

September 29, 2025

## The Jute Corporation Of India Limited: Rating upgraded to [ICRA]AA- (Stable)

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term fund-based limits – Working Capital Facilities	450.00	450.00	[ICRA]AA- (Stable), upgraded from [ICRA]A+ (Stable)
<b>Total</b>	<b>450.00</b>	<b>450.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating upgrade of The Jute Corporation of India Limited (JCI) reflects a change in ICRA’s analytical approach. Previously, ICRA assessed JCI under the conventional parent-subsidiary approach, which involved evaluating JCI’s standalone credit profile and then applying a rating uplift based on its linkage with the Government of India (GoI), resulting in a final rating of [ICRA]A+. Under the revised approach, ICRA now considers JCI as an extended arm of the GoI, given its role as the sole nodal agency for executing minimum support price (MSP) operations for raw jute—an activity critical to safeguarding the interests of jute cultivators in India. Accordingly, ICRA has anchored JCI’s rating to the GoI’s reference rating of [ICRA]AAA, and then notched it down to [ICRA]AA-, reflecting JCI’s high, though not the highest, strategic importance to the GoI. As a result, the standalone credit assessment of JCI, which was central to the earlier analytical approach, is considered less meaningful under the revised analytical approach.

ICRA notes that the GoI extends operational support to JCI in the form of orders to supply raw jute to the jute mills. Further, it receives subsidy from the GoI for meeting fixed overheads, including employee costs, thus supporting its profitability. JCI had to augment MSP operations in FY2024 and FY2025 due to lower market price of raw jute than MSP. This led to a significant growth in its top line, excluding other related income, primarily from MSP operations, to around Rs. 564 crore and Rs. 608 crore in FY2024 and FY2025, respectively from around Rs. 113 crore in FY2023. The operating profit margin (OPM) of the company stood at a comfortable level of 12.5% in FY2025 (provisional [P]) compared to 11.7% in FY2024. This, along with sizeable scale of operations resulted in healthy profits and cash accruals over the past two years. The market price of raw jute, however, witnessed a rising trend in the recent months. Accordingly, MSP operations are likely to decline substantially in the current fiscal. The rating continues to derive comfort from its strong financial profile, as reflected by a conservative capital structure and comfortable coverage indicators. A substantial unencumbered cash and bank balance of the company also lend strength to its liquidity position and financial profile.

The rating, however, continues to be constrained by the company’s exposure to regulatory changes as well as Government policies, particularly related to the quantum and timely receipt of subsidy from the GoI. The rating also notes that JCI’s revenues remain vulnerable to fluctuations in jute prices and production. The turnover of JCI would continue to remain volatile in nature as the same depends on jute production and the prevailing market prices of raw jute vis-à-vis its MSP.

The Stable outlook on the long-term rating reflects ICRA’s opinion that JCI will continue to benefit because of its position as a nodal agency of the GoI for execution of MSP operations for jute cultivators and generation of adequate cash flow relative to its debt service obligations.

## Key rating drivers and their description

### Credit strengths

**Strategic importance to the GoI and extensive support obtained to carry out MSP operations** – JCI acts as a nodal agency for the GoI to provide MSP to jute cultivators in India, thus establishing its high strategic importance to GoI. The company receives operational support from the GoI, which acts as a back-to-back arrangement, under which it receives orders to supply raw jute to the jute mills, which is linked to the quantum of jute procured from the farmers. Additionally, it receives financial support from the GoI in the form of subsidy for maintaining the infrastructure required for carrying out MSP operations and meet its fixed administrative expenses, including employee costs. Moreover, if JCI incurs any loss while carrying out MSP operations, it will be reimbursed through budgetary allocations in the subsequent year.

**Significant rise in scale of operations, thereby improving profits and cash accruals over the past two years** – The operating income of JCI remains volatile as it is dependent on jute production and prevailing market prices of raw jute. Due to lower market prices than the MSP during most of the months, JCI has to aggravate MSP operations in FY2024 and FY2025. Consequently, the top line of JCI, excluding other related income, rose to around Rs. 564 crore and Rs. 608 crore in FY2024 and FY2025, respectively, registering a YoY growth of 397% (FY2024) and 8% (FY2025). However, ICRA notes that revenue from commercial operations declined sharply during FY2022-FY2024, whereas the same rose marginally in FY2025, on an absolute level. The market price of raw jute, however, witnessed a rising trend in the recent months. Accordingly, there was no procurement of raw jute under MSP operations till now in the current fiscal. JCI had an inventory of more than Rs. 100 crore at the end-March 2025, which is being dispatched to the designated jute mills in the current fiscal. ICRA expects the turnover of JCI to decline significantly in the current fiscal unless the market price of raw jute falls below the MSP. A sharp rise in MSP operations, given better absorption of overheads, led to an improvement in the operating profitability of the company over the past two years. The operating profit margin (OPM) rose sharply to 12.5% in FY2025 (P) from 2.7% in FY2023. This, along with a significant growth in the scale of operations led to an increase in the overall profits and cash accruals of the company over the past two years. However, in view of a likely decline in MSP operations, the OPM of JCI is anticipated to fall to an extent in the current fiscal. ICRA estimates that overall profits and cash accruals from the business are also likely to moderate to a large extent in the current fiscal.

**Substantial unencumbered cash balance strengthens liquidity position** – JCI normally maintains healthy unencumbered cash and bank balances. Owing to heavy procurement and high inventory holding, largely self-financed, the overall unencumbered cash/bank balance of the company came down in FY2023 from FY2022. Despite a sizeable scale of MSP operations, healthy cash flow from operations on the back of sizeable cash profits along with a steep decline in the inventory holding resulted in an increase in free cash and bank balance to around Rs. 168 crore as on March 31, 2025 (P) against around Rs. 56 crore as on March 31, 2024. This, along with unutilised bank lines, provide adequate financial flexibility to the company.

### Credit challenges

**Exposure to regulatory changes and/or Government policies** – JCI remains exposed to regulatory changes, particularly on the quantum and timely receipt of subsidy from the GoI. Any change in the same may exert pressure on its cash flows. In FY2022, the GoI rejected the proposal for disbursement of subsidy receivables (pertaining to FY2019-FY2021) of Rs. 24.74 crore. Accordingly, the same was written off as an exceptional item in the profit and loss (P&L) account, resulting in losses at the net level and adversely impacting the cash flows of the company in FY2022. JCI also remains exposed to any change in the operational support currently received from the GoI in terms of orders to supply raw jute to the jute mills at a price fixed by the Office of the Jute Commissioner.

**Seasonal nature of operations; operating volumes susceptible to the demand-supply dynamics of raw jute** – MSP operations are impacted by volatility in raw jute prices arising from the demand-supply gap and production. At times, MSP is in force throughout the season when there is a good harvest, while some seasons experience no MSP operation at all. Such variability has impacted JCI's scale of operations in the past and is likely to be the primary factor affecting revenues, going forward.

## Liquidity position: Strong

The ownership and the company's strategic importance to the GoI strongly support its ability to raise additional debt at a competitive rate from its lenders, mitigating the liquidity risk to an extent. In FY2025 (P), JCI achieved substantial positive operating cash flow, primarily as a result of considerable reduction in inventory holding. Despite some likely moderation, the same is expected to remain positive in the current fiscal. Free cash flows of the company are also likely to remain positive in FY2026. JCI had a surplus cash/bank balance of around Rs. 168 crore as on March 31, 2025 (P). The working capital requirements are seasonal in nature and are dependent on the market price of raw jute vis-à-vis its MSP. The average fund-based working capital utilisation stood at a low level of around 7% during the last 15 months, ended in May 2025, leaving adequate buffer for future working capital requirement. Moreover, in view of sizeable, unencumbered cash/bank balance, undrawn working capital facilities and absence of any major planned capital expenditure programme, ICRA expects the overall liquidity position of the company to remain strong, going forward.

