Rating Rationale

October 22, 2026 | Mumbai

Barak Valley Cements Limited

Rating migrated to 'Crisil BB+ / Stable'

Rating Action

Total Bank Loan Facilities Rated	**Rs.39 Crore**	**Regulator Of Instrument**
Long Term Rating	**Crisil BB+/Stable (Migrated from 'Crisil BB/Stable ISSUER NOT COOPERATING*')**	**RBI**

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1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities
**Issuer did not cooperate; based on best-available information*

Detailed Rationale

Due to inadequate information and in line with the Securities and Exchange Board of India guidelines, Crisil Ratings had migrated its rating on the long-term bank facilities of Barak Valley Cements Limited (BVCL; part of the Barak Valley group) to 'Crisil BB/Stable Issuer Not Cooperating'. However, the company's management has subsequently shared the information necessary for a comprehensive rating review. Consequently, Crisil Ratings is migrating the rating on the bank facilities of BVCL to '**Crisil BB+/Stable**' from 'Crisil BB/Stable Issuer Not Cooperating'

The rating reflects the extensive experience of the promoters in the cement industry and the established market position and healthy financial risk profile of the group. These strengths are partially offset by modest scale of operations and exposure to risks in the ongoing debt-funded capital expenditure (capex).

Analytical Approach

Crisil Ratings has combined the business and financial risk profiles of BVCL and its wholly owned subsidiary, Valley Strong Cements (Assam) Limited (VSCL), together referred to as the Barak Valley group, due to the management's focus on the growth of the subsidiary and expected support from BVCL.

Please refer - Annexure - List of entities consolidated, which captures the list of entities considered and the analytical treatment of consolidation.

Key Rating Drivers - Strengths

Established market position and extensive experience of the promoters: Presence of over two decades in the cement industry has given the promoters strong understanding of the market dynamics and enabled them to establish the brand Valley Strong Cement. The group mainly operates in north-eastern states of Mizoram, Manipur, Tripura, Assam and Meghalaya. The healthy market position of the company has led to nearly full utilisation of its capacity.

Healthy financial risk profile: Capital structure was comfortable, as reflected in low gearing of 0.23 time and total outside liabilities to adjusted networth ratio of 0.68 time as on March 31, 2026, aided by lower reliance on external debt. Debt protection metrics were comfortable owing to healthy profitability, as indicated by interest coverage and net cash accrual to total debt ratios of 2.38 times and 0.19 time, respectively, in fiscal 2026.

Key Rating Drivers - Weaknesses

Susceptibility to volatility in input cost, realisation and cyclicality in the cement industry: The cement industry has organised players with well-known brands and several local and unorganised entities catering to the regional market. Intense competition may continue to constrain scalability, pricing power and profitability. Furthermore, end-user segments such as real estate, construction and infrastructure are strongly correlated to economic cycles. An economic recession in the past led to slowdown in the construction sector, with several projects getting delayed or cancelled. BVCL has annual capacity of 3,30,000 tonne, which remained fully utilised. Profitability is vulnerable to volatility in input costs, including raw materials, power, fuel and freight. In fiscal 2026, the operating margin declined to 5.15% from 10% in fiscal 2025. Although profitability has improved in the first quarter of fiscal 2027 with moderation in raw material prices, sustenance of the operation margin above 8% will remain monitorable over the medium term.

Exposure to risks in the debt-funded capex: The group is undertaking capex for setting up a new cement facility, with clicker capacity of 1,200 tonne per day (TPD) and 1,600 TPD of cement in VSCL. The project will be completed in two phases and total cost is Rs 480 crore. The first phase of the project costs around Rs 220 crore, out of which Rs 120 crore will come from internal accrual and external borrowing. Despite this large, debt-funded capex, the capital structure of the group is expected to remain comfortable, with gearing and total outside liabilities to tangible networth ratio remaining below

1 time, supported by networth of Rs 125.33 crore. Funding from external borrowers, along with timely completion of the capex, will remain monitorable over the medium term.

Liquidity Stretched
Bank limit utilisation averaged 90% for the 12 months through August 2026. Cash accrual is expected above Rs 6 crore per annum against yearly debt obligation of Rs 4.10 crore over the medium term. The current ratio was 1.11 times as on March 31, 2026. Unsecured loans from related parties will continue to support the liquidity.

