

# Jute

## Sector Dashboard

April 2026

## Local | Production & Capacity Utilization

- During FY26, the installed production capacity of Pakistan’s five major Jute players stood at ~114,300 MT. As of FY26, Thal Limited & Sargodha Jute Mills hold ~56.3% combined share in terms of production capacity. Total production declined by ~26.8% from ~41,000MT in FY24 to ~30,000MT in FY25.
- Future outlook for production:** Bangladesh Jute Mills Association (BJMA) has reported that Bangladeshi raw jute prices remain near record highs as of January 2026. This could mean that Pakistani mills will not resume large-scale buying. During FY25, Federal and provincial wheat bag purchasing came to a complete stop. Polypropylene (PP) has most likely captured the government wheat procurement market and replaced jute for the 2026 season, however, demand for wheat sacks may see some recovery this procurement season on the back of the support price announced in April 2026, though procurement will now be handled by private parties.

Annual Production of Jute Goods						
(000’MTs)	FY21	FY22	FY23	FY24	FY25	8MFY26
Sacking Bags	43	37	48	26	14	8
Hessian Cloth	18	14	11	11	13	5
Others	9	7	4	3	3	2
<b>Total</b>	<b>70</b>	<b>58</b>	<b>63</b>	<b>41</b>	<b>30</b>	<b>15</b>

Name of Players	FY26 Capacity*** (MT)
Thal Limited	33,800
Sargodha Jute Mills**	30,500
Indus Jute Mills*	20,000
White Pearl Jute Mills	15,000
Madina Jute Mills*	15,000
<b>Total</b>	<b>114,300</b>

\*\*Available as of FY24 | \*\*\* Expected capacity

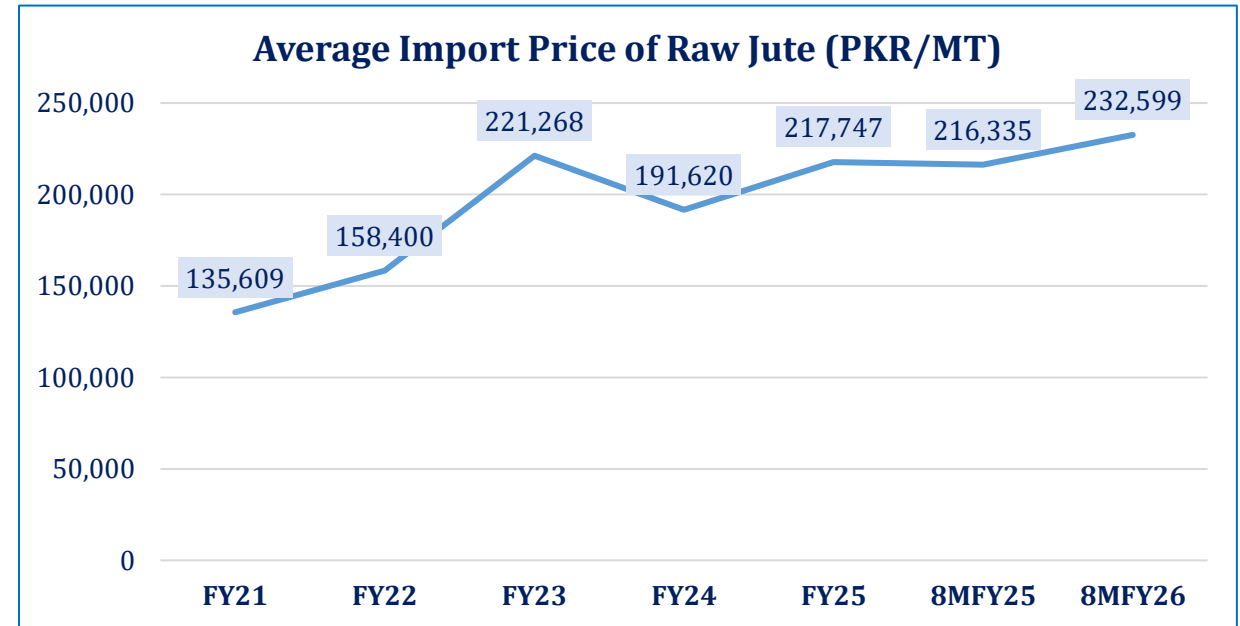
\*Available as of Oct'22.

