PACRA
Together Creating Value

SECTOR STUDY | 10th NOVEMBER 2026

RICE







Research Team

Aiza Khalid| Assistant Manager Research
Aisha Yousaf | Research Analyst

© The Pakistan Credit Rating Agency Limited.

Rice

Contents

Contents	Page No.
Introduction	1
Global	
World Rice Position	2
Production	3
Consumption	4
Demand	5
Average Yields & Area Under Cultivation	6
Trade	7
Local	
Agriculture | Overview	10
Geographical Distribution	11
Snapshot	12
Trend Analysis	13

Contents	Page No.
Trade	15
Price Dynamics | Exports	17
Local | Price Dynamics	19
Business Risk	20
Financial Risk	21
Rating Curve	24
SWOT	25
Outlook	26
Bibliography	27

Sector Highlights

FY26 at a Glance

~10.0mn MT	~3.76mn Ha	~4.3mn MT	USD ~2.29Bn	~12.3%	~198 days
Rice production (FY25: ~9.7mn MT)	**Cultivated area** (FY25: ~3.90mn Ha)	**Export volume** (FY25: ~5.8mn MT)	**Export earnings** (FY25: USD ~3.35Bn)	**Gross profit margin** (FY25: ~11.0%)	**Working capital cycle** (FY25: ~110 days)

Demand and Supply

- Production rose ~3.1% to ~10.0mn MT despite a ~3.6% smaller area, as yield recovered ~6.6% to ~2.7MT/Ha (FY25: ~2.5MT/Ha).
- Exports fell ~26% to ~4.3mn MT as FY26 was the first full year of unrestricted Indian exports. Non-basmati fell to ~3.5mn MT (FY25: ~5.0mn MT), while basmati held at ~0.8mn MT.
- Exports comprised ~43% of output (FY24-FY25: ~60%).Export volumes recovered to ~1.0mn MT in 3MFY27 (3MFY26: ~0.7mn MT).

Pricing and Costs

- Average FY26 Export earnings fell ~32% to USD ~2.29Bn. Unit value eased to USD ~533/MT (FY25: USD ~578/MT) due to easing international prices.
- Pakistan's basmati premium over India narrowed to USD ~25/MT in 9MCY26 (9MCY25: USD ~109/MT) to USD ~/MT. Non-basmati fell ~3% to USD ~379/MT.
- Domestic basmati rose ~4.5% from PKR~205.4/Kg to PKR ~214.6/Kg, while non-basmati eased ~2.1% to PKR~155.6 Kg.

Financial Profile

- Sales declined ~25% YoY. Gross margin improved to ~12.3% (FY25: ~11.0%) and operating margin to ~5.1% (FY25: ~4.8%).
- Net margin thinned to ~1.1% (FY25: ~2.0%). Coverage improved to ~2.0x (FY25: ~1.9x).
- Leverage rose to ~58.5% (FY25: ~53.4%) as borrowings grew ~26% to PKR ~256.7Bn by Sep'26. FFS was ~50% of the borrowing mix (Sep'25: ~37.9%).

Bottom line: A larger FY26 crop met weaker export demand as India returned to the market. Lower input costs lifted gross and operating margins, but net margin thinned. Export shipments delayed by the Hormuz crisis left stock unsold, which pushed the working capital cycle to a five-year high and raised borrowing. Inventory days are expected to come down in Q1 FY27 as deferred shipments clear. The early FY27 export recovery is the key watchpoint.

Note: Financial profile is based on the PACRA-rated rice companies whose latest financials are available.

Source: PBS, PES, FAO, PACRA Database

Introduction

Rice is the primary staple food for more than half of the world's population. Globally, it can be classified into four broad categories:

- **Indica Rice**: Indica Rice (Non-Basmati Rice) is the most widely traded type of Rice globally, making up nearly ~80.0% of international trade. When cooked, it is dry, separate, and fluffy.
- **Aromatic Rice**: This medium- to long-grained Rice is known for its nutty aroma and flavor. Notable varieties include Basmati and Jasmine.
- **Japonica Rice**: This short-grain Rice is primarily cultivated in Japan. When cooked, it becomes sticky, making it easy to eat with chopsticks.
- **Glutinous Rice**: Characterized by its opaque grains and very low amylose content, glutinous Rice becomes particularly sticky when cooked.
- Aromatic Rice and Indica Rice together constitute ~90-94% of the global trade. During MY26, global milled Rice production reached a record ~545.7mn MT (MY25: ~542.0mn MT). USDA forecasts a ~2.3% decline to ~533.1mn MT in MY27 as India's output eases from its record. Rice is mostly grown and consumed in the Asian Region.
- India is the largest exporter of Rice, accounting for ~39% of global trade. Since lifting its ban on Non-Basmati exports in September 2024, India's exports have risen to ~23.0mn MT in MY26 (MY25: ~21.7mn MT). The USDA forecasts ~24.0mn MT Indian exports in MY27, backed by projected stocks of ~57.0mn MT at end-MY27 (MY26: ~59.0mn MT). On the global import side, Sub-Saharan Africa is the largest Rice-importing region, slightly exceeding total imports by all of Asia. The region accounts for more than ~31% of global imports. Following is a brief representation of the Rice supply chain.



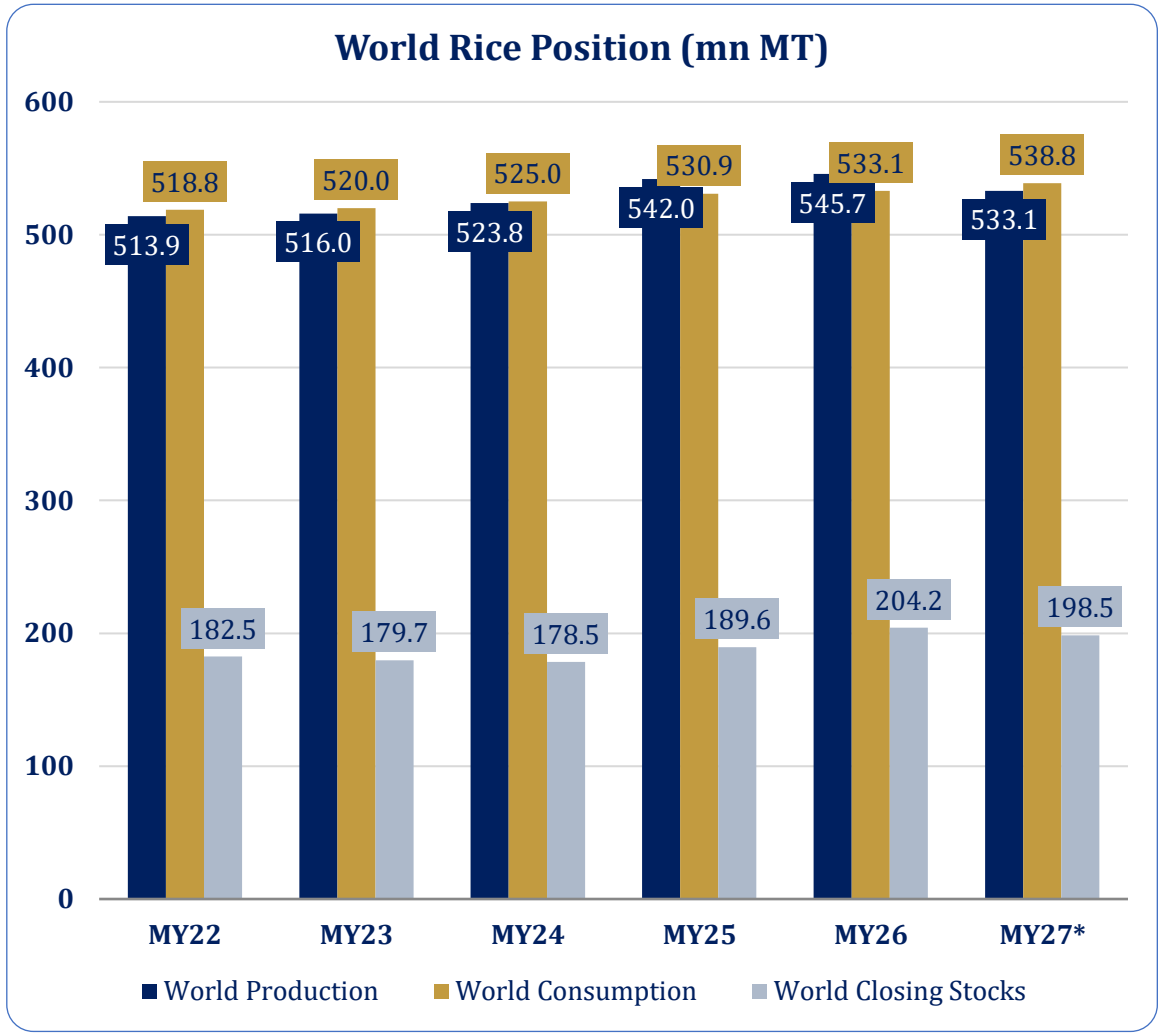
Source: USDA,TDAP

Global | World Rice Position

- During MY26, world Rice production reached a record ~545.7mn MT, up ~0.7% from ~542.0mn MT in MY25. India drove the growth, with output rising to ~154.0mn MT (MY25: ~150.2mn MT) on a larger kharif Rice area. An early monsoon, good soil moisture, and a hike in the minimum support price supplemented this record crop. Over the same period, consumption rose ~0.4% to ~533.1mn MT (MY25: ~530.9mn MT), led by higher consumption in China (MY26: ~147.4mn MT; MY25: ~145.0mn MT;).

- With production again ahead of demand, closing stocks rose ~6.6% to ~202.2mn MT in MY26 (MY25: ~189.6mn MT). India accounted for most of this build, with its stocks reaching ~59.0mn MT.

- For MY27, production is forecast to fall ~2.3% to ~533.1mn MT. This is mainly due to a smaller crop in India. India's monsoon is on course to be its weakest since 2009 (IMD: ~15% below normal as at mid-Sep'26), owing to El Niño effect. Consumption, however, is projected to reach a record ~538.8mn MT, led by India. To draw down its surplus stocks, the Food Corporation of India (FCI) has allocated ~7.2mn MT of rice for ethanol production in MY27, up from ~5.5mn MT a year earlier. As a result, closing stocks are expected to ease to ~196.5mn MT.



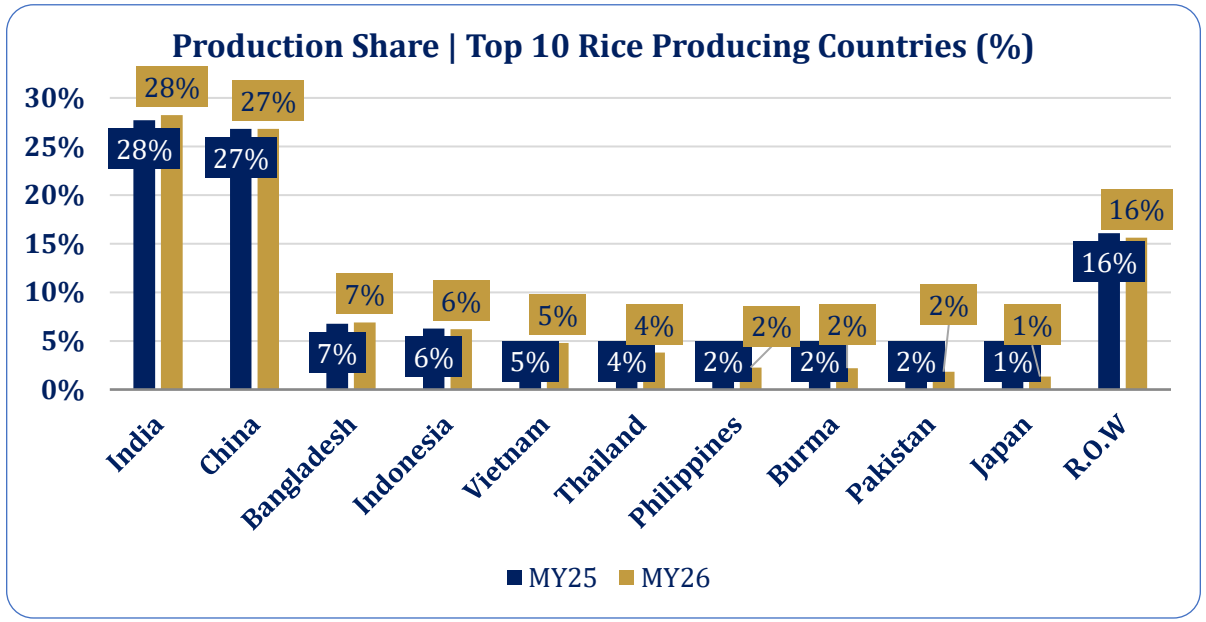
**Forecast figures. MY refers to the Marketing Year, which is different for each country. For most, it runs Oct-Sep , including China, India and Pakistan.*

Source: USDA, Worldometer

Global | Production

- China and India remained the world's top Rice producers in MY26, together accounting for ~55% of global output. China's output grew ~0.7% to ~146.3mn MT (MY25: ~145.3mn MT), as early rice yields reached a record high.
- Among other key producers, Bangladesh's output rose ~2.9% YoY to ~37.7mn MT (MY25: ~36.6mn MT), as a larger area and better Aman season harvest lifted production. In contrast, Indonesia's output eased ~0.9% to ~33.8mn MT (MY25: ~34.1mn MT), returning to normal levels after a weather-boosted MY25 crop. Pakistan held its position as the 9th largest rice producer in MY26, with output rising ~2.8% to a record ~10.0mn MT (MY25: ~9.7mn MT). This was achieved despite a smaller cultivated area, as average yields improved by ~6.6% on better water availability across major rice-growing regions. Pakistan's share of global production held steady at ~1.8%.
- For MY27, global production is forecasted to fall ~2.3% to ~533.1mn MT (MY26: ~545.7mn MT), the first decline since MY16. India accounts for over half of this drop, with output expected to fall ~4.5% to ~147.0mn MT (MY26: ~154.0mn MT). Its main kharif season rice crop (which is ~80% of total rice output) is set to shrink to ~120.0mn MT (MY26: ~124.7mn MT) on lower sowing and weaker yields. The winter and summer crops are also expected to be smaller due to lower irrigation water availability.

Top 10 Rice Producing Countries | Milled Rice (mn MT)						
	MY22	MY23	MY24	MY25	MY26	MY27*
India	129.5	135.8	137.8	150.2	154.0	147.0
China	148.9	145.9	144.6	145.3	146.3	147.0
Bangladesh	35.9	36.4	37.0	36.6	37.7	36.9
Indonesia	34.4	34.0	33.0	34.1	33.8	33.6
Vietnam	26.7	27.1	27.2	26.9	26.2	26.1
Thailand	19.9	20.9	20.0	20.8	20.7	20.3
Philippines	12.5	12.6	12.3	12.4	12.4	12.1
Burma	12.4	11.8	12.3	11.9	12.0	11.0
Pakistan	**9.3**	**7.3**	**9.9**	**9.7**	**10.0**	**9.4**
Japan	7.6	7.5	7.3	7.2	7.3	7.4
R.O.W	77.1	77.7	82.4	87.2	85.3	82.3
Total	**514.2**	**516.9**	**523.8**	**542.2**	**545.7**	**533.1**



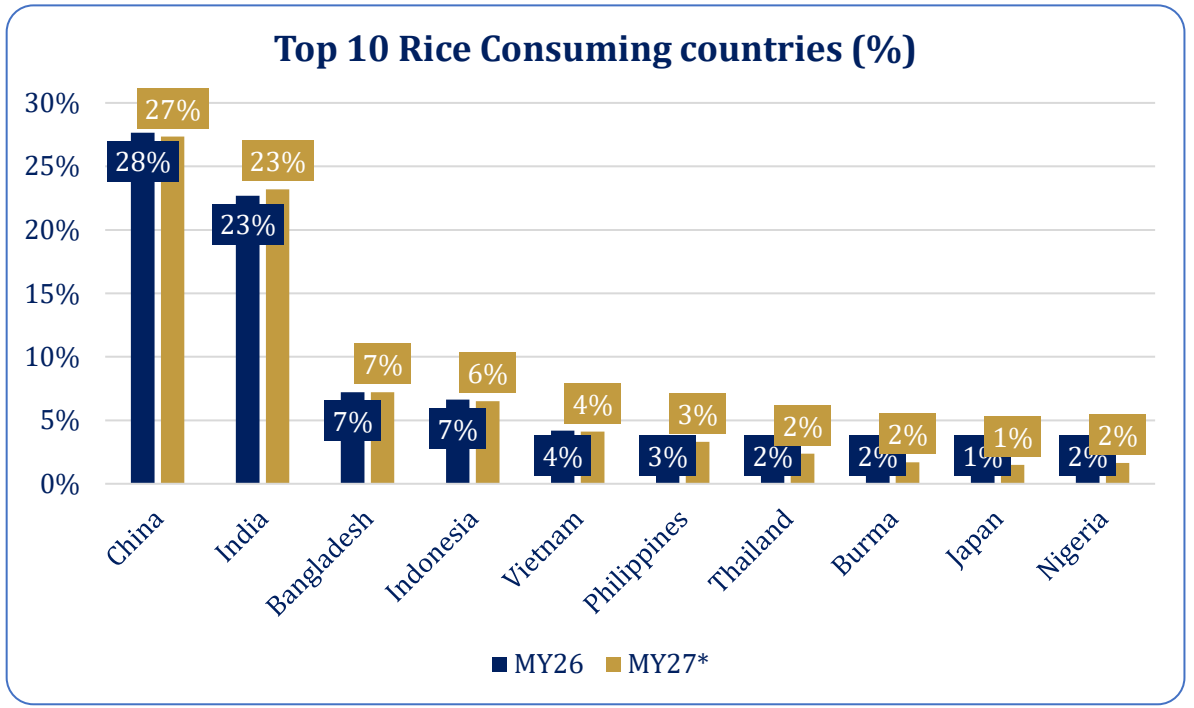
*Forecast figures.
MY refers to the Marketing Year, which is different for each country. For most, it runs Oct-Sep , including China, India and Pakistan.

Source: USDA

Global | Consumption

- China and India remained the world's largest Rice consumers in MY26, together accounting for ~50% of global consumption. Global consumption rose slightly ~0.4% YoY to ~533.1mn MT (MY25: ~531.4mn MT). China drove most of this growth, with consumption up ~1.7% to ~147.4mn MT (MY25: ~145.0mn MT). This was mainly due to higher use of rice as animal feed. India's consumption was broadly unchanged at ~121.0mn MT (MY25: ~121.4mn MT).
- Among other key consumers, Bangladesh's consumption rose by ~1.1% to ~38.4mn MT (MY25: ~38.0mn MT), while Indonesia's eased by ~0.6% to ~35.3mn MT (MY25: ~35.5mn MT). Vietnam's consumption eased by ~1.3% to ~22.3mn MT (MY25: ~22.6mn MT).
- For MY27, global consumption is projected to rise ~1.1% YoY to a record ~538.8mn MT. India accounts for most of this increase, with consumption expected to rise ~3.3% to ~125.0mn MT (MY26: ~121.0mn MT). This is largely because surplus government stocks are being used for ethanol production. China's consumption is set to stay flat at ~147.3mn MT.

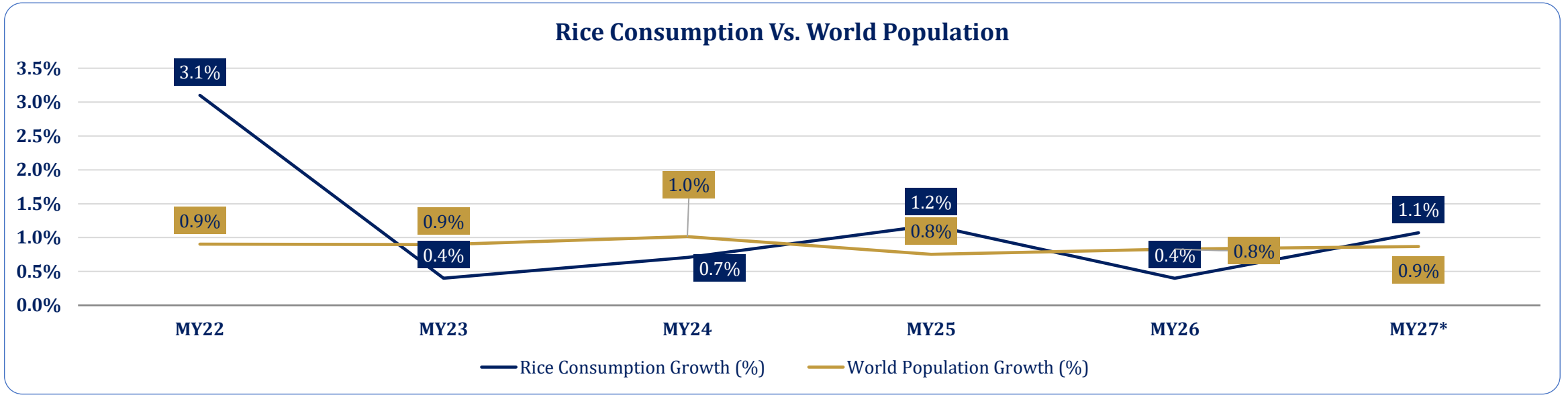
Top 10 Rice Consuming Countries | Milled Rice (mn MT)						
	MY22	MY23	MY24	MY25	MY26	MY27*
China	156.4	155.0	148.1	145.0	147.4	147.3
India	110.4	116.0	116.3	121.4	121.0	125.0
Bangladesh	37.3	37.6	37.6	38	38.4	38.8
Indonesia	35.3	35.6	36.2	35.5	35.3	35.0
Vietnam	22.1	22.4	22.5	22.6	22.3	22.1
Philippines	15.4	16.1	16.8	17.4	17.7	17.8
Thailand	12.3	12.3	12.3	12.5	12.7	12.8
Burma	10.3	10.2	10.0	10.0	9.3	9.1
Japan	8.2	8.2	8.2	8.1	7.5	8.0
Nigeria	7.6	7.8	8	8.2	8.5	8.8
R.O.W	103.6	99.6	109.0	112.7	113.0	114.1
Total	**518.8**	**520.8**	**525.0**	**531.4**	**533.1**	**538.8**



*Forecast figures. MY refers to the Marketing Year, which is different for each country. For most, it runs Oct-Sep , including China, India and Pakistan.

Source: USDA

Global | Demand



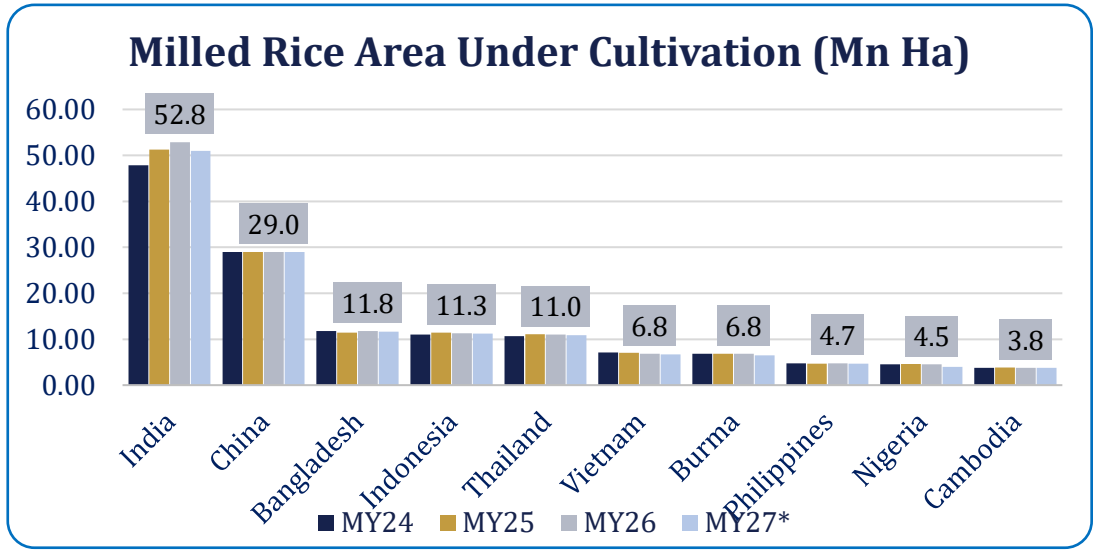
- In MY26, global Rice consumption increased by just ~0.4% YoY (MY25: ~1.2%). This was below world population growth of ~0.8%. Rice use per person declined. Population growth stayed steady, so the slowdown came mainly from India. India's consumption was broadly flat after strong growth in MY25. The government sold less than half as much stored Rice as in the previous year. Rather than releasing it into the food market, the government earmarked a larger share of its surplus for ethanol production. As a result, more Rice stayed in government warehouses instead of being consumed. China (up ~1.7% to ~147.4mn MT) only partly offset this.