Outlook Stable
The Barak Valley group will continue to benefit from steady revenue growth and healthy capital structure.

Rating sensitivity factors
Upward factors
- Strong revenue growth and stable moderate operating margin leading to net cash accrual of more than Rs 15 crore
- Improvement in the financial risk profile and liquidity
- Efficient working capital management with reduced dependence on external borrowing

Downward factors
- Decline in revenue or operating margin less than 5% leading to lower net cash accrual
- Delay in completion of project or increased dependence on external borrowing impacting the capital structure
- Stretched working capital cycle weakening the financial risk profile

About the Company
BVCL, incorporated in April 1999, manufactures different grades of cement and markets its products under the brand Valley Strong Cement. Its facility in Badarpur Ghat, Assam, has total installed capacity of 1,000 TPD for cement and 700 TPD for clinker. The company is listed on the National Stock Exchange and the Bombay Stock Exchange. Operations are managed by Kamakhya Chamaria (vice chairman and managing director), Mahendra Kumar Agarwal (vice chairman and non-executive director) and Santosh Kumar Bajaj (director).

VSCL, incorporated in 2009, was acquired by BVCL in 2011 (100% stake). The company is setting up a manufacturing plant of Ordinary Portland Cement, Portland Pozzolana Cement and cement clinker at Jhoom Basti (Badarpur Ghat in Assam). The management is setting up a new cement manufacturing facility in VSCL, with 1,200 TPD clinker capacity and 1,600 TPD cement capacity, wherein funding will be supported by the parent, BVCL.

Key Financial Indicators

As on/for the period ended March 31	Unit	2026	2025
Operating income	Rs.Crore	212.17	207.18
Reported profit after tax (PAT)	Rs.Crore	0.19	5.06
PAT margin	%	0.09	2.43
Adjusted debt/adjusted networth	Times	0.23	0.26
Interest coverage	Times	2.59	3.73

Any other information: Not Applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Please note:
More details including a list of activities or instruments, along with the names of respective financial sector regulators (FSRs) whose purview they fall under, is available in 'Annexure – List of Instruments and Names of Regulators' below.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook	Regulator Of Instrument
NA	Cash Credit	NA	NA	NA	25.00	NA	Crisil BB+/Stable	RBI
NA	Term Loan	NA	NA	31-Jul-28	10.66	NA	Crisil BB+/Stable	RBI
NA	Working Capital Term Loan	NA	NA	31-Jan-27	3.34	NA	Crisil BB+/Stable	RBI

Note: Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure - List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Barak Valley Cements Limited	100	Common Promoters
Valley Strong Cements (Assam) Limited	100	Common Promoters

Annexure - Rating History for last 3 Years

	Current			2026 (History)		2025		2024		2023		Start of 2023
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	39.0	Crisil BB+/Stable	16-06-26	Crisil BB /Stable(Issuer Not Cooperating)*	27-11-25	Crisil BBB-/Stable	29-08-24	Crisil BBB-/Positive		--	Suspended

All amounts are in Rs.Cr.
** - Issuer did not cooperate; based on best-available information*

Annexure - Details of Bank Lenders & Facilities - Regulator for the Instrument is RBI

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Cash Credit	25	IDBI Bank Limited	Crisil BB+/Stable
Term Loan	10.66	North Eastern Development Finance Corporation Limited	Crisil BB+/Stable
Working Capital Term Loan	3.34	IDBI Bank Limited	Crisil BB+/Stable

Annexure: List of instruments and names of regulators of the instruments
As required by SEBI CRA Circular dated Feb 10, 2026, a list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

A. Rating activities

Sr. No.	Instrument / activity Name	Regulator of the instruments
1	Listed/Proposed to be listed bonds/debentures/preference share (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)*$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI)*	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI)*	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFC's, HFCs, Fis	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (for Loan Facilities (Fund/Non-Fund Based) from Bank/NBFCs/NHB/Fis)	+

22	Expected Loss Ratings (Listed/Proposed to be listed bonds/debentures/preference share (all securities))	SEBI
23	Expected Loss Ratings (Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities))	MCA
24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.
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^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.
# There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.
@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.
$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.
+ To be finalized following a discussion with the regulatory authorities.

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Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for consolidation
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)

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