# Jute

## Local | Raw Jute Imports

- During 8MFY26, Pakistan’s imports of jute declined sharply compared to 8MFY25, indicating significant compression in both volumes and overall trade activity. Import volumes dropped from ~21,781 MT in 8MFY25 to ~6,853 MT in 8MFY26, reflecting a steep decline of ~68.5% YoY. Import value (PKR) also fell substantially, from PKR~4,712 million to PKR~1,594 million, a decline of ~66.2% YoY. In USD terms, imports decreased from USD~16.9 million to USD~5.6 million, showing a contraction of ~66.9% YoY.
- Despite this sharp fall in volumes and total value, import prices rose in both PKR and USD terms as average price of raw jute increased. Prices went from PKR~216,335/MT to PKR~232,599/MT (~+7.5% YoY) and from USD~776/MT to USD~817/MT (~+5.3% YoY) in 8MFY26.
- The ~68.5% decline in jute imports was primarily triggered by a severe supply shock and record-high prices in Bangladesh, which made raw materials expensive for Pakistani mills. This has also prompted a strategic domestic pivot toward cheaper, locally available synthetic polypropylene bags, which replaced jute as the standard for government grain procurement and other uses.

Year	Quantity (MT)	Value		Average Import Price	
		PKR mln	USD mln	PKR/MT	USD/MT
FY21	62,614	8,491	53.3	135,609	851
FY22	59,053	9,354	58.5	158,400	990
FY23	64,248	14,216	57.9	221,268	901
FY24	36,374	6,970	24.6	191,620	677
FY25	22,843	4,974	17.9	217,747	784
8MFY25	21,781	4,712	16.9	216,335	776
8MFY26	6,853	1,594	5.6	232,599	817



## Local | Jute Products Exports

- **Sacks/Bags:** While FY25 saw a significant surge of ~50.6% in export volume, export price remained stagnant at USD~1,045/MT (FY24: USD~1,044/MT). This suggests that Pakistan is competing on volume and price-sensitivity rather than value addition.
- In FY25, almost half of all Sacks/Bags exports went to Sudan (~38.1%) and Afghanistan (~10.6%), both of which face frequent trade disruptions and border closures. Having such a large portion of sales tied to Sudan makes the industry sensitive to that country's internal situation, while the ongoing tensions at the Afghan border make that trade route unreliable.
- **Hessian Cloth:** Export quantity decreased by ~35.9%, while price in USD/MT went up by ~64.2%. Pakistan's jute mills import almost all their raw jute from Bangladesh. Bangladeshi raw jute prices rose significantly in FY24–25, which means Pakistani millers passed that cost directly into export prices. Higher price per MT may have forced some price-sensitive buyers to reduce order volumes. Furthermore, ~50.5% of the exports were to Egypt, which indicates a significant geographic risk, where any shift in Egypt's import policy could significantly impact the Sector's performance.

Jute Exports (Sacks/Bags)	Quantity	Value	Avg. Exchange Rate	Value	Average Export Price	
	MT	PKR mln	PKR/USD	USD mln	PKR/MT	USD/MT
FY21	5,921	1,257	160	7.8	212,295	1,324
FY22	4,031	1,184	178	6.7	293,724	1,650
FY23	4,560	1,931	248	7.8	423,465	1,708
FY24	3,492	1,032	283	3.6	295,533	1,044
FY25	5,260	1,533	279	5.5	291,445	1,045
8MFY25	3,445	1,001	278	3.6	290,510	1,045*
8MFY26	4,498	1,321	281	4.7	293,645	1,045*