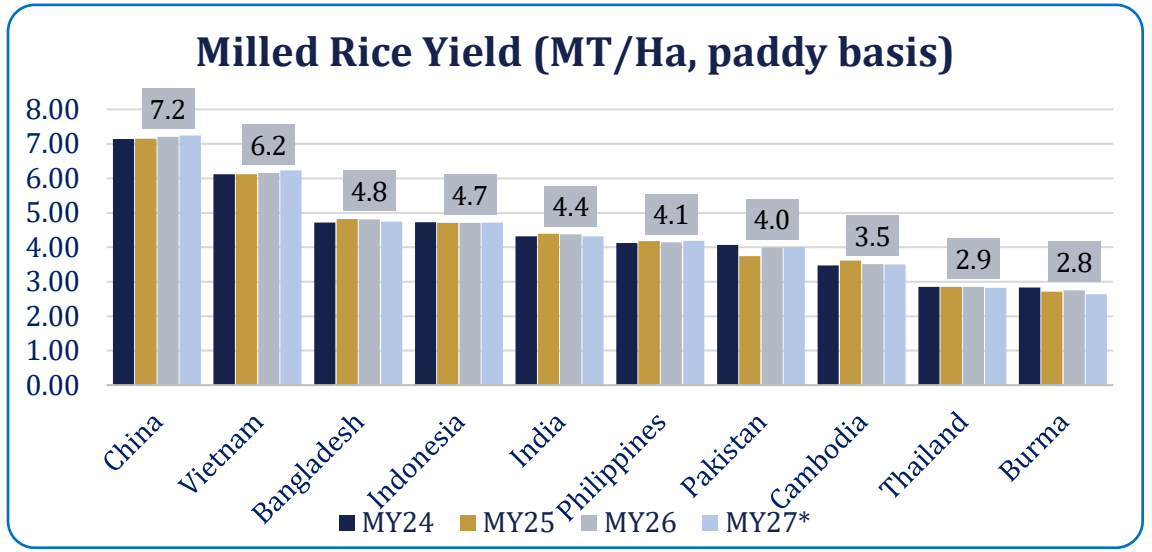
- For MY27, consumption growth is projected to recover to ~1.1%. This is again ahead of population growth, so per capita use should rise. India is expected to lead the rebound, with consumption rising ~3.3% YoY. With stocks at record levels, the government is sending more surplus Rice to ethanol plants. This should push global consumption to a new record.

**Population Figures for world population growth are predicted for MY27.*

Source: IMF, USDA, UN DESA

Global | Average Yield





- In MY26, global average Rice yield held steady at ~4.7MT/Ha. Among the major producers, China led with ~7.2MT/Ha, followed by Vietnam at ~6.2MT/Ha. Yields in Indonesia (~4.7MT/Ha), Bangladesh (~4.8MT/Ha) and India (~4.4MT/Ha) were broadly flat. Pakistan recorded the sharpest improvement, with yield rising ~6.7% to ~4.0MT/Ha (MY25: ~3.7MT/Ha). Thailand continued to trail at ~2.9MT/Ha.

- Global area under cultivation for Rice rose ~0.6% to ~173.8mn Ha in MY26 (MY25: ~172.8mn Ha). India led with a record ~52.8mn Ha, up ~3.0% YoY and ~30% of the global total. China followed at ~29.0mn Ha, while Bangladesh expanded to ~11.8mn Ha (MY25: ~11.4mn Ha). In contrast, Pakistan's area fell ~3.6% to ~3.8mn Ha (MY25: ~3.9mn Ha).

- For MY27, global area is forecast to fall ~2.1% to ~170.1mn Ha, while average yield is expected to hold at ~4.7MT/Ha. India's area is expected to shrink ~3.5% to ~51.0mn Ha, with yield easing to ~4.3MT/Ha. In Bangladesh, fertilizer shortages and flood damage are expected to cut yields for the main winter crop, while farmers are planting less of the summer crop. Pakistan's area is also set to decline to ~3.6mn Ha, with yield expected to ease slightly to ~3.9MT/Ha.

Note: 1 Ha = 2.5 acres, paddy= rough, Local yields (PES) are on a milled basis.
The numbers shown in the charts are values for MY26

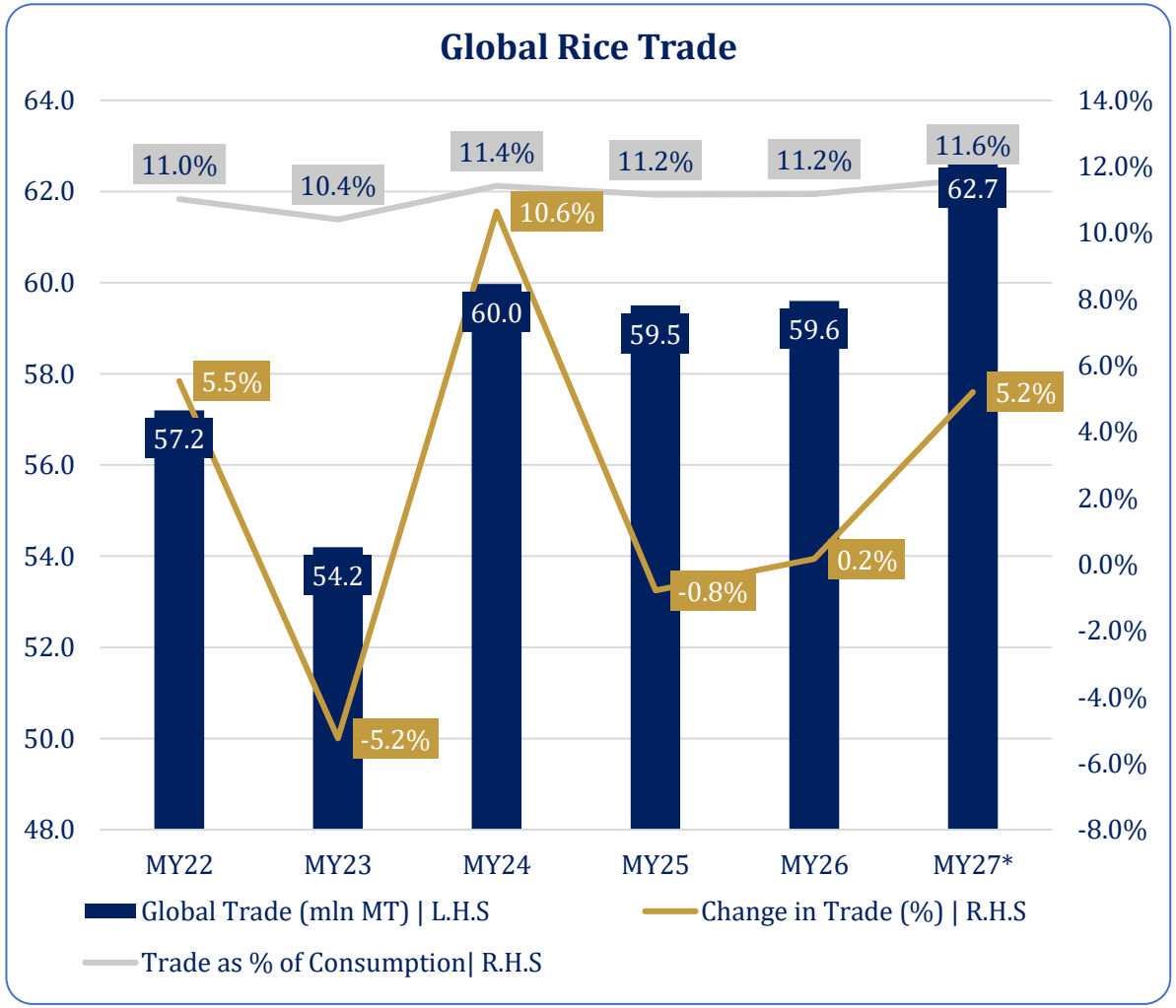
Source: USDA

Global | Trade

- In MY26, global rice trade remained broadly flat at~59.6 mn MT (MY25: ~59.5 mn MT), with trade accounting for ~11.2% of global consumption. Lower imports by Bangladesh (~1.0 mn in MY26 MT vs. ~2.0 mn MT in MY25) offset higher purchases by China and the Philippines.

- Trade is projected to rise ~2.9% to a record ~61.4 mn MT in MY27, lifting its share of consumption to ~11.4%.

- USDA cut its MY27 import forecasts for China (to ~3.5mn MT, as high prices dampen demand) and Bangladesh (to ~1.5mn MT, on ample stocks and no government tenders). The Philippines remains the key source of import demand, with its forecast unchanged despite lower domestic production.



*MY27 are projected values

Source: USDA

Global | Exports

- Global rice exports remained broadly flat at ~59.6 mn MT in MY26 (MY25: ~59.5 mn MT), but market share shifted towards India. India's exports rose to ~23.0 mn MT (MY25: ~21.7 mn MT), increasing its share of global trade to ~39% (MY25: ~36%). Record stocks and abundant supply allowed India to offer the most competitive prices among major exporters.

- Thailand's exports fell to ~7.0 mn MT (MY25: ~7.9 mn MT) amid relatively high prices, while Vietnam remained stable at ~8.1 mn MT, supported by demand from the Philippines and China. Pakistan's exports fell ~26% to ~4.3 mn MT (MY25: ~5.8 mn MT), cutting its share of global trade to ~7% (MY25: ~10%), as cheaper Indian rice displaced Pakistani non-basmati and Middle East shipping disruptions delayed cargoes. USDA projects a partial recovery to ~4.8 mn MT in MY27.

Country	MY22	MY23	MY24	MY25	MY26	MY27*
India	22.1	17.7	17.9	21.7	23.0	24.0
Vietnam	7.1	8.2	9.0	8.1	8.1	8.1
Thailand	7.7	8.7	9.9	7.9	7.0	7.5
Pakistan	**5.0**	**3.7**	**6.0**	**5.8**	**4.3**	**4.8**
Cambodia	2.8	3.2	3.7	3.8	3.2	3.6
USA	2.2	2.4	3.3	2.7	2.6	2.5
Burma	2.3	1.6	2.7	2.5	2.3	2.1
China	2.2	1.6	1.1	1.7	2.1	2.2
Brazil	1.4	1.2	1.0	1.1	1.4	1.4
Uruguay	1.0	1.0	0.7	1.0	1.0	1.0
Others	3.4	4.8	4.8	3.2	4.6	4.2
World	**57.2**	**54.1**	**60.1**	**59.5**	**59.6**	**61.4**

**Forecast figures. MY refers to the Marketing Year, which is different for each country. For most, it runs Oct-Sep , including China, India and Pakistan.*

Source: USDA

Global | Imports

- Global rice imports remained broadly flat at ~59.6 mn MT in MY26 (MY25: ~59.5 mn MT), but demand shifted significantly among major importers.
- The Philippines remained the largest importer at ~5.5mn MT (MY25: ~3.7mn MT). Its Imports recovered after a four-month ban from 1 Sep to 31 Dec 2025. China's imports increased to ~4.0 mn MT (MY25: ~3.1 mn MT). Stronger demand from these two markets supported Asian rice trade. In contrast, Bangladesh halved its imports to ~1.0 mn MT (MY25: ~2.0 mn MT) amid high domestic reserves.
- In MY26, Imports also declined in Vietnam, Iraq and Côte d'Ivoire, while Saudi Arabia remained stable and Nigeria recorded a marginal increase.
- For Pakistan, however, higher demand from the Philippines and China did not fully translate into export gains. Competition remained intense, with Philippine buyers increasingly favoring Vietnamese rice over Pakistani origin.

Country	MY22	MY23	MY24	MY25	MY26	MY27*
Philippines	3.8	3.9	5.5	3.7	5.5	5.6
Vietnam	2.8	3.5	3.7	3.5	3.1	3.6
Nigeria	2.4	2.0	2.7	2.8	2.9	2.9
China	6.2	2.6	1.6	3.1	4.0	3.5
European Union	2.5	2.2	2.4	2.4	2.3	2.4
Iraq	2.1	1.8	2.1	2.2	1.8	2.0
Saudi Arabia	1.3	1.5	1.8	1.8	1.8	1.8
Cote d'Ivoire	1.6	1.3	1.6	2.0	1.8	1.7
Malaysia	1.2	1.4	1.7	1.5	1.6	1.6
Bangladesh	1.0	0.4	0.2	2.0	1.0	1.5
USA	1.3	1.4	1.5	1.5	1.4	1.6
Others	31.1	32.1	35.4	33.1	32.4	33.9
World	**57.2**	**54.1**	**60.1**	**59.5**	**59.6**	**61.4**

**Forecast figures. MY refers to the Marketing Year, which is different for each country. For most, it runs Oct-Sep , including China, India and Pakistan.*

Source: USDA

Global | Key Takeaways

Record Stocks Cushion a Smaller MY27 Crop; India Reclaims Trade Share

Production, Consumption & Stocks

- World output reached a record ~545.7mn MT in MY26 (MY25: ~542.2mn MT). India led with a record ~154.0mn MT crop on an early monsoon and a higher minimum support price.
- MY27* output is forecasted to fall ~2.3% to ~533.1mn MT. India's weakest monsoon since 2009 is expected to cut its crop ~4.5% to ~147.0mn MT.
- Consumption is projected at a record ~538.8mn MT (up ~1.1%), as India diverts surplus stocks to ethanol (~7.2mn MT allocated). Closing stocks should ease by ~5.7mn MT from the MY26 record.
- Pakistan produced a record ~10.0mn MT in MY26 (~1.8% of world output), with output forecast to ease to ~9.4mn MT in MY27*.

Trade & Prices

- Global trade was flat at ~59.6mn MT in MY26, but India's share rose to ~39% (MY25: ~36%) as record stocks increased volumes from India. Trade is projected at a record ~61.4mn MT in MY27*.
- The Philippines remained the largest importer at ~5.5mn MT (MY25: ~3.7mn MT) and China rose to ~4.0mn MT. Bangladesh halved its imports to ~1.0mn MT on high reserves.
- In 9MCY26, India's 5% broken price fell ~8% to USD ~353/MT, while Vietnam's rose ~15% to USD ~448/MT on Philippine and Chinese demand, widening the gap between the two from near parity to USD ~95/MT, leaving India as the cheapest exporter.
- Pakistan's basmati premium over India narrowed to USD ~25/MT (9MCY25: USD ~109/MT) as India’s basmati price rose ~19% to USD~1,075/MT (9MCY25: USD~902/MT).

