

May 21, 2026

## Harshith Enterprises: Issuer rating assigned

### Summary of rating action

Instrument*	Current rated amount (Rs. crore)	Rating action
Issuer rating	0.00	[ICRA] B (Stable); assigned
<b>Total</b>	<b>0.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating for Harshith Enterprises (HE) is constrained by its small scale of operations and low earnings. The company operates in a highly competitive and fragmented manpower and facilities services industry. The industry has a large number of small players and is characterised by low entry barriers and intense price-based bidding. However, these risks are partly mitigated by HE's focus on Central Government organisations, supporting better payment discipline, and margins are largely pre-defined in contracts.

The rating is also constrained by exposure to periodic revisions in the minimum wage rates and change in labour regulations; however, the impact is moderated as contracts are largely on a cost-plus basis, enabling pass-through of wages, Provident Fund (PF), Employee State Insurance (ESI) and other statutory costs. The rating is further restrained by the modest net worth base and absence of working capital facilities to support day-to-day operations.

The rating, however, draws comfort from HE's established track record in the manpower services industry, stable margin profile and long-standing relationships with Central Government clients, providing steady revenue visibility.

The Stable outlook reflects ICRA's expectation that HE will maintain its steady operating performance, backed by ongoing contractual business and stable profit margins. However, any improvement in the entity's credit profile will remain constrained by the fragmented industry structure, modest scale of operations and net worth.

### Key rating drivers and their description

#### Credit strengths

**Extensive track record of operations in manpower and service delivery industry** – The proprietor has around seven years of experience in the manpower services industry, supported by long-standing engagements with multiple Central Government departments.

**Established relationships with reputed clientele** – The entity supplies manpower to multiple Central government departments, including the Income Tax Department (Hyderabad), Ordnance Factory, National Institute of Oceanography (Ministry of Earth Sciences), Defence Research and Development Laboratory (DRDL), Botanical Survey of India, United India Insurance (Andhra Pradesh & Telangana), Air Force, and Kendriya Vidyalaya (PGT Teachers). Overall, the firm manages around 300 employees, including 20–25 standby personnel maintained to address daily absenteeism.

#### Credit challenges

**Small scale of operations and low earnings in intensely competitive industry** – The scale of entity remains small, with operating income of around Rs 4.91 crore in FY2026 as against Rs. 3.68 crore in FY25. The company's operating profit margin

(OPM) has remained stagnant at around 6% over the past 4 years. The margins are expected to continue at the same level as the contracts have pre-defined margins ranging from 4.5–6.5%, given the competitive and labour-intensive nature of the facility management industry.

**Small net worth base** – The net worth base of the entity remained small at Rs. 0.17 crore in FY2025. The small net worth base may restrict the firm’s ability to scale up its operations, absorb shocks arising from operational disruptions, margin pressures or cash flow shortage.

**Low entry barriers and fragmented industry** – The manpower service industry is highly fragmented and intensely competitive, comprising a mix of a few large, organised players and numerous small unorganised entities. This competitive landscape limits the company’s pricing flexibility and bargaining power with customers, thereby exerting pressure on OPM and cash flows. Additionally, the sector is inherently manpower-intensive and experiences high employee attrition and workforce churn, making the timely availability and deployment of trained personnel a key operational challenge that can affect service delivery and client retention.

**Margins susceptible to regulatory changes in the market** – The entity operates within a regulatory environment governed by multiple Central and State laws related to contractual labour, exposing its operations to regulatory and compliance risks. Employee costs form the largest component of the company’s cost structure; therefore, any upward revision in wage rates that cannot be adequately passed on to customers could adversely affect profitability.

### Liquidity position: Stretched

The entity’s liquidity position is likely to remain Stretched, characterised by minimal cash and bank balance maintained by the entity and absence of working capital limits sanctioned as on date. The proprietor has been using his own funds to support the entity’s working capital requirements. Going forward, the proprietor is expected to provide support for any funding requirement in a timely manner.

### Rating sensitivities

**Positive factors** – The rating could be upgraded if the entity exhibits significant growth in revenues and earnings, leading to improvement in credit metrics and liquidity profile on a sustained basis.

**Negative factors** – The rating can be downgraded in case of significant deterioration in the entity’s earnings on a sustained basis and/or if there is a stretch in its receivables cycle, which impacts its credit metrics or liquidity profile.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

### About the company

Harshith Enterprises, which commenced its operations in 2019, is a proprietorship concern engaged in the business of supplying skilled, semi-skilled, and unskilled manpower catering mainly to the Central Government organisations. The company is promoted and led by its proprietor, Mr. Pulugurtha Mahesh, who has seven years of experience in manpower deployment and service delivery for government establishments. It has an established operating track record through deployments at key government departments including the Income Tax Department (Hyderabad), Ordnance Factory, National Institute of Oceanography (Ministry of Earth Sciences), Defence Research and Development Laboratory (DRDL), Botanical

Survey of India, United India Insurance (Andhra Pradesh & Telangana), Air Force, and Kendriya Vidyalaya (PGT Teachers), with total manpower deployment of over 300 personnel as on date.

**Key financial indicators (audited)**

Harshith Enterprises (standalone)	FY2024	FY2025
Operating income (OI)	2.5	3.7
PAT	0.2	0.2
OPBDIT/OI	6.3%	6.2%
PAT/OI	6.0%	6.0%
Total outside liabilities/Tangible net worth (times)	0.2	0.2
Total debt/OPBDIT (times)	0.0	0.0
Interest coverage (times)	-	-

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

Current (FY2027)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2026		FY2025		FY2024		
			May 21, 2026	Date	Rating	Date	Rating	Date	Rating
Issuer rating	Long term	-	[ICRA] B (Stable)	-	-	-	-	-	-

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (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) (*)	SEBI
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/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	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.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various FSR as under:

Sr. No.	Activity name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA

7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) 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.

**Disclosure:** 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 FSR other than SEBI.

### Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer rating	NA

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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Issuer rating	NA	NA	NA	-	[ICRA] B (Stable)

Source: Company

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

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## ABOUT ICRA LIMITED

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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.

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