

October 05, 2026

Karam Chand Thapar & Bros (Coal Sales) Ltd: [ICRA]A+(Stable)/[ICRA]A1+; assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator [#]
Long-term/short-term – Fund-based – Others	62.50	[ICRA]A+(Stable)/[ICRA]A1+; assigned	RBI
Total	62.50		

*Instrument details are provided in Annexure I

[#]SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings assigned to the bank facilities of Karam Chand Thapar & Bros. (Coal Sales) Limited (KCTCSL) factor in the company's established position in the coal logistics segment, supported by an operating track record of more than eight decades, longstanding relationships with state power utilities, and demonstrated execution capabilities across multimodal coal logistics operations. The ratings derive strength from the company's sizeable executable order book of >Rs. 1,500 crore as of July 2026, providing healthy revenue visibility over the next two years, and its increasing focus on higher-value integrated Rail-Sea (RS) and Rail-Sea-Rail (RSR) contracts. The ratings also consider KCTCSL's asset-light operating model, established vendor network and healthy competitive position in the coal logistics sector.

The ratings are further supported by the company's strong liquidity position, characterised by healthy free cash and liquid investments portfolio as on March 31, 2026, moderate utilisation of working capital facilities and substantial financial flexibility. The company's financial profile remains comfortable, reflected in a tangible net worth of ~Rs. 810 crore, total debt/TNW of 0.4 times, interest coverage of 6.7 times and DSCR of 5.1 times as of March 2026. Additional comfort is derived from the financial flexibility and liquidity of the broader Karam Chand Thapar Group.

The ratings are, however, constrained by customer concentration towards thermal power utilities, concentration in the outstanding order book, and the inherently working capital-intensive nature of operations. The working capital profile remains stretched, reflected by debtor days of ~240 and NWC/OI of 73.4% as of March 2026, driven by elongated collection cycle, retention deductions and upfront funding requirements for logistics costs. ICRA also notes that, reported revenues and profitability in recent years have been supported by retention money receipts and legal claim recoveries relating to legacy contracts, including retention receipts of Rs. 58.2 crore in FY2026 and legal claim settlements aggregating ~Rs. 110 crore in FY2025.

The ratings are further tempered by the tender-driven nature of the coal logistics industry and KCTCSL's exposure to fluctuations in shipping freight, port handling and other logistics costs, particularly as a significant portion of contracts do not contain comprehensive price-variation mechanisms. The same is expected to significantly impact the operating margin in the current fiscal, owing to increase in charter rates. As the company shifted to voyage charter, the operating margin is likely to remain constrained for FY2028 as well. The ratings also take note of the pending Competition Commission of India (CCI) matter involving a contingent liability of ~Rs. 111.6 crore, which remains monitorable. Nevertheless, the company's strong liquidity position, sizeable investment portfolio, comfortable financial profile and long operating track record provide adequate mitigation against these risks.

The Stable outlook reflects ICRA's expectations that KCTCSL will continue to benefit from its established position in the coal logistics segment, sizeable order book, and strong liquidity profile, while maintaining a comfortable financial risk profile over the medium term.

Key rating drivers and their description

Credit strengths

Established position in the coal logistics segment with long operating track record - KCTCSL is one of the oldest players in the coal logistics sector, with an operating history of more than eight decades. The company has established execution capabilities across rail, road, port, coastal shipping and integrated logistics operations, catering primarily to state power generation utilities. Over the years, it has developed longstanding relationships with power generation companies in Andhra Pradesh, Tamil Nadu, Karnataka and Telangana, supporting repeat orders and business stability. The company currently handles integrated logistics operations across multiple states and remains among the established players in the coal logistics segment.

Strong order book provides healthy revenue visibility - The company has an executable order book of >Rs. 1,500 crore as of July 2026, providing healthy revenue visibility over the next two years, primarily comprising higher-value RS and RSR contracts. The company has maintained a healthy bid conversion ratio of around 50-60% in the past and continues to secure repeat orders from existing customers, which supports replenishment of the order book and medium-term revenue visibility.