**MY27 figures are forecasts. MY refers to the Marketing Year, which runs Oct-Sep for most countries, including India and Pakistan.*

Source: USDA, FAO

Local | Overview

- Pakistan's nominal GDP expanded to PKR ~126.4Tn in FY26, reflecting a 10.0% YoY increase, a noticeable acceleration from the ~8.3% growth recorded in FY25. FY26 real GDP growth was revised to ~3.65% from 3.70%. The services Sector remained the primary driver of the economy, contributing ~58.4% to total GDP, whereas industrial activities accounted for ~18.1%, down from ~20.2% in FY25.
- The Agriculture Sector accounted for ~23.5% of the GDP, with crops accounting for around 32.8% of agriculture. Within crops, important crops constitute roughly ~54.3%. During FY26, the agriculture sector recorded a growth of ~2.9%, compared to ~1.5% during the same period last year.
- Rice, being the fourth-largest export item in FY26 (after knitwear, readymade garments and bedwear), contributed ~11.9% to important crops in FY26.

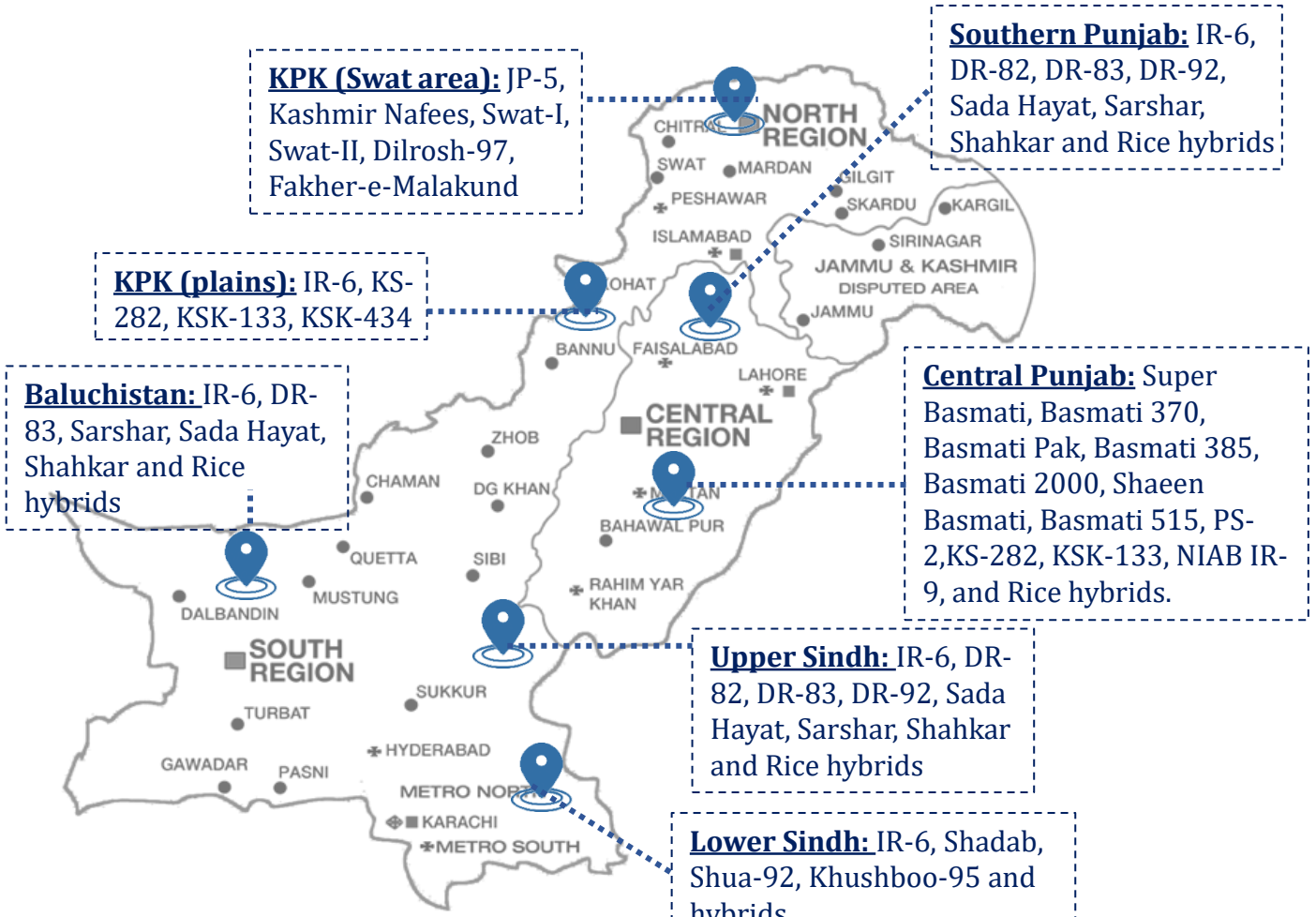
Economy | FY26

Agriculture (23.5%)			**Industrial (18.1%)m**	**Services (58.4%)**
Crops (32.8%)		Livestock & Others (67.2%)	**Manufacturing (65.3%)**	Wholesale, Retail & Trade (30.5%)
Important Crops (54.3%)	Other Crops (42.4%)	Cotton Ginning (3.3%)	**LSM (67.5%)** / **Others (32.5%)**	Transportation & Storage (18.0%)
Rice (11.9%)				Real Estate Activities (10.1%)
				Other Services (41.4%)

**Based on figures estimated from GDP*

Source: PBS, PES

Local | Geographical Distribution



KPK (Swat area): JP-5, Kashmir Nafees, Swat-I, Swat-II, Dilrosh-97, Fakher-e-Malakund

KPK (plains): IR-6, KS-282, KSK-133, KSK-434

Baluchistan: IR-6, DR-83, Sarshar, Sada Hayat, Shahkar and Rice hybrids

Southern Punjab: IR-6, DR-82, DR-83, DR-92, Sada Hayat, Sarshar, Shahkar and Rice hybrids

Central Punjab: Super Basmati, Basmati 370, Basmati Pak, Basmati 385, Basmati 2000, Shaeen Basmati, Basmati 515, PS-2,KS-282, KSK-133, NIAB IR-9, and Rice hybrids.

Upper Sindh: IR-6, DR-82, DR-83, DR-92, Sada Hayat, Sarshar, Shahkar and Rice hybrids

Lower Sindh: IR-6, Shadab, Shua-92, Khushboo-95 and hybrids

- Pakistan has two major Rice-producing regions; Punjab and Sindh. Together, both provinces account for nearly ~90% of total Rice production.
- Punjab, due to its agri-climatic and soil conditions, produces 100% of the Basmati Rice in the country, which is the premium quality and expensive Rice as compared to Non-Basmati/coarse Rice.
- Sindh region is enriched with cultivation of Non-Basmati/coarse Rice, mainly IRRI-6, which is majorly exported to the African regions.
- Sindh region is further bifurcated into two parts due to differing land characteristics and water availability. Hence, the quality differs according to the varieties.

Source: Pakistan Agricultural Research Council

Local | Snapshot

- Area under cultivation for Rice eased slightly to ~3.8 mn Ha (FY25: ~3.9 mn Ha). However, yield recovered to ~2.7 MT/Ha (FY25: ~2.5 MT/Ha), lifting production to ~10.0 mn MT (FY25: ~9.7 mn MT) in FY26. The crop remained resilient despite the 2025 monsoon floods, as damage to the basmati rice was largely localised. Rice export value declined to USD~2,292 mn (FY25: USD~3,353 mn), while volumes fell to ~4.3 mn MT (FY25: ~5.8 mn MT) in FY26.

- India's return to the global market intensified competition after Pakistan had benefited from Indian export restrictions in FY24 and FY25. Export value declined faster than volumes, with implied unit value falling to USD~533/MT (FY25: USD~578/MT).

- Increased Indian supplies weakened Pakistan's market share and pricing power. Non-basmati exports fell to ~3.5mn MT (FY25: ~5.0mn MT) as higher Indian rice availability impacted volumes and prices.

- Meanwhile, basmati exports remained stable at ~0.8 mn MT (FY25: ~0.8 mn MT), supported by resilient demand from key markets. With production rising and exports declining, implied domestic consumption and stocks increased to ~5.7 mn MT (FY25: ~3.9 mn MT). However, this residual increase is more likely to reflect unsold exportable surplus than a material rise in domestic demand.

Sector Snapshot	FY24	FY25	FY26	FY27*
Contribution to GDP	0.6%	0.6%	0.5%	-
Area under Cultivation (mn Ha)	3.6	3.9	3.8	3.9
Production (mn MT)	9.9	9.7	10.0	10.2
Consumption* (mn MT)	4.0	3.9	5.7	5.4
Yield (MT/Ha)	2.7	2.5	2.7	2.6
Exports (mn USD)	3,932	3,353	2,292	-
Exports (mn MT)	6.0	5.8	4.3	4.8
Non-Basmati Exports (mn MT)	5.2	5.0	3.5	-
Basmati Exports (mn MT)	0.8	0.8	0.8	-
Market Structure	Monopolistic Competition			
Regulator	Rice Exporters Association of Pakistan (REAP)			

**FY27 figures are projections. Data is based on the assumption of negligible closing stocks and varies with available stock figures.*
***Note:** Value-added share per PES 2025-26 (rice: 2.2% of agriculture, 0.5% of GDP). Gross output value is higher*

Source: PBS, PES, USDA, AMIS

Local | Trend Analysis

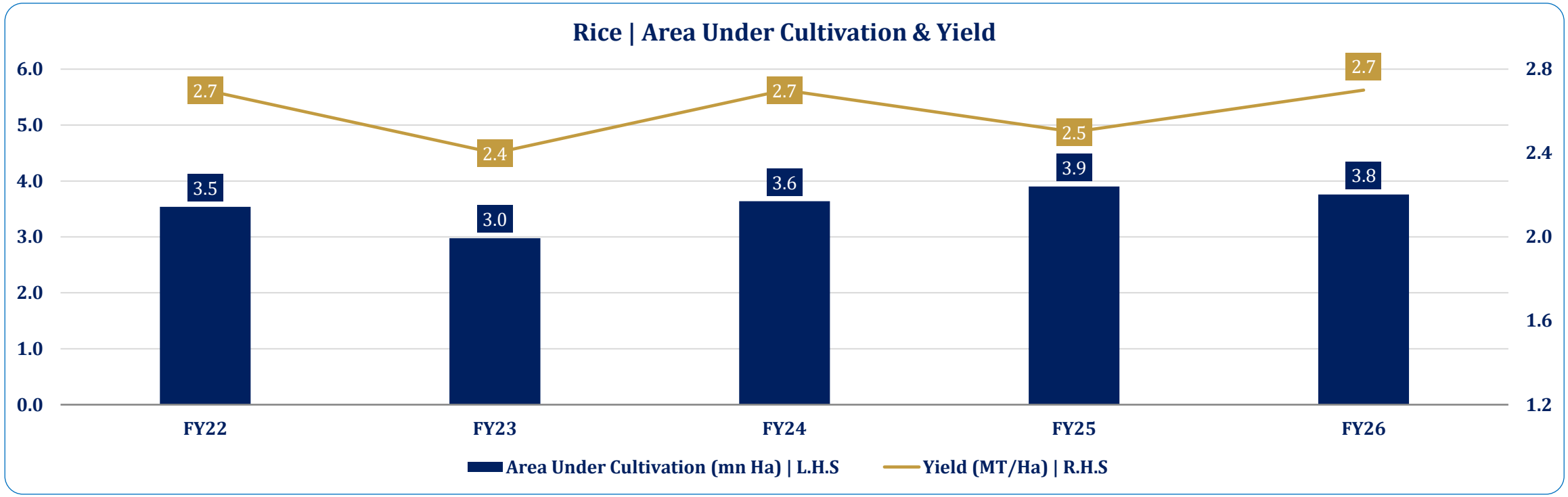
- **Local Production:** In FY26, local Rice production rose ~2.8% YoY to ~9.9mn MT (FY25: ~9.7mn MT). The mix changed sharply. Basmati rose ~37% to ~5.9mn MT (FY25: ~4.3mn MT). It now makes up ~59% of total output (FY25: ~44%). Basmati-planted area expanded from 2.0mn hectares to 2.4mn hectares. Non-basmati fell ~24% to ~4.1mn MT (FY25: ~5.4mn MT). Floods affected ~250–270k ha (~10% of Punjab's kharif rice area), but the larger basmati cultivation area more than offset losses.
- **Local Consumption**: In FY26, local consumption and stocks rose ~46% to ~5.7mn MT (FY25: ~3.9mn MT). Basmati accounted for ~5.1mn MT of this (FY25: ~3.5mn MT). Assuming negligible ending stocks, the jump mostly reflects surplus stocks that couldn't be exported. Exports took only ~43% of production (FY25: ~60%). The rest was absorbed domestically or added to stocks.
- **Exports:** In FY26, exports fell ~26% to ~4.3mn MT (FY25: ~5.8mn MT). All of the decline came from non-basmati, which fell to ~3.5mn MT (FY25: ~5.0mn MT). Basmati held at ~0.8mn MT (FY25: ~0.8mn MT). Non-basmati still made up ~81% of export volumes (FY25: ~86%).
- **Projections:** The FY27 supply picture is weaker. USDA cut its forecast to ~9.4mn MT (Sep: ~9.6mn MT) on lower expected yields from below-average monsoon rains in Punjab and Sindh. It puts FY27 consumption at ~4.7mn MT, driven largely by population growth. It expects exports to rebound to ~4.8mn MT.

