

October 9, 2026

The Jute Corporation of India Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term fund-based limits – Working Capital Facilities	450.00	450.00	[ICRA]AA- (Stable); reaffirmed	RBI
Total	450.00	450.00		

* 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.

Rationale

While assigning the rating, ICRA considers The Jute Corporation of India Limited (JCI) as an extended arm of the Government of India (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 is considered less meaningful under the current 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. The company's MSP operations witnessed a sharp decline in FY2026, as elevated raw jute market prices reduced the need for MSP operations, resulting in a substantial decline in dispatch volumes. Consequently, its revenue from operations (excluding other related income) declined significantly to around Rs. 133 crore in FY2026 from around Rs. 608 crore in FY2025. The operating performance of JCI remained subdued in FY2026, with the company reporting an operating loss. This was due to inventory losses on MSP and commercial raw-jute stocks arising from moisture-induced weight loss during storage. Nevertheless, the company reported a net profit, supported by sizeable non-operating income in the form of interest earned from FDRs. Further, the company has not undertaken any MSP operations in the current fiscal, as raw jute prices remain well above the MSP levels. The rating continues to derive comfort from its strong financial profile, as reflected by a conservative capital structure and comfortable debt protection metrics. A substantial unencumbered cash and bank balance of the company also lend strength to its liquidity position and financial profile. In line with FY2025, the company continued to maintain a negative net debt (total debt less cash and bank balance and liquid investments) position as on March 31, 2026, supported by substantial free cash and bank balances. This is expected to persist over the medium term.

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 remain volatile as it 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 from its position as a nodal agency of the GoI for execution of MSP operations for jute cultivators, and will generate 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 the 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.

Strong financial profile supported by a conservative capital structure and comfortable coverage metrics – 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, the MSP operations of the company witnessed an increase in FY2024 and FY2025, whereas revenue from commercial operations stood at a low level during the period. In view of rising market prices of the raw jute than MSP, JCI had to reduce MSP operations. This led to a decline in its turnover to around Rs. 133 crore in FY2026, registering a YoY de-growth of around 78% (excluding other related income). The operating performance of JCI remained subdued in FY2026, with the company reporting an operating loss. This was due to inventory losses on MSP and commercial raw-jute stocks arising from moisture-induced weight loss during storage. Nevertheless, the company reported a net profit of Rs. 2.7 crore (Rs. 56.8 crore in FY2025), supported by sizeable non-operating income in the form of interest earned from FDRs. The elevated raw jute price environment has persisted in the current fiscal as well, limiting the company's ability to undertake MSP operations. ICRA expects the turnover of JCI to decline significantly, on a YoY basis, in FY2027. However, in view of a likely increase in commercial operations, though moderately, along with the receipt of an insurance claim from the earlier year, the OPM of JCI is likely to improve to an extent in the current fiscal. The capital structure of JCI remained conservative with a TOL/TNW of 0.4 times as on March 31, 2026. ICRA notes that the decline in earnings and cash generation in FY2026, primarily driven by operating losses, weakened the company's debt coverage indicators compared to the previous fiscal. However, in view of the likely improvement in the profits and cash accruals of the company and its low debt level, ICRA expects the coverage indicators to remain strong in the near to medium term.

Substantial unencumbered cash balance strengthens liquidity position – JCI normally maintains healthy unencumbered cash and bank balances. Owing to healthy profits generated over the past few years, amid a sizeable scale of MSP operations, the free cash and bank balance of the company was strengthened. It stood at around Rs. 239 crore as on March 31, 2026. This, along with unutilised bank lines, provides adequate financial flexibility to the company.

Credit challenges

Exposure to regulatory changes and/or Government policies – JCI remains exposed to regulatory risks related to the quantum and timely receipt of GoI subsidies, with any adverse changes potentially impacting its cash flows, as evidenced by the write-off of Rs. 24.74 crore of subsidy receivables 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: 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. JCI reported strong operating cash flow generation in FY2026, largely aided by the release of working capital through a substantial reduction in inventory holdings. However, the operating cash flow is expected to remain negative in the current fiscal. Free cash flows of the company are also likely to remain negative in FY2027. JCI had a surplus cash/bank balance of around Rs. 239 crore as on March 31, 2026. The working capital requirements are seasonal in nature and are dependent on the market price of raw jute vis-à-vis its MSP. There was no utilisation of fund-based working capital limits during the last 12 months, thus leaving an adequate buffer for future requirements, in case MSP operations need to be undertaken. Moreover, in view of the 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	Corporate Credit Rating Methodology
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	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 minimum support price 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. The MSP also denotes the floor price at which a jute farmer can sell the produce.