Strong liquidity profile and financial flexibility - KCTCSL's liquidity profile remains a major rating strength. As on March 31, 2026, the company had healthy cash and liquid investments of ~Rs. 520 crore (including encumbered balances for margin money requirement). The company also enjoys substantial headroom in its working capital facilities, with average utilisation of fund-based facilities at around 45% and non-fund-based facilities at around 58% during the last 10 months ended July 2026. The company's association with the Karam Chand Thapar Group, which possesses sizeable investment holdings and financial resources through entities such as Indian City Properties and Eraya Capital, further enhances financial flexibility.

Credit challenges

Exposure to customer concentration risks – KCTCSL's business profile remains concentrated towards thermal power generation entities, particularly state-owned power utilities. Further, the top three projects account for nearly 76% of the outstanding order book as of July 2026, exposing the company to customer concentration and contract renewal risks, although partially mitigated by long relationships with customers and the continued relevance of coal-based power generation in India.

Working capital-intensive nature of operations – The business remains inherently working-capital intensive due to elongated collection cycles, retention deductions and the requirement to fund logistics expenses prior to customer realisations. The debtor days remained elevated at around 240 as on March 31, 2026, while NWC/OI stood at 73.4% in FY2026. Although the company has recovered a significant portion of older retention balances, the working capital intensity continues to be high compared with many logistics' peers.

Exposure to competitive bidding and contract execution risks; margin exposed to volatility in logistics costs – The coal logistics industry remains highly competitive and tender driven. Further, most contracts do not have comprehensive price-variation clauses, exposing profitability to fluctuations in vessel hire rates, shipping costs, freight rates and port-related expenses. The same is expected to significantly impact the operating margin in the current fiscal, owing to increase in charter rates. As the company shifted to voyage charter, the operating margin is likely to remain constrained for FY2028 as well. The company is also exposed to a contingent liability of ~Rs. 111 crore relating to a pending CCI matter, which remains a key monitorable despite its comfortable liquidity position and financial flexibility.

Liquidity position: Strong

KCTCSL's liquidity profile is expected to remain strong, supported by sizeable treasury investments, comfortable headroom in its banking facilities and strong financial flexibility. As on March 31, 2026, the company had healthy cash and investments of ~Rs. 520 crore (including encumbered balances for margin money requirement). The company also enjoys substantial headroom in its working capital facilities, with average utilisation of fund-based facilities at around 45% and non-fund-based facilities at around 58% during the last 10 months ended in July 2026. The liquidity profile is further supported by negligible repayment obligations in the next two to three years.

Rating sensitivities

Positive factors – The long-term rating could be upgraded in case of significant scale up in the revenues and profitability of the company, along with diversification in its geographic and customer profiles on a sustained basis.

Negative factors – The ratings could witness a downward revision in case of any adverse impact on the revenue/profitability of the company resulting in deterioration of the coverage metrics. Further, any higher working capital requirement adversely impacting the liquidity position of the company can trigger a downward rating revision.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	None
Consolidation/Standalone	Standalone

About the company

Karam Chand Thapar & Bros. (Coal Sales) Limited (KCTCSL) is one of India's oldest and largest coal logistics and coal handling companies, with an operating history spanning more than eight decades. Incorporated on April 1, 1943, the company is the flagship entity of the Kolkata-based KCT Group and traces its origins to the coal trading business established by the Late Karam Chand Thapar in the early 1920s. Following the nationalisation of coal mines in the 1970s, the company transitioned from coal mining and trading activities to integrated coal logistics, transportation and supply-chain management services, establishing itself as a specialised player in the coal movement value chain. KCTCSL is present across 15 states of India currently and manages large-scale coal transportation through rail, sea and multimodal logistics routes across India.