Particulars (mn MT)	FY22			FY23			FY24			FY25			FY26		
	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total	Non-Basmati	Basmati	Total
Production	4.6	4.7	9.3	3.5	3.8	7.3	5.6	4.4	10.0	5.4	4.3	9.7	4.1	5.9	10.0
Exports	4.2	0.8	5.0	3.1	0.6	3.7	5.2	0.8	6.0	5.0	0.8	5.8	3.5	0.8	4.3
Consumption & Stocks	0.4	3.9	4.3	0.4	3.2	3.6	0.4	3.6	4.0	0.4	3.5	3.9	0.6	5.1	5.7

Note: Residual (ending stock) is assumed to be negligible. Calculations in the table are based on the assumption that consumption of basmati Rice is ~90.0%. Basmati HS Code: 1006.3010, Non-Basmati HS Code: 1006.3090

Source: Pakistan Economic Survey, USDA

Local | Trend Analysis

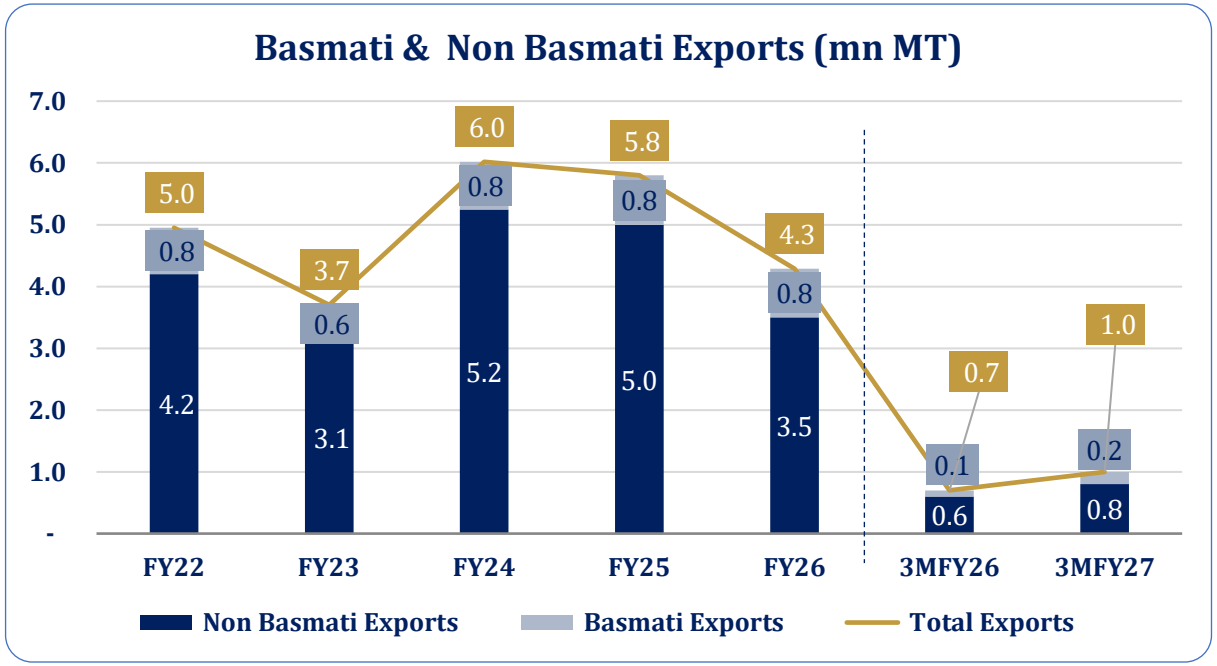


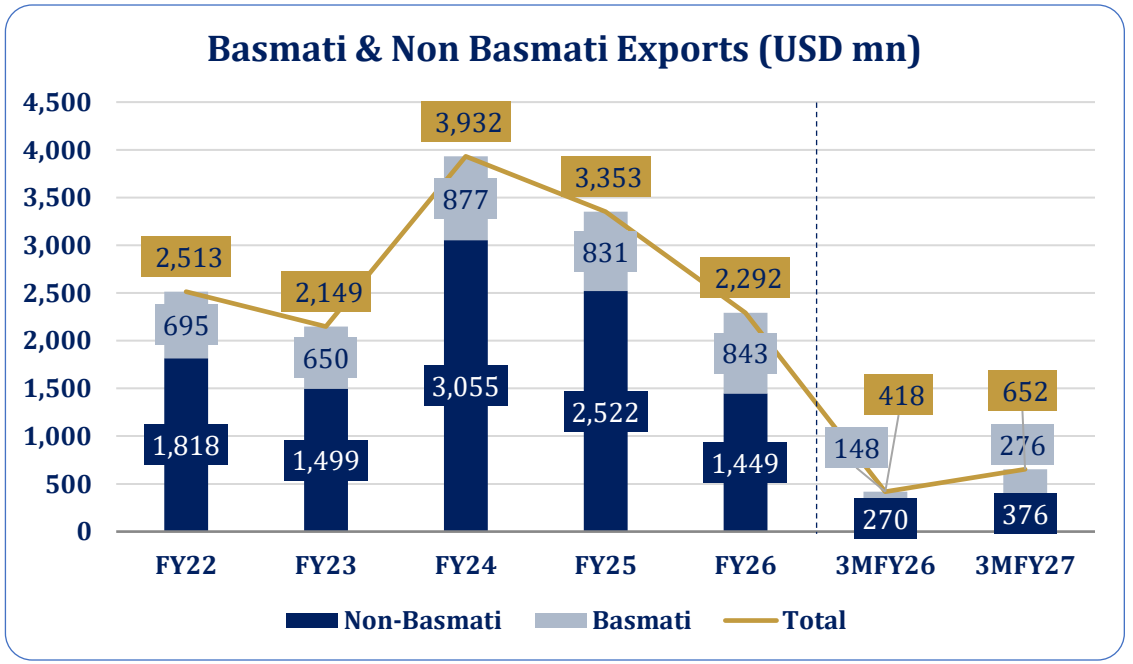
- In FY26, Rice area fell ~3.6% to ~3.8mn Ha (FY25: ~3.9mn Ha). The August–September 2025 monsoon floods submerged ~9% of Punjab's cropland, including ~8% of its Rice area. Punjab's Rice belt was among the worst-hit areas, particularly Sialkot and Narowal districts.
- Yield recovered ~6.6% to ~2.7 MT/Ha in FY26 (FY25: ~2.5 MT/Ha). This more than offset the smaller area. As a result, production rose ~2.8% to ~10.0mn MT (FY25: ~9.7mn MT).

Source: PES

Local | Trade

- Rice export earnings fell ~32% YoY to USD~2.3bn in FY26 (FY25: USD~3.4bn). Rice's share of national goods exports dropped to ~7.6% in FY26 (FY25: ~10.5%), as total goods exports fell to USD~30bn (FY25: USD~32bn). Shipping disruptions globally, due to Middle East conflict, added to the pressure.
- Basmati was the more resilient segment in FY26. Basmati volumes held at ~0.8mn MT in FY26 (FY25: ~0.8mn MT), while value edged up ~1.5% to USD~843mn (FY25: USD~831mn). Non-basmati volumes fell ~30% to ~3.5mn MT in FY26 (FY25: ~5.0mn MT), and value fell ~43% to USD~1,449mn (FY25: USD~2,522mn). As a result, non-basmati's share of Rice export value fell to ~63% in FY26 (FY25: ~75%).
- In 3MFY27, total rice export volumes rose ~51% to ~1.0mn MT (3MFY26: ~0.7mn MT) and value rose ~56% to USD~652mn (3MFY26: USD~418mn). Basmati value rose ~86% and non-basmati ~39% over the same period. The rebound in exports largely reflects shipments delayed by the Hormuz crisis that were expected by June-end but went out in July–August. The Drawback of Local Taxes and Levies (DLTL) scheme added support as the Ministry of Commerce extended it to 30 September 2026 and raised the non-basmati rate from 3% to 5% (basmati: 9%).





Source: PBS, REAP, USDA

Local | Export Destinations

Basmati | Volumetric Exports				
Sr.	FY25		FY26	
	Country	Exports Share(%)	Country	Exports Share (%)
1	Saudi Arabia	15.0%	United Arab Emirates	20.4%
2	United Arab Emirates	12.5%	Saudi Arabia	11.4%
3	Oman	10.4%	Kazakhstan	9.1%
4	Kazakhstan	9.5%	Oman	7.0%
5	Italy	5.6%	Italy	6.9%
	R.O.W	47.1%	**R.O.W**	45.1%
Total (mn MT)	**0.8**	**100%**	**0.8**	**100%**

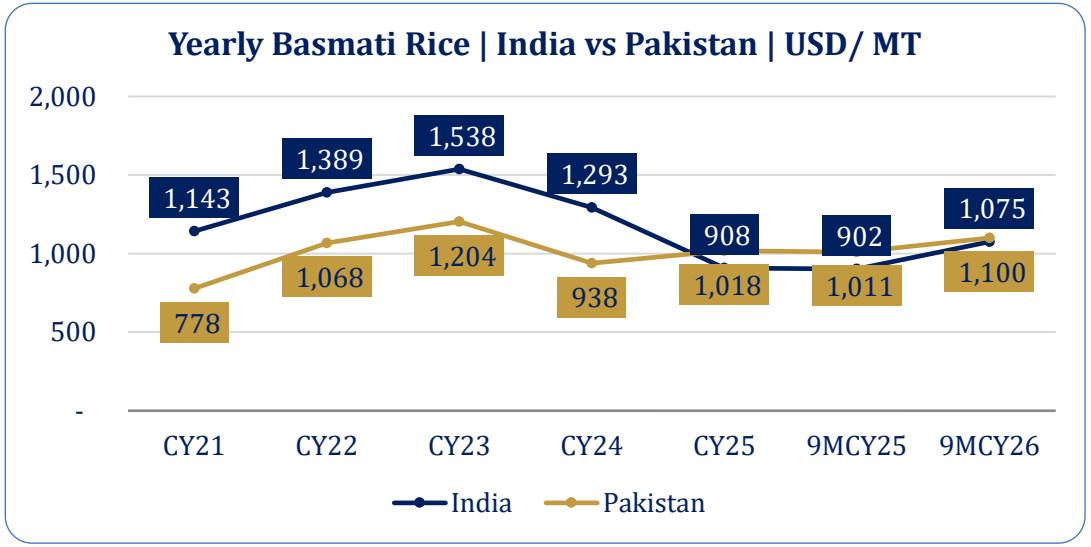
Non-Basmati | Volumetric Exports				
Sr.	FY25		FY26	
	Country	Exports Share (%)	Country	Exports Share (%)
1	Afghanistan	9.5%	Kenya	17.0%
2	Indonesia	9.4%	Tanzania	10.9%
3	Madagascar	9.1%	United Arab Emirates	9.5%
4	Malaysia	9.1%	Kazakhstan	7.3%
5	Kenya	8.7%	China	6.2%
	R.O.W	54.2%	**R.O.W**	49.1%
Total (mn MT)	**5.0**	**100%**	**3.5**	**100%**

