July 30, 2026

M/S. R. L. M. CONSTRUCTION: [ICRA]B (Stable); assigned

Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action	Financial sector regulator#
Issuer Rating	-	[ICRA]B (Stable); assigned	.$
Total	**-**		

**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.

$ Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Rationale

The assigned rating factors in the established track record of M/S RLM Construction (RLM) and its promoters in engineering, procurement and construction (EPC), which includes construction and maintenance of civil works including roads, along with an extensive experience of successful project execution with a reputed customer such as Arunachal Pradesh Public Works Department (APPWD). Further, the rating is supported by the firm's limited reliance on bank debt to operate the business.

The rating is, however, constrained by the firm's small scale of operations and modest order book position, which limits revenue visibility and growth prospects over the medium term. The rating is also restricted by its moderate net worth of Rs. 12.6 crore as on March 31, 2026, which confines its financial flexibility and ability to undertake larger projects independently. Further, the firm remains exposed to high geographical and client concentration risks, with all its business concentrated in Arunachal Pradesh and a single client accounting for around all the unexecuted order value as on March 31, 2026. ICRA also notes that as RLM is a proprietorship firm, so any significant withdrawal from the capital account by the owner could adversely impact its net worth, capital structure and liquidity, which remains a risk.

The Stable outlook on the long-term rating reflects ICRA's expectation that RLM will sustain its scale in the medium term, supported by timely and efficient execution of its existing order book.

Key rating drivers and their description

Credit strengths

Significant experience of promoters in the civil construction sector – RLM benefits from the extensive experience of its promoters in the civil construction and infrastructure segment. The promoters have developed expertise in executing civil, road and electrical infrastructure projects across Arunachal Pradesh over the years, which has enabled the company to establish relationships with clients and effectively manage project execution risks.

Credit challenges

Small scale and moderate net worth – RLM continues to operate at a small scale, as reflected in an operating income (OI) of around Rs. 0.7 crore in FY2026. Further, its net worth remained moderate at Rs. 12.6 crore as on March 31, 2026, limiting its financial flexibility and ability to undertake larger projects independently. The company's small scale constrains its bargaining power with suppliers and customers and restricts its ability to absorb any significant business or execution-related shocks.

Consequently, its financial profile remains relatively vulnerable to adverse movements in revenues, profitability or working capital requirements.

Modest orders book position – RLM's order book position remains limited, thereby limiting long-term revenue visibility compared to larger peers in the construction sector. As on March 31, 2026, the firm had only one road maintenance contract in its order book, with an annual unexecuted value of Rs. 0.8-1.0 crore, which is valid until FY2029. While the existing order book is expected to support the current scale of operations in the near term, its ability to improve its scale of operations remains contingent upon securing fresh orders on a regular basis.

High geographical and client concentration risk – RLM remains exposed to significant geographical and client concentration risks. All its limited order book and revenues are concentrated in Arunachal Pradesh, exposing its operations to region-specific economic, regulatory and execution risks. Further, customer concentration remains high, with its current share of revenue derived from a single client. Any slowdown in order inflows, delays in execution, payment-related issues or reduction in business from these customers could have a material impact on the company's revenues and cash flows.

Risk of capital withdrawal – RLM is exposed to risks associated with its proprietorship nature, including the risk of capital withdrawals by the proprietor. The firm has witnessed regular capital withdrawals over the past few years, and any such withdrawal remains a key monitorable going forward, as it could impact the capital structure and financial flexibility.

Liquidity position: Stretched

The firm's liquidity is likely to remain Stretched, on account of limited cash flow from operations and net cash accruals. The liquidity is also constrained in the absence of sanctioned fund and non-fund-based limits. Although the company does not have any debt repayment obligations and no major capex plan going forward, which provide some comfort to the liquidity. In case of any funding requirement, promoters are expected to infuse funds in the form of unsecured loan or equity capital.

Rating sensitivities

Positive factors – The rating could be upgraded, if there is a material improvement in its scale of operations, earnings or liquidity position while maintaining comfortable coverage metrics on a sustained basis.

Negative factors – The rating could be downgraded if there is a significant decline in the scale of operations or earnings, resulting in deterioration of debt protection metrics. The rating may face pressure in the event of sizeable profit withdrawals that materially weaken the net worth position, or if a stretch in the working capital cycle causes a further weakening of the liquidity profile on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Construction
Parent/Group support	No
Consolidation/Standalone	Standalone

About the company

Incorporated in 2021, M/s RLM Construction is a proprietorship firm owned by Ms. Rage Lomdak Murtem. The firm is a Class-III registered contractor with the Arunachal Pradesh Public Works Department (APPWD) and is engaged in the execution of civil, road and electrical infrastructure projects across Arunachal Pradesh. The firm's operations encompass a wide range of infrastructure activities, including construction and upgradation of national highways, rural and urban road connectivity projects, electrical substations and transmission lines, as well as various civil engineering works.

Key financial indicators (audited)

M/s RLM Construction (standalone)	FY2025	FY2026
Operating income (OI)	3.9	0.7
PAT	0.4	(0.4)
OPBDIT/OI	29.7%	30.7%
PAT/OI	9.7%	-59.6%
Total outside liabilities/Tangible net worth (times)	0.0	0.0
Total debt/OPBDIT (times)	0.0	0.0
Interest coverage (times)	117.0	22.8

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	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Jul 30, 2026	Date	Rating	Date	Rating	Date	Rating
Issuer Rating	Long term	-	[ICRA]B (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer Rating	Not applicable

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	**Issuer Rating**	NA	NA	NA	-	[ICRA]B (Stable)	$

Source: Company

 # 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.

$ Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

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

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
jitinm@icraindia.com

Uday Kumar
+91 124 4545 867
uday.kumar@icraindia.com

Lakhan Kumar Agarwal
+91 124 4545 379
lakhan.agarwal@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

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

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches