

February 9, 2026

## RMS Construction Private Limited: Ratings downgraded to [ICRA]D/[ICRA]D

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating action
Long-Term – Fund-based – Overdraft	6.0	6.0	[ICRA]D; downgraded from [ICRA]BB (Stable)
Short-Term/Long Term Non-Fund Based	69.0	69.0	[ICRA]D/[ICRA]D; downgraded from [ICRA]BB (Stable)/[ICRA]A4
<b>Total</b>	<b>75.0</b>	<b>75.0</b>	

\*Instrument details are provided in Annexure-I

### Rationale

ICRA has downgraded the ratings of RMS Construction Private Limited (RCPL) to [ICRA]D due to past delays in debt servicing by the company that came to ICRA's attention on February 5, 2026. The company faced execution delays in a key project, which led to cash-flow mismatches and subsequently a default. RCPL had availed a term loan against a confirmed order from the Defence Research and Development Organisation (DRDO). However, delays in project execution resulted in a delay in servicing of debt obligations in November 2025 about which ICRA came to know later. RCPL had been submitting No Default Statements to ICRA at the beginning of each month, indicating timely debt servicing.

The company operates in the civil construction industry and has a reputed clientele with low counterparty risk.

### Key rating drivers and their description

#### Credit strengths

**Established track record of the company** – RCPL's promoters have over four decades of experience in the construction sector, which supported the company's ability to secure new as well as repeat orders, particularly from DRDO.

**Reputed client profile** – RCPL's tender-based projects are undertaken for reputed Government counterparties, with DRDO, a Government of India (GoI) entity, being its key client. Additionally, the company has recently executed a project for Elbit Systems Limited, a reputed Israel-based technology company, which got a large project from DRDO.

#### Credit challenges

**Delay in debt servicing** – RCPL availed a term loan against a confirmed order from DRDO to meet its funding requirements. Debt servicing was delayed in November 2025 due to project execution delays. However, the banker has confirmed that the delay was regularised in December 2025. Since then, the account conduct has remained satisfactory. Going forward, timely debt servicing will remain a key monitorable.

**Exposure to execution risk along with high project and client concentration** – RCPL had an unexecuted order book of Rs. 559 crore, translating into an OB/OI (order book/operating income) ratio of about 3 times of FY2025 OI, indicating elevated execution risk and the need to significantly ramp up execution to meet project timelines. The company's customer profile remains highly concentrated, with DRDO as the primary client, exposing it to risks arising from execution delays or weakening of business relationships. Additionally, any adverse changes in the policies of the Ministry of Defence (MoD), Government of India, could impact RCPL's operations.

**Subdued profitability level with exposure to adverse raw material price fluctuations and intense competition** – RCPL's operating profit margins remained subdued at around 2% during FY2024-FY2025, reflecting intense competition in the

construction sector. The company's margins are vulnerable to adverse input price movements as most of its contracts lack pass-through clauses. Consequently, any increase in input costs has a direct bearing on profitability, as evident from the consistently low margin level.

### Liquidity position: Poor

RCPL's liquidity position remains Poor, as evident from the delays in debt servicing due to weak cash flow from operations. Delays in execution of a key project led to cash-flow mismatches and resulted in delayed debt servicing. The company's liquidity profile has also been weak historically owing to low cash accruals and limited headroom in its fund-based working capital limits.

### Rating sensitivities

**Positive factors** – The ratings may be upgraded upon timely servicing of debt obligations for a continuous period of at least three months.

**Negative factors** – Not Applicable

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Construction</a> <a href="#">Policy On Default Recognition</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

### About the company

RMS Construction Pvt. Ltd. (RCPL) is an ISO 9001:2015 certified construction company based out of New Delhi. It provides services in various segments such as residential buildings, institutional projects, construction of different technical buildings and basic infrastructure for reputed organisations of the Govt such as DRDO and Department of Atomic Energy (DAE). It undertakes civil and allied activities such as roads works, water supply, sewage treatment plants (STP), external drainage services, fire-fighting works, etc. The promoters, who are involved in the same line of business since 1982, have a rich experience in the business concerned. RCPL has a team of dedicated professionals and carries out projects across various cities in India.

### Key financial indicators (audited)

RCPL – Standalone	FY2024	FY2025
Operating income (Rs. crore)	219.5	182.7
PAT (Rs. crore)	1.6	0.7
OPBDIT/OI (%)	1.8%	2.2%
PAT/OI (%)	0.8%	0.4%
Total outside liabilities/Tangible net worth (times)	2.6	2.6
Total debt/OPBDIT (times)	2.8	3.3
Interest coverage (times)	2.0	1.3

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instrument	Type	Current ratings (FY2026)			Chronology of rating history for the past 3 years							
		Amount Rated (Rs Crore)	Feb 09, 2026	FY2026		FY2025		FY2024		FY2023		
				Date	Rating	Date	Rating	Date	Rating	Date	Rating	
<b>Fund Based-Overdraft</b>	Long Term	6.0	[ICRA]D	May 19, 2025	[ICRA]BB (Stable)	Apr 30, 2024	[ICRA]BB (Stable)	-	-	Mar 28, 2023	[ICRA]BB (Stable)	
<b>Non Fund Based Facilities</b>	Long term/ Short term	69.0	[ICRA]D/[ICRA]D	May 19, 2025	[ICRA]BB (Stable)/[ICRA]A4	Apr 30, 2024	[ICRA]BB (Stable)/[ICRA]A4	-	-	Mar 28, 2023	[ICRA]BB (Stable)/[ICRA]A4	

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-Term – Fund-based – Overdraft	Simple
Short-Term/Long Term Non-fund Based	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
NA	Fund Based–Overdraft	NA	NA	NA	6.0	[ICRA]D
NA	Non-fund Based Facilities	NA	NA	NA	69.0	[ICRA]D/[ICRA]D

Source: Company

[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

**Jitin Makkar**

+91 124 4545 368

[jitinm@icraindia.com](mailto:jitinm@icraindia.com)

**Uday Kumar**

+91 124 4545 867

[Uday.kumar@icraindia.com](mailto:Uday.kumar@icraindia.com)

**Lakhan Kumar Agarwal**

+91 124 4545 879

[lakhan.agarwal@icraindia.com](mailto:lakhan.agarwal@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**

+91 22 6114 3406

[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**

Tel: +91 124 4545 860

[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

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

[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

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

Tel: +91 11 23357940-45



### Branches



© Copyright, 2026 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA, however, has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.