

January 30, 2026

## Haryana Seeds Development Corporation Limited: Rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based - Cash credit	75.00	75.00	[ICRA]BB+ (Stable); reaffirmed
<b>Total</b>	<b>75.00</b>	<b>75.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating reaffirmation considers the established track record of Haryana Seeds Development Corporation Limited (HSDCL) in Haryana’s certified seeds industry. The rating also notes its strategic importance as a nodal agency for supplying cost-effective seeds in Haryana as well as its highly integrated operations with the cost of production, price determination and subsidy disbursements for certified and traded seeds being regulated by the agricultural department of the Government of Haryana (GoH). The rating also positively factors in the strong distribution network of 90 sales counters across Haryana, supported by six seed processing plants and warehousing centres. HSDCL’s revenues registered a healthy growth of around 38% YoY, increasing to around Rs. 125 crore in FY2024 (provisional), supported by strong demand. The company is further expected to achieve revenues of about Rs. 170 crore in FY2025. However, ICRA expects a sharp decline in revenues in FY2026, primarily due to delays in seed processing. Consequently, farmers sourced seeds from private players, resulting in accumulation of unsold inventory in the company’s warehouses. Nevertheless, the same is expected to liquidate in the consequent financial year.

The rating, however, remains constrained by the low realisation on seeds due to the state-regulated subsidised prices. HSDCL, being a nodal agency for supplying cost-effective seeds, acts as the GoH’s price regulator in the certified seeds industry. To cover the cost of production and processing, the entity receives subsidy from the GoH and is highly dependent on the timely release of the subsidies to maintain its liquidity profile. The company’s revenues are also dependent on the agro-climatic conditions as it affects the output of crops and, thus, the availability of seeds. ICRA also considers HSDCL’s concentrated product portfolio, wherein wheat seeds account for more than 90% of the turnover.

The Stable outlook on the long-term rating reflects ICRA’s opinion that HSDCL will continue to benefit from its position as a nodal agency for supplying seeds in Haryana, which is a major agrarian state of the country. The subsidy support from the GoH for both own seeds and traded seeds will continue to favour the credit profile of the company.

### Key rating drivers and their description

#### Credit strengths

**Leading producer and distributor of certified wheat seeds in Haryana** – Established in 1974, the company has a long track record as one of the market leaders in Haryana’s certified seeds industry. It has an around 17% market share in the supply of certified wheat seeds in Haryana.

**Nodal agency for supplying cost-effective seeds in Haryana** – The company acts as the GoH’s price regulator for certified seeds because it provides seeds to farmers at highly subsidised rates. As a result, the company is of strategic importance to the GoH and receives support from the state in the form of capital grants and subsidies.

**Strong sales network** – HSDCL has a strong sales network. It has 79 sales counters up to the tehsil level across Haryana, supported by six seed processing plants and warehousing centres

### Credit challenges

**Exposure to agro-climatic risk** – HSDCL’s scale of operations is contingent upon the monsoon and other agro-climatic conditions necessary to cultivate various crops. Any substantial fluctuation such as heavy rainfall/heat waves/drought in the key production centres or sales markets has a considerable impact on the quality, availability and pricing of seeds. HSDCL is also exposed to inventory risks as it has to maintain a sizeable stock of various seed varieties to meet the demand on time. Moreover, given the seasonal nature of its business, HSDCL’s working capital requirements vary during the year and are in line with the sowing pattern of crops (majorly wheat). The peak working capital requirement is between April and September.

**Modest profit margins owing to state regulated seed prices** – HSDCL’s operating profit margins (OPM) have remained modest at 2–3% in the past, though they improved to about 3.9% in FY2024 owing to economies of scale. Given that the company sells its wheat seeds at highly subsidised rates, its profitability continues to be supported by the share of traded seeds—which carry relatively better margins of 3% to 10%—along with other seed varieties. The revenues registered a healthy around 38% YoY growth, increasing to about Rs. 125 crore in FY2024 (provisional), aided by strong demand, and are expected to further rise to around Rs. 170 crore in FY2025. However, ICRA expects a sharp contraction in revenues in FY2026, attributable to delays in seed processing caused by operational challenges. As a result, farmers procured seeds from private players, leading to higher unsold inventory in the company’s warehouses. Nevertheless, the revenue trajectory is expected to recover in the subsequent financial year.

**High dependence on timely release of subsidies** – The company relies on timely support in the form of subsidies from the GoH to support its liquidity profile. The working capital utilisation level increases if there are delays in receiving the subsidies, resulting in higher interest costs.

### Liquidity position: Adequate

The company’s liquidity position remains adequate, supported by unutilised working capital limits as on December 31, 2025. The sanctioned working capital facilities are sufficient to meet its funding requirements during the first half of the fiscal, while utilisation moderates sharply once the sales season commences. During this period, the company typically generates surplus funds, leading to interest income. The overall fund-based working capital limit utilisation remained moderate at around 50% for the 12 months ended December 2025.

### Rating sensitivities

**Positive factors** – The rating could be upgraded if there is a sustained track record of healthy growth in revenues and improvement in margins, leading to improved key credit metrics and liquidity position.

**Negative factors** – Pressure on the rating could emerge if there is a sustained decrease in the scale and margins due to adverse climatic conditions, limiting the availability of seeds, or if there are delays in receiving subsidy support from the Govt. of Haryana, resulting in a deterioration of the liquidity.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	NA
Consolidation/Standalone	Standalone

## About the company

Haryana Seeds Development Corporation Limited (HSDCL) was established in 1974 to produce, process and distribute certified seeds. The company is a Haryana state government undertaking (a 55% equity shareholding), from which it derives financial support in the form of subsidies. The balance stake is owned by National Seeds Corporation Limited (22%) and associated farmers (23%). Although the corporation acts as a seed merchant to buy and sell seeds of all kinds in Haryana, over 90% of the processed seeds are wheat. The corporation has established six seed processing plants at Umri, Hisar, Sirsa, Yamuna Nagar, Tohana and Pataudi (all in Haryana), and a marketing office at Bhiwani. The combined processing capacity of HSDC's six plants is 4.90 lakh quintals, while the storage capacity is 4.49 lakh quintals. The marketing of certified seeds, fertilisers, gunny bags, etc., is undertaken by the company's own network of 90 sales counters spread across Haryana.

### Key financial indicators (audited)

Standalone	FY2022	FY2023	FY2024*
Operating income	94.8	90.4	124.6
PAT	0.8	1.0	3.6
OPBDIT/OI	2.8%	1.5%	3.5%
PAT/OI	0.8%	1.1%	2.9%
Total outside liabilities/Tangible net worth (times)	1.8	1.6	1.8
Total debt/OPBDIT (times)	0.0	0.0	0.0
Interest coverage (times)	1.4	2.7	3.4

Source: Company, ICRA Research; \* Provisional numbers; 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 rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	Jan 30, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long-term	75.00	[ICRA]BB+ (Stable)	Oct 28, 2024	[ICRA]BB+ (Stable)	Jul 28, 2023	[ICRA]BB+ (Stable)	Apr 14, 2022	[ICRA]BB+ (Stable)

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Cash credit	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 – Cash credit	NA	NA	NA	75.00	[ICRA]BB+ (Stable)

Source: Company

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

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