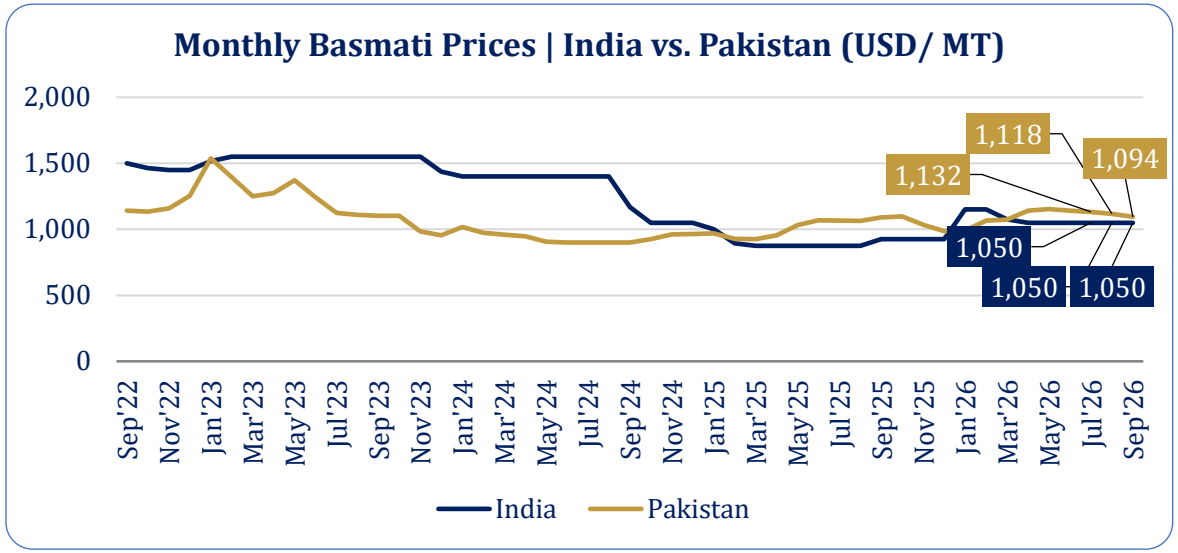
- In FY26 basmati exports were still concentrated in the Gulf and Central Asia, with the top five buyers taking ~55% of volumes (FY25: ~53%). The UAE became the largest buyer, with its share rising to ~20.4% (FY25: ~12.5%), with ~60% more volume than in FY25. This partly reflects the UAE's role as a re-export hub, where unpackaged Pakistani basmati is repackaged for export. Saudi Arabia fell to second place at ~11.4% (FY25: ~15.0%). The Kingdom relies mainly on India for its Rice, and Saudi investors have set up their own mills in India to supply it. Kazakhstan moved up to third at ~9.1% (FY25: ~9.5%), mainly because Oman's share fell to ~7.0% (FY25: ~10.4%).
- In non-basmati, four of FY25's top five buyers (Afghanistan, Indonesia, Madagascar and Malaysia) dropped out in FY26. East Africa, the UAE, Central Asia and China took their place, and the top five's share rose to ~51% (FY25: ~46%). Kenya became the largest buyer at ~17.0% (FY25: ~8.7%), a ~36% rise in volume, as Kenya's government repeatedly allowed duty-free Rice imports.
- Afghanistan, FY25's top non-basmati buyer, dropped out after the border closure in October 2025, and shipments fell to zero in early 2026. This alone explains up to a third of the decline in non-basmati export volumes

***Note**: Basmati HS Code: 1006.3010, Non-Basmati HS Code: 1006.3090. * Latest available*

Source: PBS

Price Dynamics | Basmati





- In 9MCY26, basmati export prices rose in both countries. India's price rose ~19% to USD~1,075/MT (9MCY25: USD~902/MT). Pakistan's rose ~9% to USD~1,100/MT (9MCY25: USD~1,011/MT). India's sharper rise came from tighter supply and stronger demand. Early floods in India's Punjab and Haryana cut part of its crop. The Middle East conflict that began in early 2026 also pushed buyers to secure supplies.

- On average, Pakistan stayed above India in 9MCY26, but its premium narrowed to USD~25/MT (9MCY25: USD~109/MT). Against the CY25 average, India's 9MCY26 price is ~18% higher (CY25: USD~908/MT) and Pakistan's ~8% higher (CY25: USD~1,018/MT). This follows a weak CY25 for Indian prices, which came under pressure from cheaper grain, US tariffs and conflict in West Asia. Long-pending payments from key Gulf markets also made exporters unwilling to build Iran-specific stock.

Source: USDA, PBS, Grain Mart

Price Dynamics | Non-Basmati

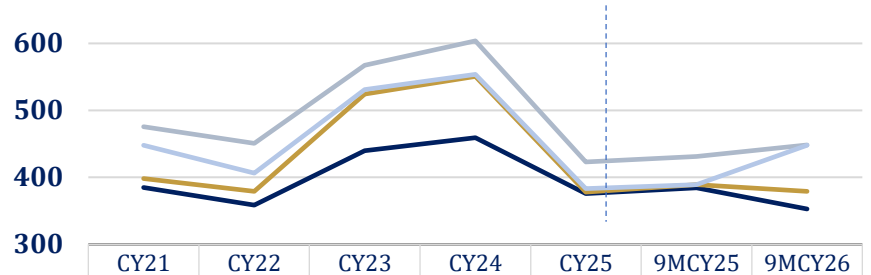
- Non-basmati Rice prices moved in different directions across major exporters in 9MCY26, with prices declining in South Asia but increasing in Southeast Asia.

- India's 5% broken Rice price fell ~8% to USD~353/MT (9MCY25: USD~384/MT), pressured by abundant supplies, record state stocks and weak demand from African buyers. A weaker rupee also supported lower export prices. Pakistan's price declined by a more modest ~3% to USD~379/MT (9MCY25: USD~389/MT), as high domestic paddy prices and financing costs limited exporters' ability to compete with cheaper Indian Rice.

- In contrast, Thailand's 100% grade price rose ~4% to USD~449/MT (9MCY25: USD~431/MT), supported by tighter supplies and higher input costs. Vietnam recorded the sharpest increase, with its 5% broken Rice price rising ~15% to USD~448/MT (9MCY25: USD~389/MT), driven by stronger demand from the Philippines and China and tightening domestic supplies.

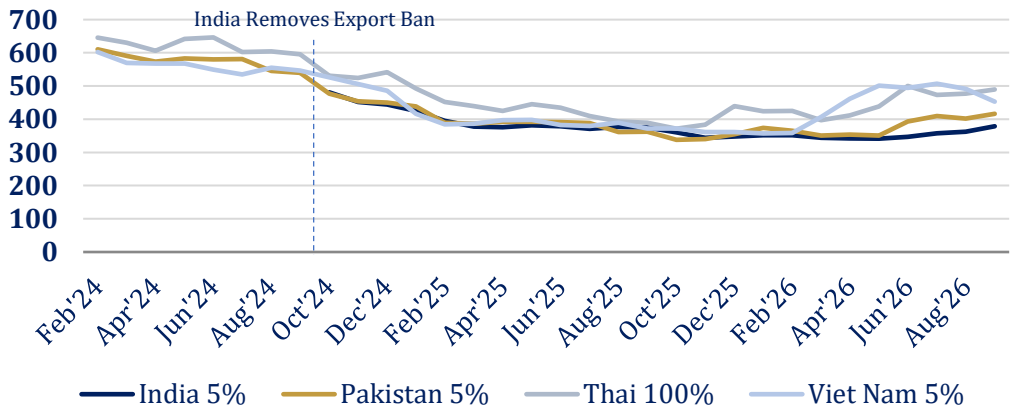
- Pakistan's premium over India widened to USD~27/MT (9MCY25: USD~5/MT), which hurt its competitiveness in price-sensitive markets. Meanwhile, Pakistan moved to a USD~69/MT discount to Vietnam (9MCY25: broadly at par), which gave it a price edge over Vietnamese Rice.

Yearly Non-Basmati Prices | USD/ MT



	CY21	CY22	CY23	CY24	CY25	9MCY25	9MCY26
India 5%	385	359	440	459	376	384	353
Pakistan 5%	398	379	525	551	378	389	379
Thai 100%	476	451	567	604	423	431	449
Viet Nam 5%	448	406	531	554	383	389	448

Monthly Non-Basmati Prices | USD/MT

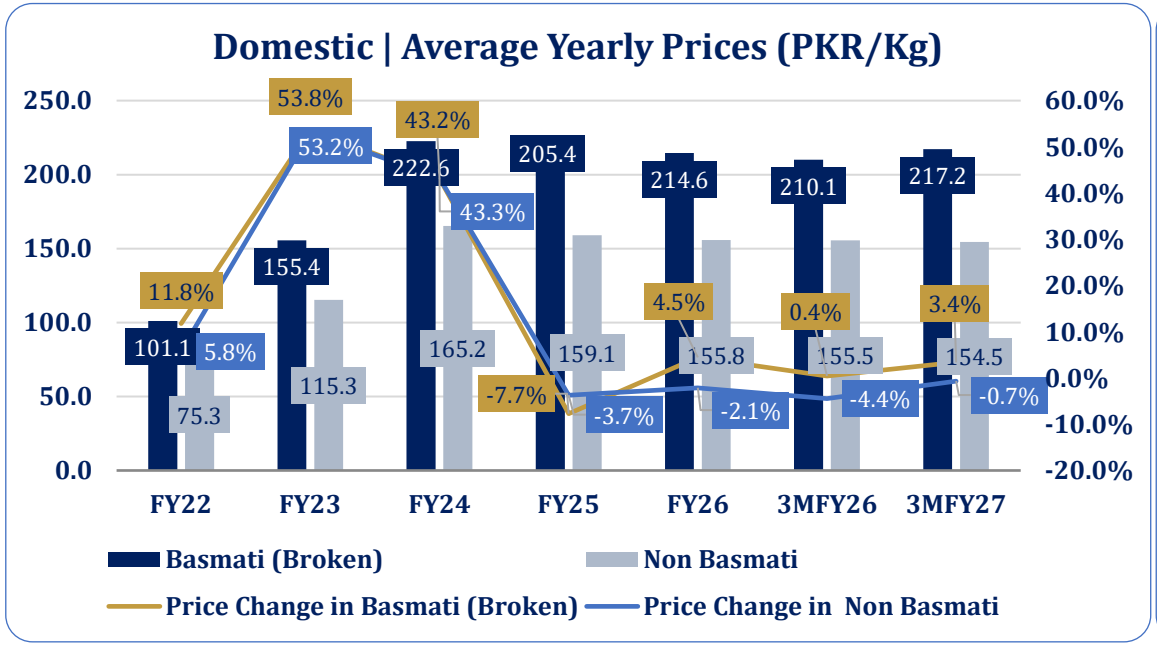


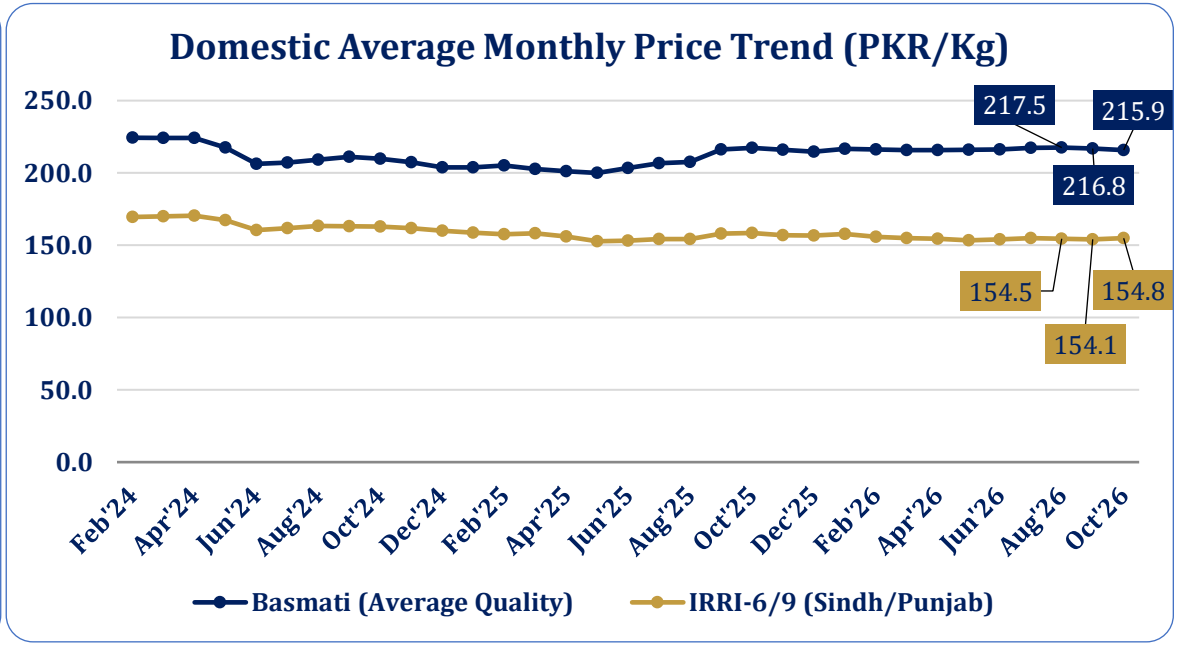
Source: FAO

Local | Domestic Prices

- Domestic basmati and non-basmati prices continued to move in opposite directions in 3MFY26. Basmati (broken) prices rose ~3.4% YoY to PKR~217.2/Kg (3MFY25: PKR~210.1/Kg), while non-basmati prices eased ~0.7% to PKR~154.5/Kg (3MFY25: PKR~155.5/Kg). This widened the price gap to PKR~62.7/Kg (3MFY25: PKR~54.6/Kg).The divergence reflects differing export dynamics.

- Basmati prices remained firm amid stronger export demand. Basmati exports also recovered during the second half of FY26, supporting local paddy and Rice prices. In contrast, non-basmati prices remained under pressure despite the recent recovery in exports. Cheaper Indian Rice intensified competition, while weaker demand from key markets, including the Philippines, limited Pakistan's export potential. Higher domestic supplies and unsold export surplus further weighed on prices. The same trend was evident in FY26, when basmati (broken) prices increased ~4.5% to PKR~214.6/Kg, while non-basmati prices declined ~2.1% to PKR~155.8/Kg.