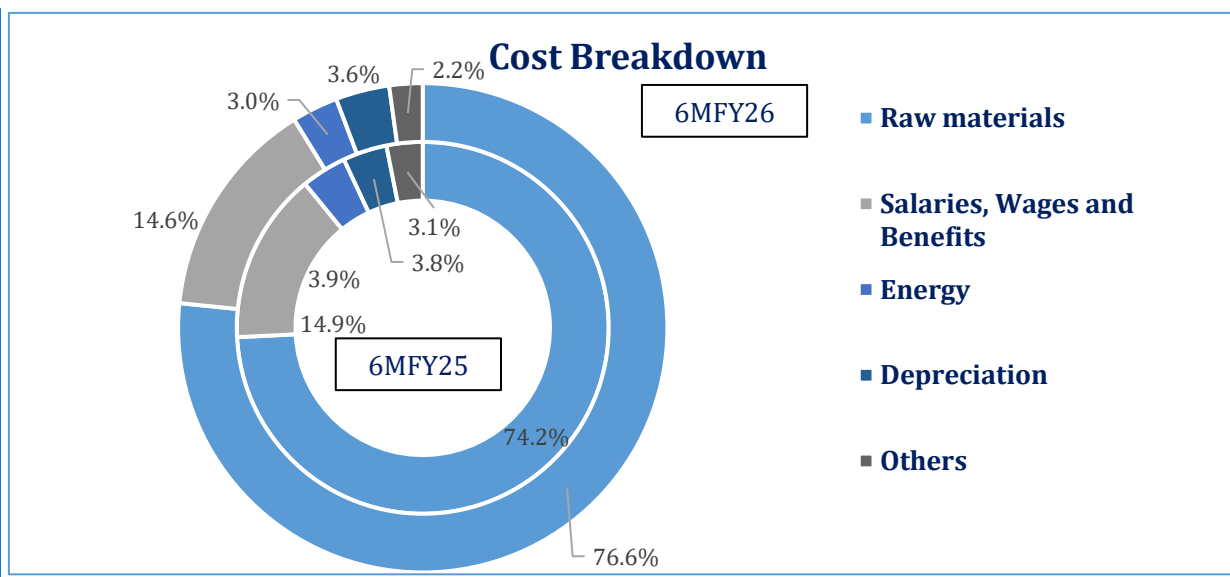
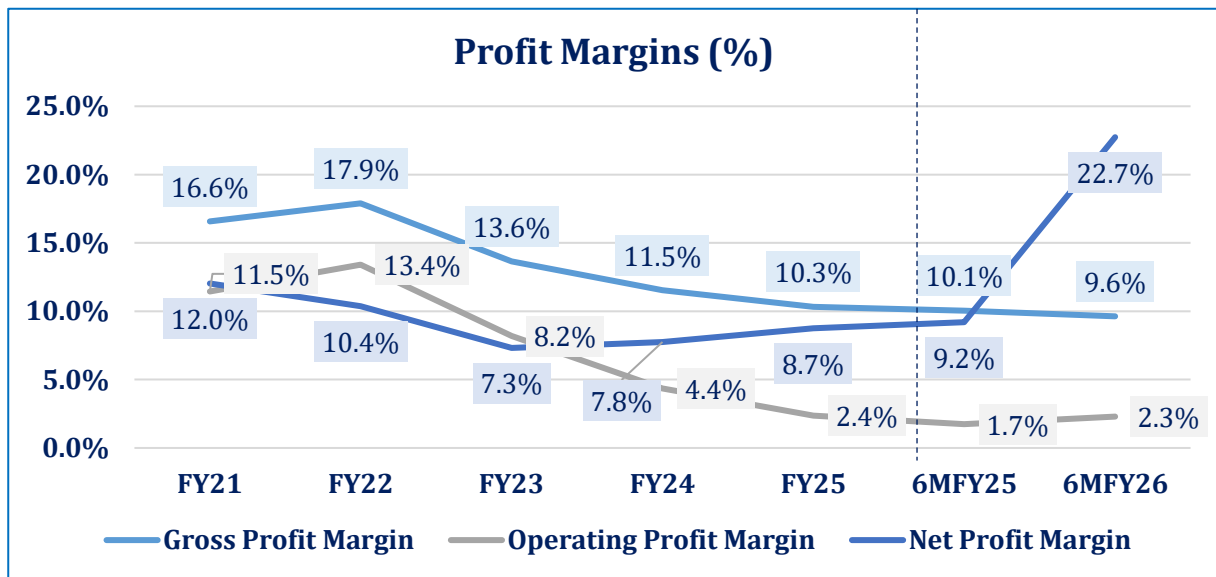
Jute Exports (Hessian Cloth)	Quantity	Value	Avg. Exchange Rate	Value	Average Export Price	
	MT	PKR mln	PKR/USD	USD mln	PKR/MT	USD/MT
FY21	4,365	1,133	160	7.1	259,565	1,619
FY22	6,194	1,822	178	10.2	294,156	1,652
FY23	32,258	1,532	248	6.2	47,492	192
FY24	6,799	1,903	283	6.7	279,894	989
FY25	4,358	1,974	279	7.1	452,960	1,624
8MFY25	2,771	1,251	278	4.5	451,472	1,624*
8MFY26	2,340	1,068	281	3.8	456,344	1,624*