Key financial indicators (audited)

JCI, Standalone	FY2025	FY2026
Operating income	643.6	166.1
PAT	56.8	2.7
OPBDITA/OI	12.3%	-5.6%
PAT/OI	8.8%	1.6%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDITA (times)	0.0	0.0
Interest coverage (times)	31.8	-52.8

Source: The Jute Corporation of India Limited, 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:

CRA	Status	Date of Release
CRISIL Ratings	Crisil B /Stable (ISSUER NOT COOPERATING*; Rating continues at the same level)	April 20, 2026

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 9, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Working Capital Facilities	Long term	450.00	[ICRA]AA-(Stable)	Sep 29, 2025	[ICRA]AA-(Stable)	Jul 9, 2024	[ICRA]A+(Stable)	Dec 15, 2023	[ICRA]A+(Stable)
						Jul 5, 2024	[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 Date	Amount Rated (Rs. Crore)	Current Rating and Outlook	Financial Sector Regulator [#]
NA	Fund-based working capital facilities 1	-	-	-	50.00	[ICRA]AA- (Stable)	RBI
NA	Fund-based working capital facilities 2	-	-	-	150.00	[ICRA]AA- (Stable)	RBI
NA	Fund-based working capital facilities 3	-	-	-	50.00	[ICRA]AA- (Stable)	RBI
NA	Fund-based working capital facilities 4	-	-	-	50.00	[ICRA]AA- (Stable)	RBI
NA	Fund-based working capital facilities 5	-	-	-	100.00	[ICRA]AA- (Stable)	RBI
NA	Fund-based working capital facilities 6	-	-	-	50.00	[ICRA]AA- (Stable)	RBI

Source: The Jute Corporation of India Limited

[#] 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.

[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

Mr. Jitin Makkar
+91 0124 4545 368
jitinm@icraindia.com

Mr. Sujoy Saha
+91 33 6521 6805
sujoy.saha@icraindia.com

Ms. Kinjal Kirit Shah
+91 022 6114 3400
kinjal.shah@icraindia.com

Mr. Sandipan Kumar Das
+91 33 6521 6807
sandipan.das@icraindia.com

RELATIONSHIP CONTACT

Mr. 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

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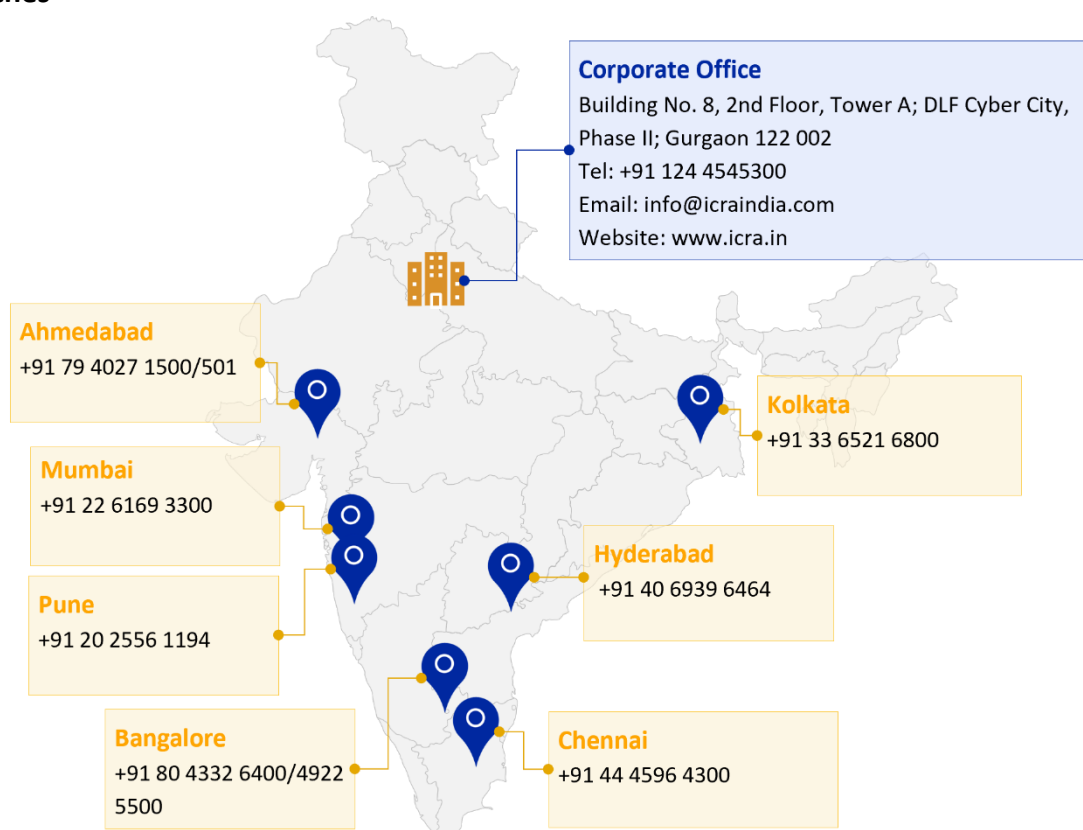
Registered Office

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

Tel: +91 11 23357940-45



Branches



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