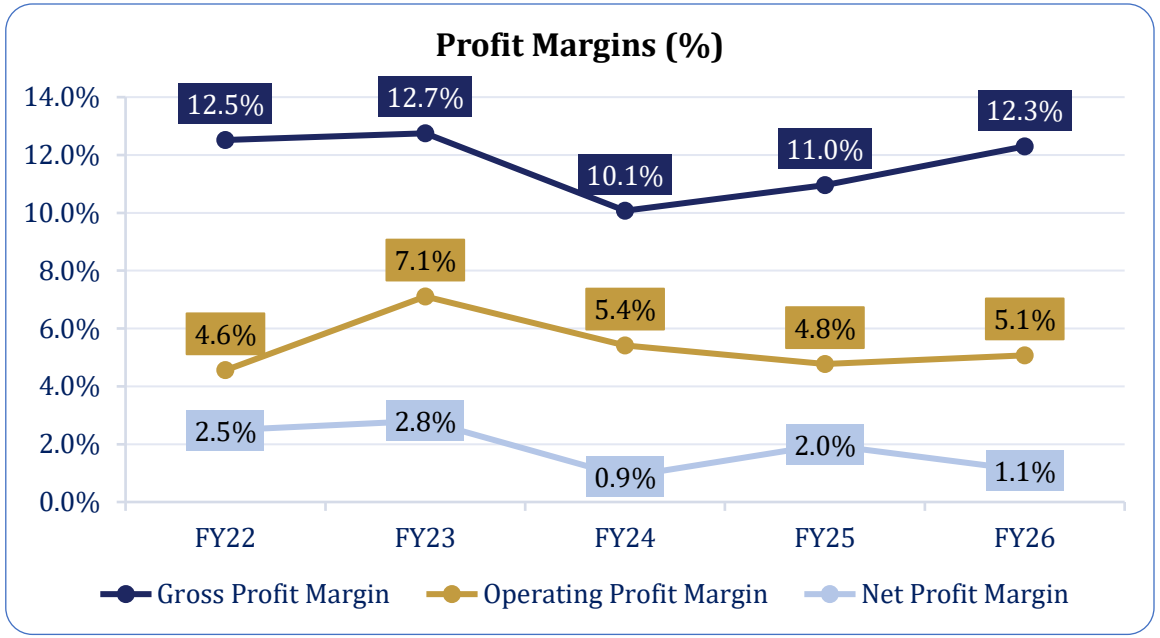


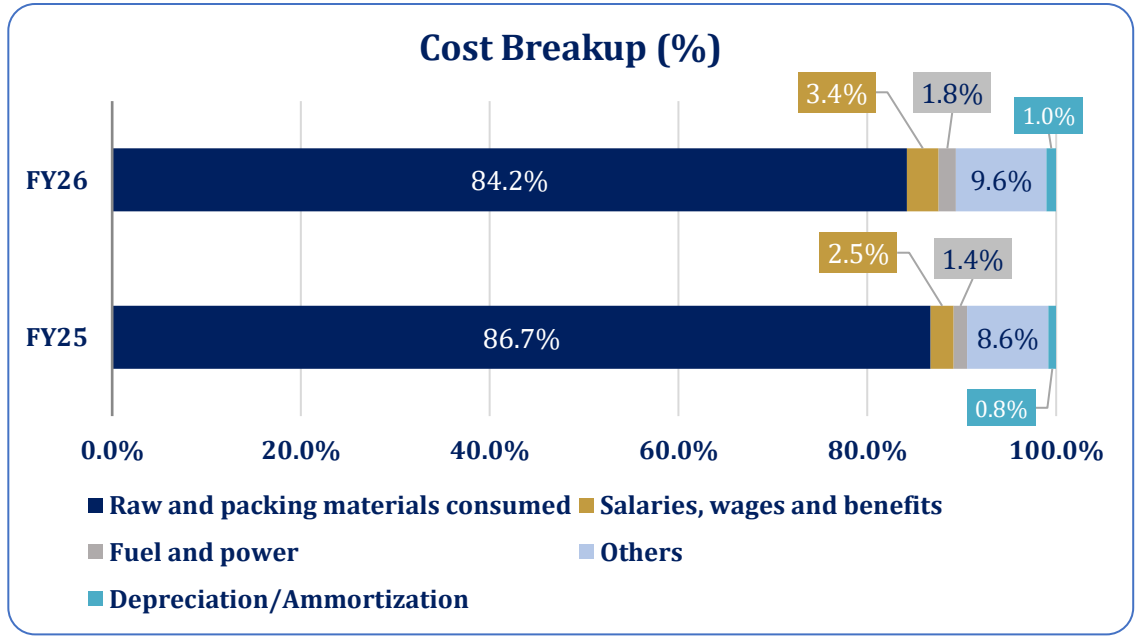
Source: Pakistan Economic Survey, PBS

Business Risk

- Sector sales declined ~25% YoY in FY26, largely reflecting the fall in Rice export volumes to ~4.3 mn MT (FY25: ~5.8 mn MT). Despite lower sales, gross margin improved to ~12.3% (FY25: ~11.0%) as raw material costs declined ~28%. Softer non-basmati prices reduced input costs, while firmer basmati prices supported realizations in the premium segment. Operating margin improved to ~5.1% (FY25: ~4.8%). Net margin declined to ~1.1% (FY25: ~2.0%), mainly due to higher finance costs as borrowings increased, most likely to fund inventory as millers built higher stocks.

- Raw and packing materials, including paddy rice, remained the largest cost component. Their share eased to ~84.2% in FY26 (FY25: ~86.7%). Lower export volumes reduced paddy procurement, while softer domestic non-basmati prices further lowered the input cost base. Salaries, wages and benefits rose to ~3.4% of costs (FY25: ~2.5%), partly following the increase in Punjab's minimum wage. Fuel and power increased to ~1.8% of costs (FY25: ~1.4%) amid higher energy prices during the second half of the year. Other costs, including freight, storage and processing overheads, rose to ~9.6% (FY25: ~8.6%), partly due to higher inventory levels, with inventory days increasing to ~182 (FY25: ~98).



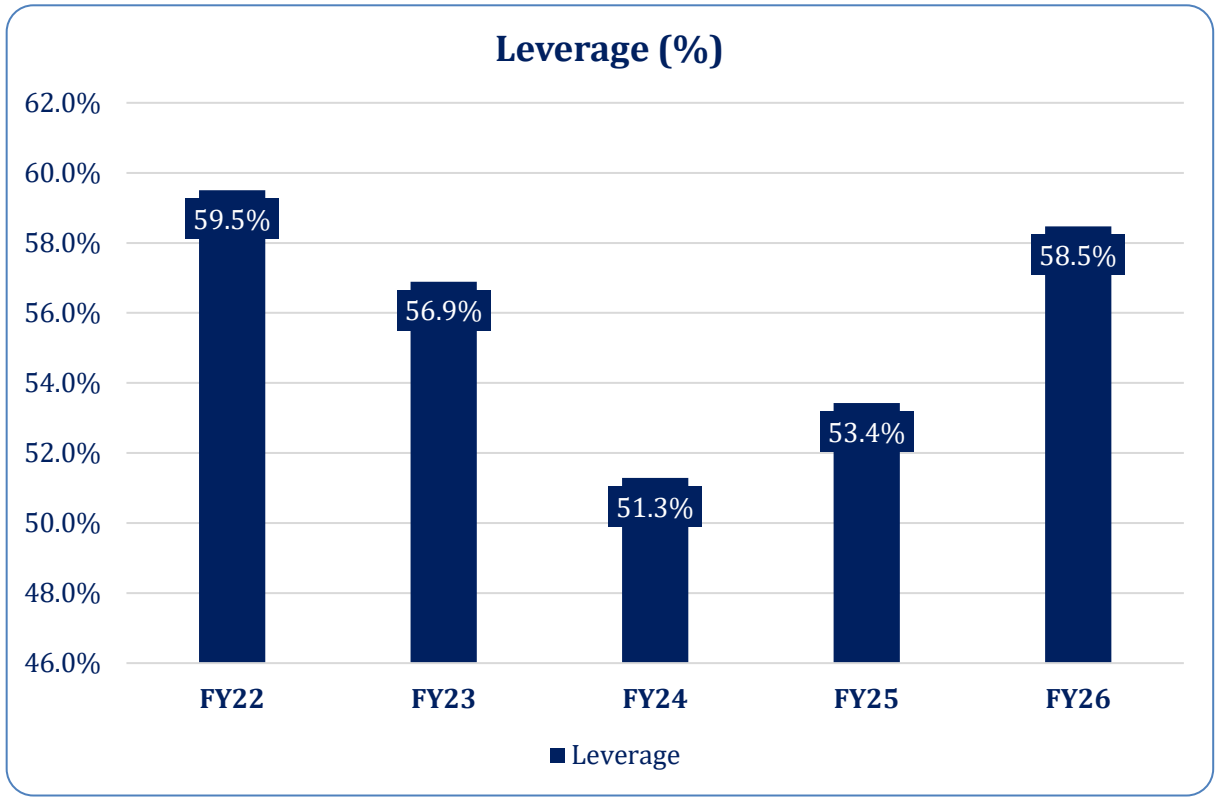


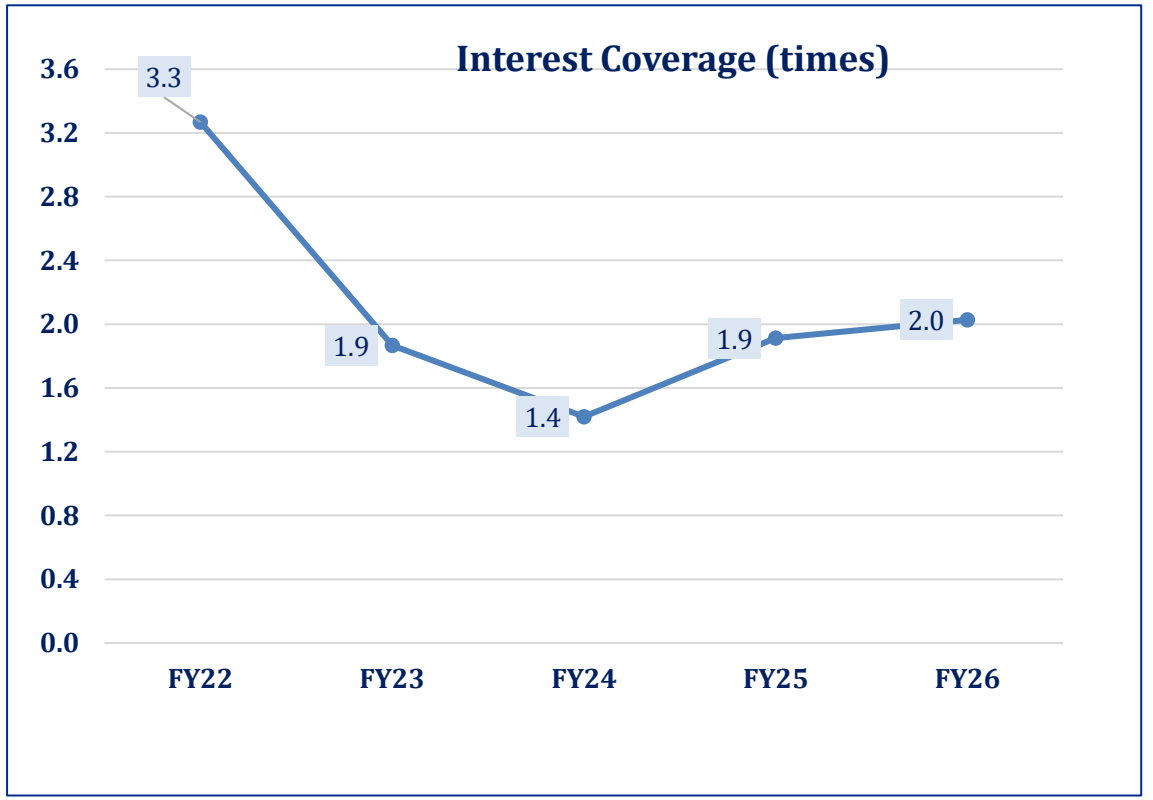
Source: PACRA Database

Financial Risk

- Leverage rose to ~58.5% in FY26 (FY25: ~53.4%) as the Sector borrowed to finance higher inventories amid weaker exports. Inventory days nearly doubled to ~182 (FY25: ~98), pushing working capital days to ~198 (FY25: ~110).

- Lower interest rates for most of FY26 partly offset the cost of higher borrowing. The SBP continued its easing cycle in December 2025, with the only rate increase during FY26 coming in April 2026 and then in October 2026. Coverage improved to ~2.0x (FY25: ~1.9x).