\*Average export price for 8MFY25 and 8MFY26 has been assumed to be the same as FY25 for both Sacks/Bags and Hessian cloth

Note: HS Codes – 6305.1000 (Sacks/Bags) and 5310.910 (Hessian Cloth), respectively.

## Local | Business Risk

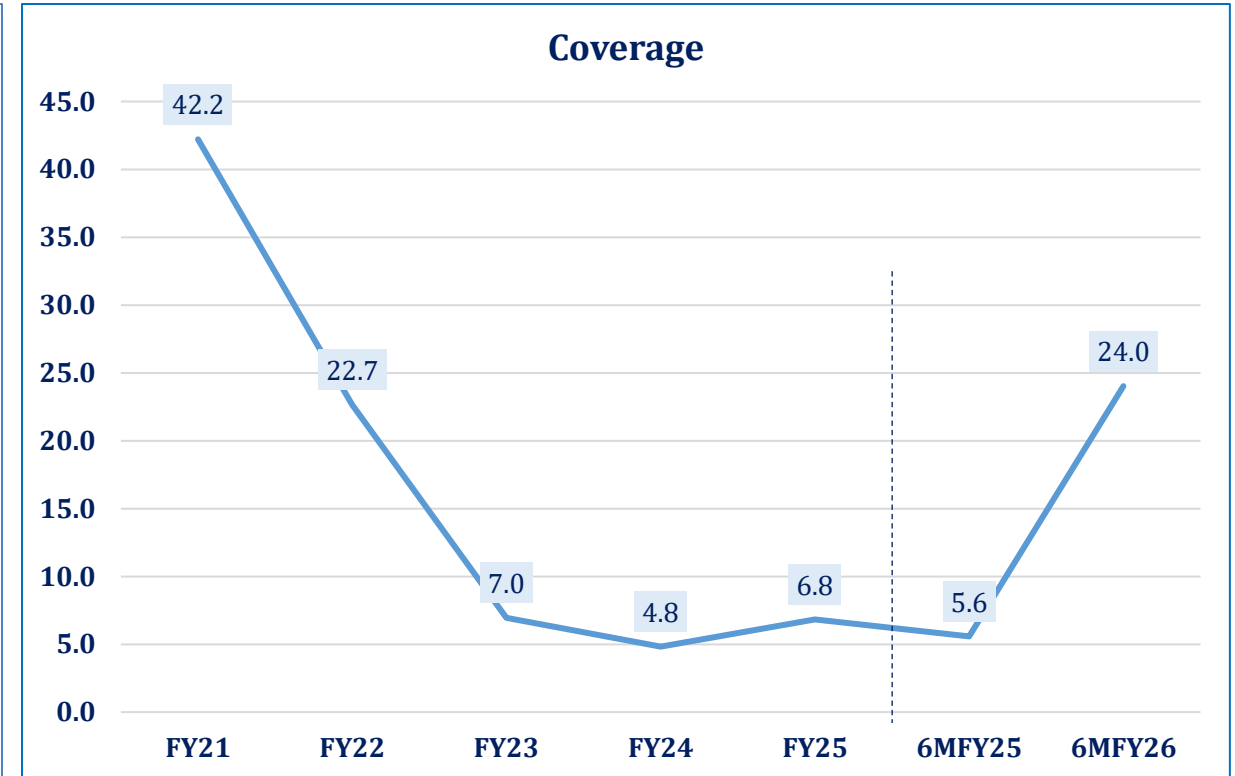
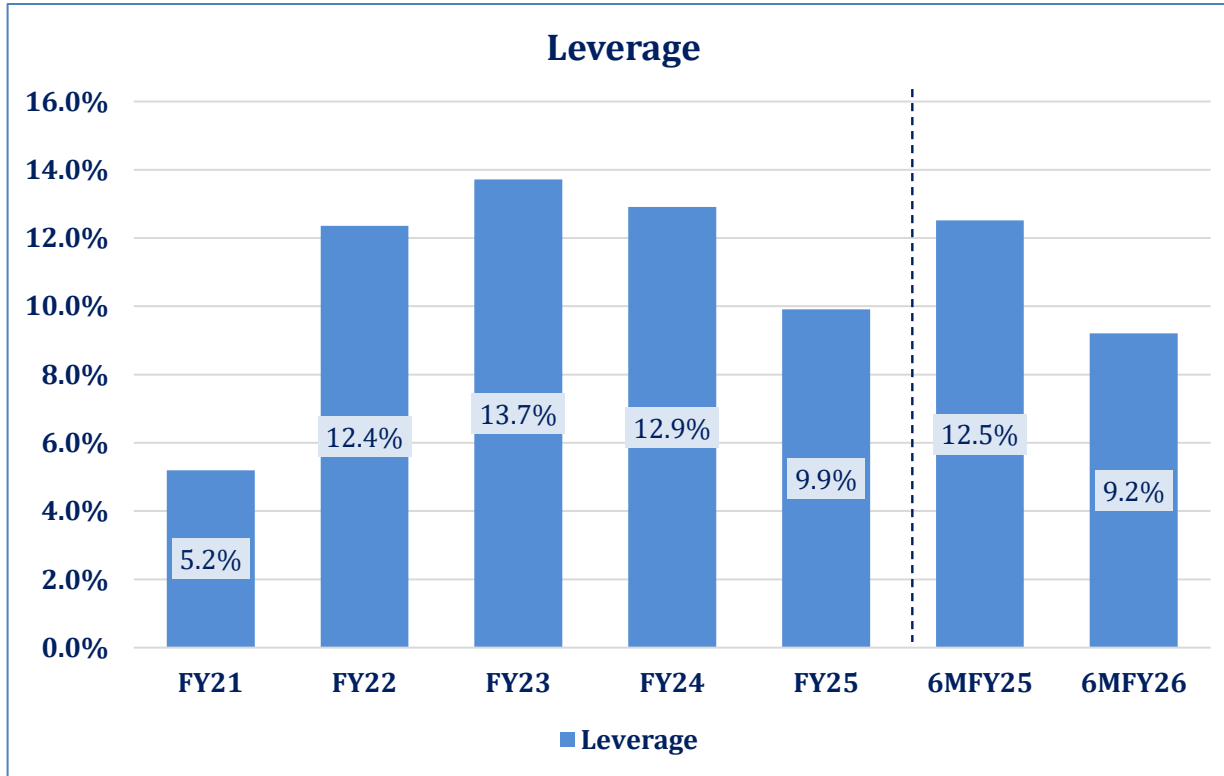
- The margins of the Jute Sector are significantly dependent on three factors (i) Jute prices in Bangladesh, (ii) exchange rate fluctuations, and (iii) local demand. The volatility in profit margins is attributable to changes in prices of imported raw material, i.e., Raw Jute, along with volatility in exchange rates.
- In FY25, the Sector reported a gross profit margin of ~10.3%, an operating profit margin of ~2.4%, and a net profit margin of ~8.7%. In 6MFY26, the gross margin stood at ~9.6%, the operating margin was ~2.3%, and the net margin increased to ~22.7%. The decline in gross margin is attributable to rising raw material costs.
- The sharp increase in net margin in 6MFY26 was primarily driven by a substantial rise in dividend income received by Thal Limited, a major Sector player, from a wholly owned subsidiary. This resulted in a notable surge in net profit during the period. FY23 onwards, other income for Thal Limited exceeded its net income, primarily driven by increased profit contributions from subsidiaries and returns on other investments. This shift indicates that a significant portion of the company's earnings during recent periods was supported by non-core income streams rather than its primary operations.
- During 6MFY26, raw material constituted ~76.6% of manufacturing costs followed by salaries and wages that comprised ~14.6% of the total cost.



