consuming steel industry. For mining without/beyond the approved limit as per EC, the company had to pay a sizeable demand (around Rs. 47 crore) raised by the Government of Odisha (GoO) in FY2018. In addition, the company received a demand of Rs. 5.58 crore raised by the GoO for producing above the limit permitted by the mining plan/consent to operate (CTO) and an additional demand of Rs. 6.70 crore related to royalty. However, these last two demands accumulating to Rs. 12.28 crore have been legally contested by PTAL along with other miners and stay orders on the demands have been received until a legal resolution. Further, Supreme Court has passed a verdict in August 2024 that has upheld the power of states to levy taxes on mineral rights and mineral bearing land applicable on a retrospective basis. ICRA will continue to assess the situation for any further clarity from the states with respect to taxation of mineral rights following the Supreme court ruling.

Exposure to asset concentration risk – PTAL derives bulk of its consolidated revenues and profits from its single mine located in Odisha, thus exposing the company to mine-specific production disruptions like floods/natural calamities, labour unrest, and regulatory actions, which heighten the risk of volatility in cash flows.

Steadily rising portfolio of risky investments in illiquid securities in the form of unsecured loans and advances, which exposes the company to counterparty credit risks – A gradual increase in illiquid investments during the past four years, with a significant increase in the last fiscal in the form of unsecured loans to the companies with modest profile as well as PMS/AIF schemes has accentuated the counterparty credit and market risks, and adversely impacted the overall liquidity. In addition, PTAL's increase in investments in quoted securities further enhance its exposure to market risks. ICRA notes that the level of exposure and concentration of such risky and illiquid investments are key credit rating Factors in the near term.

Liquidity position: Strong

The company's liquidity is expected to remain Strong in the short to medium term supported by healthy undrawn WC lines (>Rs 170 crore as on Sep 2025) and comfortable cash flow from operations (~Rs 300-320 crore). Against these sources of cash, the company has negligible capex commitments and term debt repayments.

Rating sensitivities

Positive factors – Significant scaling up of operations with sustained period of higher earnings and diversification of asset concentration risk while maintaining strong debt coverage matrices.

Negative factors – Pressure on PTAL's ratings may arise due to a significant weakening of iron ore demand and realisations or due to any adverse regulatory development in the industry. Any large debt-funded capex/acquisition, resulting in significant weakening of leverage and coverage indicators and liquidity position could also lead to a ratings downgrade. Specific triggers for downgrade would be consolidated Total Debt/OPBDITA greater than 1.5 times on a sustained basis.

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, 2025 (audited financial statements), the company had six subsidiaries and five 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, is an iron-ore miner. 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. The iron-ore mine of PTAL has a proven mineral reserve of 31.612 million tonne (MT) and an opencast mining capacity of 3.0 million tonne (MT) which is under process of enhancement to 5 million tonnes (MT). The mining lease is valid till 2036. PTAL's erstwhile wholly owned subsidiary, Bhagawati Steels Private Limited (BSPL), involved in sponge-iron manufacturing with a capacity of around 15,000 TPA has been merged with PTAL and the effect of the merger has been affected in the audited financials of FY2020. The merger was sanctioned by NCLT, Kolkata vide its order dated July 31, 2020. Erstwhile subsidiary entity Seven Star Steels Limited has also ceased to be a subsidiary of PTAL w.e.f. February 10, 2022 as PTAL's shareholding fell from 68.08% to 19.08%.

Key financial indicators (audited)

PTAL (Consolidated)	FY2024	FY2025 [^]
Operating income (Rs. crore)	1,328.4	1,463.5
PAT (Rs. crore)	514.9	371.8
OPBDIT/OI (%)	31.6%	26.4%
PAT/OI (%)	38.8%	25.4%
Total outside liabilities/Tangible net worth (times)	0.4	0.3
Total debt/OPBDIT (times)	0.7	0.7
Interest coverage (times)	27.7	7.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations, OI: Operating income; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; [^]while arriving at the rating, ICRA has considered the consolidated projected performance of PTAL including subsidiaries and step down subsidiaries.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years					
		Amount rated (Rs. crore)	Dec 11, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based/Non Fund based -Cash credit	Long term and short term	396.00	[ICRA]A+ (Positive)/ [ICRA]A1	Aug 26, 2024	[ICRA]A (Stable)/ [ICRA]A1	Jun 30, 2023	[ICRA]A (Stable)/ [ICRA]A1	-	-
				Sep 30, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	-	-
Long term -Fund based Term loan	Long Term	50.00	[ICRA]A+ (Positive)	Sep 30, 2024	[ICRA]A+ (Stable)	-	-	-	-
Unallocated limits	Long term and short term	4.00	[ICRA]A+ (Positive)/ [ICRA]A1	Sep 30, 2024	[ICRA]A+ (Stable)/ [ICRA]A1	-	-	Apr 04, 2022	[ICRA]A (Stable)/ [ICRA]A1

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund based/Non-fund based-cash credit	Simple
Fund based term loan	Simple
Unallocated limits	N/A

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/Non-fund based - Cash credit	NA	NA	NA	396.00	[ICRA]A+ (Positive)/[ICRA]A1
NA	Fund based term loan	FY2023	NA	FY2027	50.00	[ICRA]A+ (Positive)
NA	Unallocated limits	NA	NA	NA	4.00	[ICRA]A+ (Positive)/[ICRA]A1

Source: Company data

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

Annexure II: List of entities considered for consolidated analysis

Instrument Name	Ownership	Consolidation Approach
Power International DMCC [^]	100.00%	Full Consolidation
Bathwal Plastics Limited	51.45%	Full Consolidation
Prayam Odisha Metaliks Pvt Ltd	100.00%	Full Consolidation
Penguin Stones Private Limited	100.00%	Full Consolidation
PTA 27 DMCC	100.00%	Full Consolidation
Loucal Promoters Private Limited	59.01%	Full Consolidation
Seven Star Steels Ltd.	19.08%	Equity Method
Calmo Estates Private Limited	43.63%	Equity Method
Laxmi Fiscal Services Private Ltd	43.80%	Equity Method
Shalini Fertilisers Limited	30.56%	Equity Method
SV Plaza Private Limited	23.11%	Equity Method

Source: PTAL; [^]while arriving at the rating, ICRA has considered the consolidated projected performance of PTAL including subsidiaries and step down subsidiaries.

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