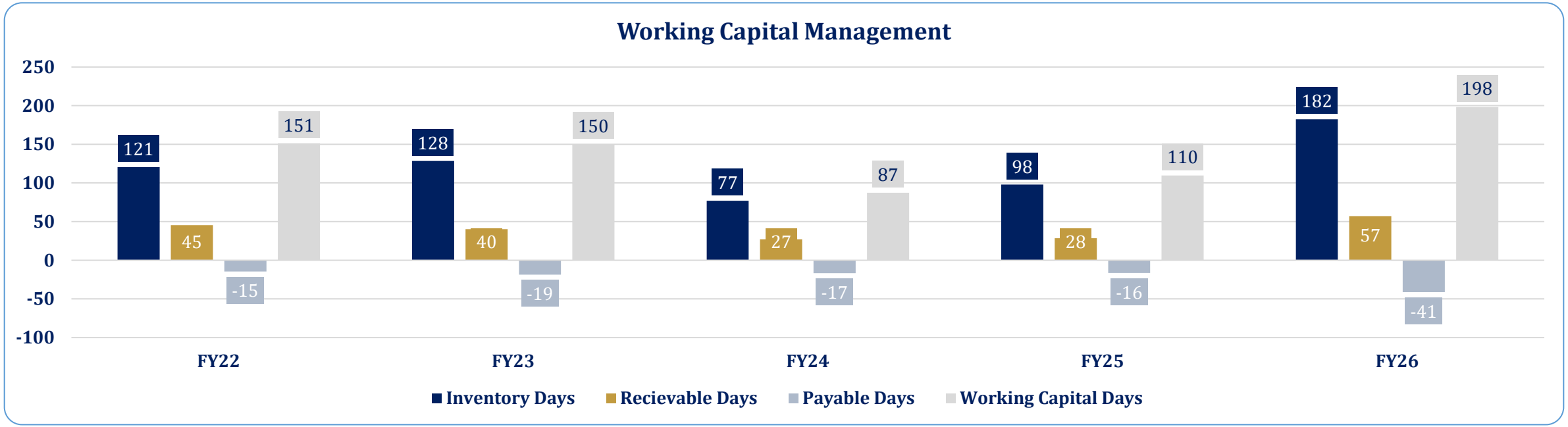




Note: Where FY25 balance sheet data was unavailable, 9MFY25 balances were assumed to remain unchanged .

Source: SBP, PACRA Database

Financial Risk | Working Capital Management



- The working capital cycle increased sharply in FY26, with working capital days rising to ~198 (FY25: ~110), the highest level in the five-year period.
- Inventory days nearly doubled to ~182 (FY25: ~98), as weaker exports due to stiff competition and softening prices left more unsold stock with millers. Inventory levels are expected to come down as exports picked up in 1QFY27.
- Receivable days also doubled to ~57 (FY25: ~28), reflecting slower collections amid trade disruptions in key export markets. Meanwhile, payable days increased to ~41 (FY25: ~16), partly offsetting the higher funding requirement as millers relied more on supplier credit.

Note: Where FY25 balance sheet data was unavailable, 9MFY25 balances were assumed to remain unchanged.

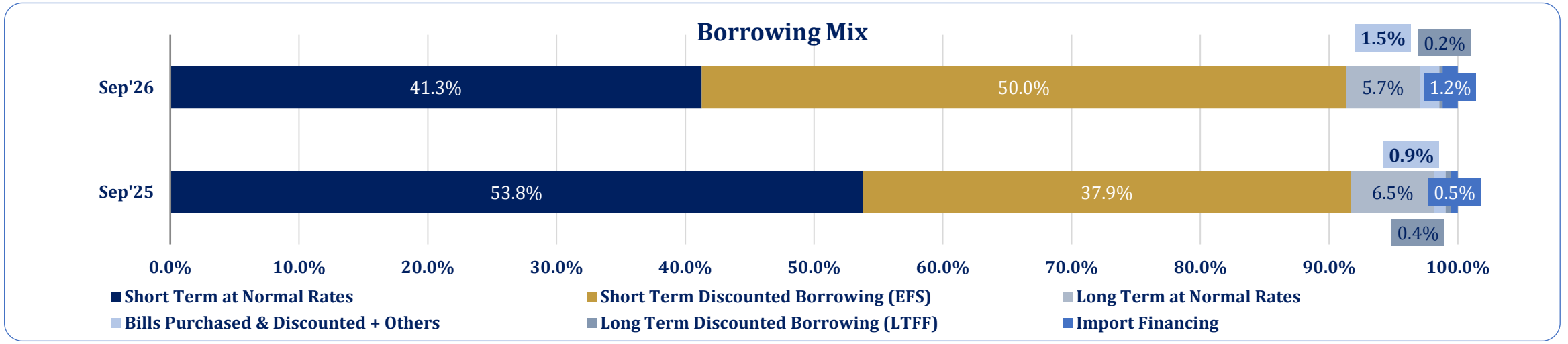
Source: PACRA Database

Financial Risk | Borrowing Mix

- Sector borrowings increased ~26% to PKR~256.7 bn by Sep'26 (Sep'25: PKR~204.0 bn), with the borrowing mix shifting towards concessional export finance.

- Short-term Discounted borrowing under the Export Finance Scheme (EFS) rose ~66% to PKR~128.5 Bn (Sep'25: PKR~77.3 Bn), becoming the largest funding source at ~50.0% of total borrowing (Sep'25: ~37.9%). The scheme became cheaper during the year after banks reduced markup rates on export refinance, lowering financing costs for exporters. Meanwhile, short-term borrowing at normal rates declined ~3% to PKR~106.0 Bn (Sep'25: PKR~109.7 Bn), with its share falling to ~41.3% (Sep'25: ~53.8%). This suggests exporters shifted working capital financing towards the cheaper EFS window, particularly as market borrowing costs increased following the April 2026 policy rate hike.

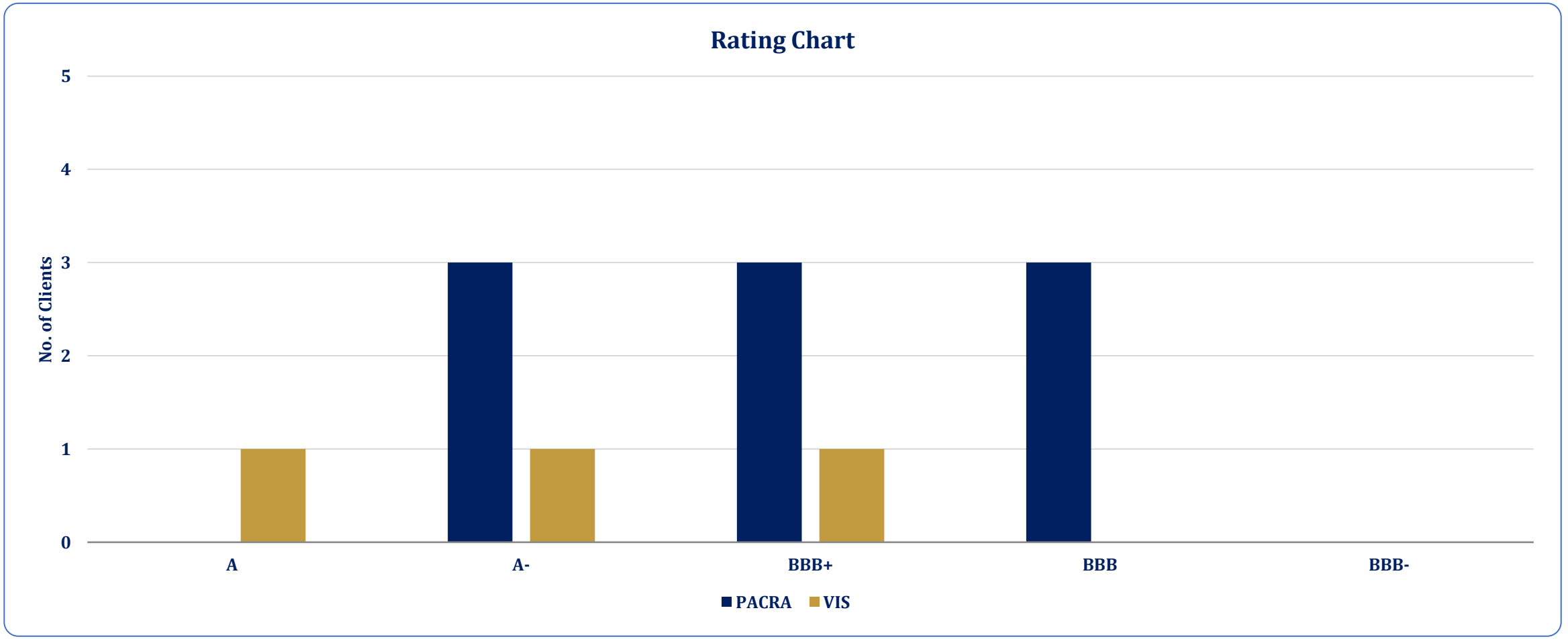
- Long-term borrowing remained limited, indicating that higher debt was primarily used to fund working capital rather than capacity expansion. Bills purchased and import financing increased sharply but continued to represent a small share of total borrowing. The greater reliance on concessional export finance helped contain finance costs despite higher overall borrowing.



Note: Where FY25 balance sheet data was unavailable, 9MFY25 balances were assumed to remain unchanged. *Source: PACRA Database*

Rating Chart

PACRA rates 10 clients in the Rice Sector. The rating bandwidth of the Sector lies between BBB to A-.



Source: PACRA Database

SWOT

Strengths

- Continuous availability and ease of access to raw material
- Availability of low-cost skilled and unskilled labor
- Simple to operate plants
- Long grain Rice, well-established market
- Supportive Government incentives and policies
- Strong export prospects

Weaknesses

- Lack of research and development initiatives
- Low per-acre yield
- No value-addition/ commodity product
- Poor marketing strategies in export market
- Outdated machinery i.e. harvesters
- Unavailability of hybrid seed varieties
- Water management concerns

Opportunities

- Growing population and food consumption
- Food-security buying by Gulf and East African importers (Kenya duty-free windows)
- Cheaper financing option: ERF (4.5%; Rs88bn in FY27)
- Larger basmati area (~2.38mn ha) under cultivation

Threats

- India's record stocks (~59mn MT) and price competition
- Afghanistan border closure since Oct 2025
- Shipping disruption and higher related costs
- Expiry of DLTL (30 Sep 2026)
- High Policy rate at 12%
- El Niño / below-normal monsoon

Outlook: Stable

- FY27 paddy supply is set to tighten, with USDA forecasting the crop at ~9.4mn MT (FY26: ~10.0mn MT) in Pakistan. The shift towards basmati (~59% of FY26 output vs ~44% in FY25) should support export value even if volumes are constrained.
- Exports are expected to recover from a low FY26 base (~4.3mn MT, USD~2.3Bn), with USDA projecting FY27 volumes at ~4.8mn MT (+~12%). 1QFY27 presents similar trend with volumes rising by ~51% to ~1.0mn MT and value ~56% to USD~652mn. Basmati is likely to lead, with 1QFY27 exports up ~86% and export prices up ~9% to USD~1,100/MT.
- India's record stocks will keep pressure on Pakistan's non-basmati exports, which still trade at a USD~12/MT premium to Indian rice and no longer have the export support scheme (ended 30 Sep'26). In basmati, Pakistan's premium over India has narrowed to USD~25/MT, so further narrowing would test pricing power in the Sector's strongest segment.
- The pace of Pakistan's export recovery also depends on trade routes. Reopening of the Afghanistan border and gradual normalization of internationally shipping would restore access to key markets, while prolonged disruption would slow inventory clearance.
- Sales should rebound with export volumes after FY26's ~25% decline. Margins are less certain. A smaller crop is likely to raise paddy costs and put pressure on the FY26 gross margin of ~12.3%, while finance costs would likely keep net margin thin (FY26: ~1.1%).
- Deleveraging in FY27 depends on selling down FY26 stock (inventory days ~182 vs ~98 in FY25) to repay short-term borrowing of PKR~256.7bn and bring leverage down from ~58.5%. With ~50% of borrowing under the Export Finance Scheme, coverage (~2.0x) is exposed to any change in concessional terms and to further rate increases after the October 2026 hike.
- The Stable outlook assumes the export recovery clears FY26 inventory and eases leverage over FY27. A smaller crop, India's surplus stocks and continued Gulf disruption are the main downside risks.

Bibliography

- Rice Exporter Association of Pakistan
- USDA
- FAO
- Pakistan Economic Survey
- State Bank of Pakistan
- Pakistan Bureau of Statistics
- PACRA Internal Database
- UN Comtrade

Research Team

Aiza Khalid
Assistant Manager Research
Aiza.khalid@pacra.com

Aisha Yousaf
Research Analyst
aisha.yousaf@pacra.com

Contact Number: +92 42 35869504

DISCLAIMER *PACRA has used due care in the preparation of this document. Our information has been obtained from sources we consider to be reliable, but its accuracy or completeness is not guaranteed. The information in this document may be copied or otherwise reproduced, in whole or in part, provided the source is duly acknowledged. This document is intended solely for informational purposes and does not constitute, nor should it be construed as, a recommendation or solicitation to invest. Certain content in this presentation has been generated or assisted by artificial intelligence (AI) tools and has been reviewed for inclusion in this document.*