## Rating sensitivities

**Positive factors** – JCI holds considerable strategic importance for the GoI. A further policy support for jute farming in India, making JCI a more important nodal agency to extend the Government's policy objective, could be a trigger for a rating upgrade.

**Negative factors** – Pressure on JCI's rating may arise if any adverse policy change and/or a substantial delay in receipt or cancellation of subsidy from the GoI, adversely impacts the company's liquidity position or if its strategic importance for the GoI diminishes.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	ICRA has applied the top-down approach to arrive at the rating of JCI as explained in ICRA's methodology "Rating Approach-Implicit parent or group support"
Consolidation/Standalone	Given the change in the analytical approach, the standalone/ consolidated assessment of JCI is not meaningful as explained earlier in the rationale

## About the company

The Jute Corporation of India Limited (JCI), a Central Public Sector Enterprise, under the Ministry of Textile (MOT), was set up in 1971 to act as a nodal agency to provide MSP to jute cultivators in India. Initially, JCI started its operation as a small trading agency. Later, it gradually expanded its network across the jute growing areas of India and now has presence in six states (West Bengal, Bihar, Assam, Tripura, Odisha, and Andhra Pradesh). JCI operates through its 110 departmental purchase centers (DPC) and 14 regional offices/ regional lead DPCs, with its head office in Kolkata.

JCI executes MSP operations for jute procurement and serves as a stabilising agency in the raw jute market. JCI's price support operations involve procuring raw jute from farmers, usually small and marginal farmers, at MSP without any quantitative limit, as and when the prevailing market price of jute falls below the MSP. These operations help create a notional buffer in the market by siphoning off excess supply to arrest inter-seasonal volatility in raw jute prices. It also denotes the floor price at which a jute farmer can sell the produce.

### Key financial indicators (audited)

JCI, Standalone	FY2023	FY2024	FY2025*
Operating income	142.9	594.6	643.6
PAT	10.0	46.1	57.5
OPBDIT/OI	2.7%	11.7%	12.5%
PAT/OI	7.0%	7.8%	8.9%
Total outside liabilities/Tangible net worth (times)	0.7	1.4	0.5
Total debt/OPBDIT (times)	7.3	1.8	0.0
Interest coverage (times)	4.3	8.4	32.3

Source: The Jute Corporation Of India Limited, 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

CRA	Status	Date of Release
CRISIL Ratings	Crisil B /Stable (ISSUER NOT COOPERATING*; Rating continues at the same level)	February 12, 2025

Any other information: None

### Rating history for past three years

Current rating (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2025			FY2024		FY2023	
			Sep 29, 2025	Date	Rating	Date	Rating	Date	Rating
Working Capital Facilities	Long Term	450.00	[ICRA]AA-(Stable)	Jul 9, 2024	[ICRA]A+(Stable)	Dec 15, 2023	[ICRA]A+(Stable)	Dec 12, 2022	[ICRA]A+(Stable)
		-	-	Jul 5, 2024	[ICRA]A+(Stable)	-	-	-	-
Unallocated Limits	Long Term	-	-	-	-	-	-	Dec 12, 2022	[ICRA]A+(Stable)

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term fund-based – Working Capital Facilities	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 working capital facilities 1	-	-	-	50.00	[ICRA]AA- (Stable)
NA	Fund-based working capital facilities 2	-	-	-	150.00	[ICRA]AA- (Stable)
NA	Fund-based working capital facilities 3	-	-	-	50.00	[ICRA]AA- (Stable)
NA	Fund-based working capital facilities 4	-	-	-	50.00	[ICRA]AA- (Stable)
NA	Fund-based working capital facilities 5	-	-	-	100.00	[ICRA]AA- (Stable)
NA	Fund-based working capital facilities 6	-	-	-	50.00	[ICRA]AA- (Stable)

Source: The Jute Corporation Of India Limited

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Not Applicable

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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.

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