Key financial indicators (audited)

KCTCSL (Standalone)	FY2025	FY2026*
Operating income (OI)	814.3	748.7
PAT	163.5	97.7
OPBDIT/OI	25.3%	20.5%
PAT/OI	20.1%	13.0%
Total outside liabilities/Tangible net worth (times)	0.5	0.6
Total debt/OPBDIT (times)	1.0	2.3
Interest coverage (times)	8.5	6.7

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current ratings (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 05, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Others	Long-term/short-term	62.50	[ICRA]A+(Stable)/[ICRA]A1+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term – Fund-based – Others	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	Financial sector regulator [#]
NA	Long-term/short-term – Fund-based – Others	NA	NA	NA	62.50	[ICRA]A+(Stable)/[ICRA]A1+	RBI

Source: Company

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

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

ANALYST CONTACTS

Girishkumar Kadam

+91 22 6114 3441

girishkumar@icraindia.com

Ankit Jain

+91 124 4545 865

ankit.jain@icraindia.com

Sumit Jhunjunwala

+91 33 6521 6814

sumit.jhunjunwala@icraindia.com

Sujoy Chatterjee

+91 33 6521 6815

sujoy.chatterjee@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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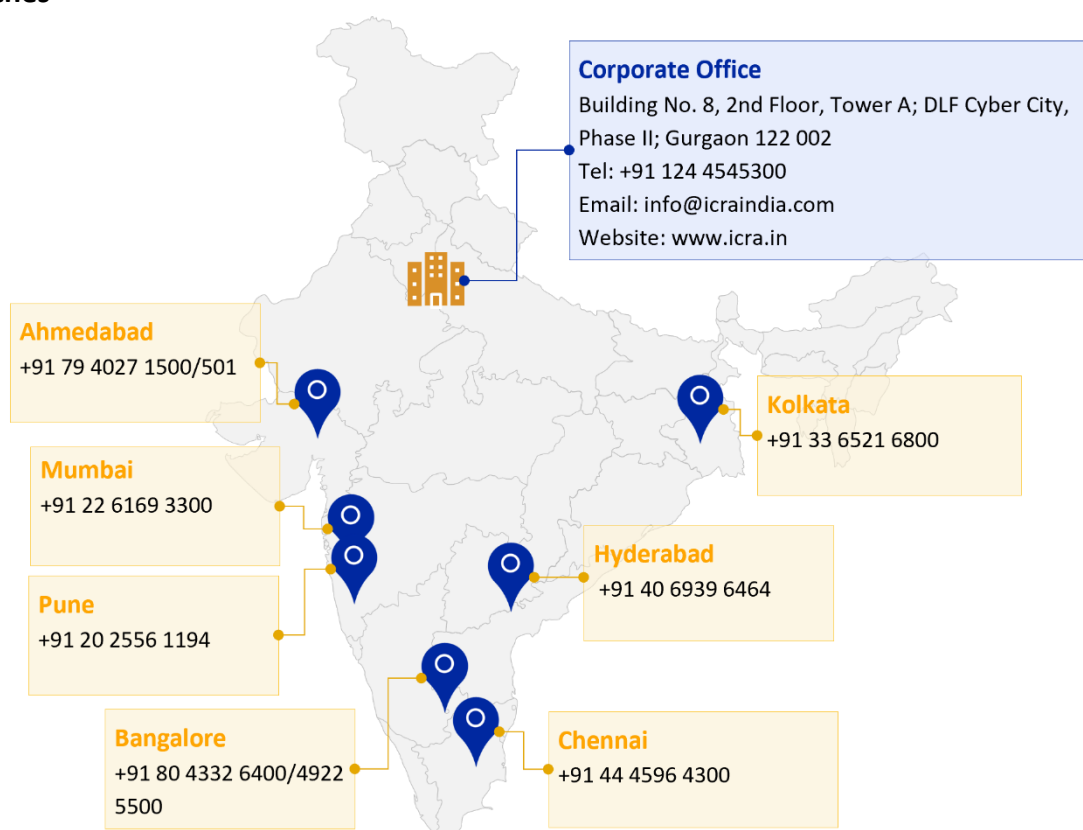
Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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