*Note: Historical margins and cost break-up is estimated from data of two players in the Jute Sector that jointly hold ~72% of the market share.*

## Local | Financial Risk

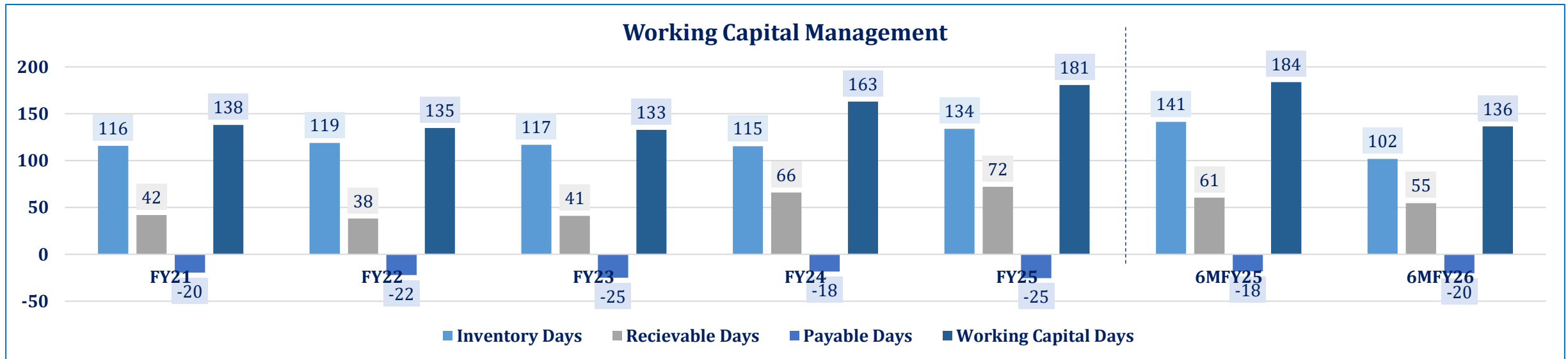
- Sector leverage was ~9.9% in FY25, which was the first time in three years the sector brought leverage below ~10%. This was likely driven by the 64.2% increase in Hessian cloth unit prices; the incremental USD inflows allowed mills to pay down short-term working capital debt rather than rolling it over. The continued decline to ~9.2% in 6MFY26 indicates that, despite a rise in raw material costs, mills are not borrowing more as they are not building any inventory. They are using their internal cash reserves to fund operations.
- Interest coverage improved significantly from ~6.8x in FY25 to ~24.0x in 6MFY26 (SPLY: ~5.6x), driven by stronger cash flows stemming from a surge in dividend income received by a major sector player.



*Note: Borrowing mix and average leveraging is calculated using data of two major players that together hold ~72% of the market share.*

## Local | Financial Risk

- In FY25, inventory days increased to ~134 days, receivable days rose to ~72 days, and payable days stood at ~25 days, resulting in working capital days of ~181.
- In 6MFY26, inventory days declined to ~102 days, receivable days decreased to ~55 days, and payable days were ~20 days, bringing working capital days down to ~136, compared to 6MFY25, where working capital days stood at ~184.
- The decline in raw material imports alongside an increase in exports suggests that sector players relied on existing inventory to support production rather than sourcing fresh inputs. This utilization of previously accumulated stock is reflected in the reduction in inventory days, which declined from ~141 days in 6MFY25 to ~102 days in 6MFY26, indicating faster inventory turnover and lower stock holding levels during the period.



*Note: Numbers estimated from data of two players in the Jute Sector that jointly hold ~72% of the market share.*

# Jute

## Local | Duty Structure

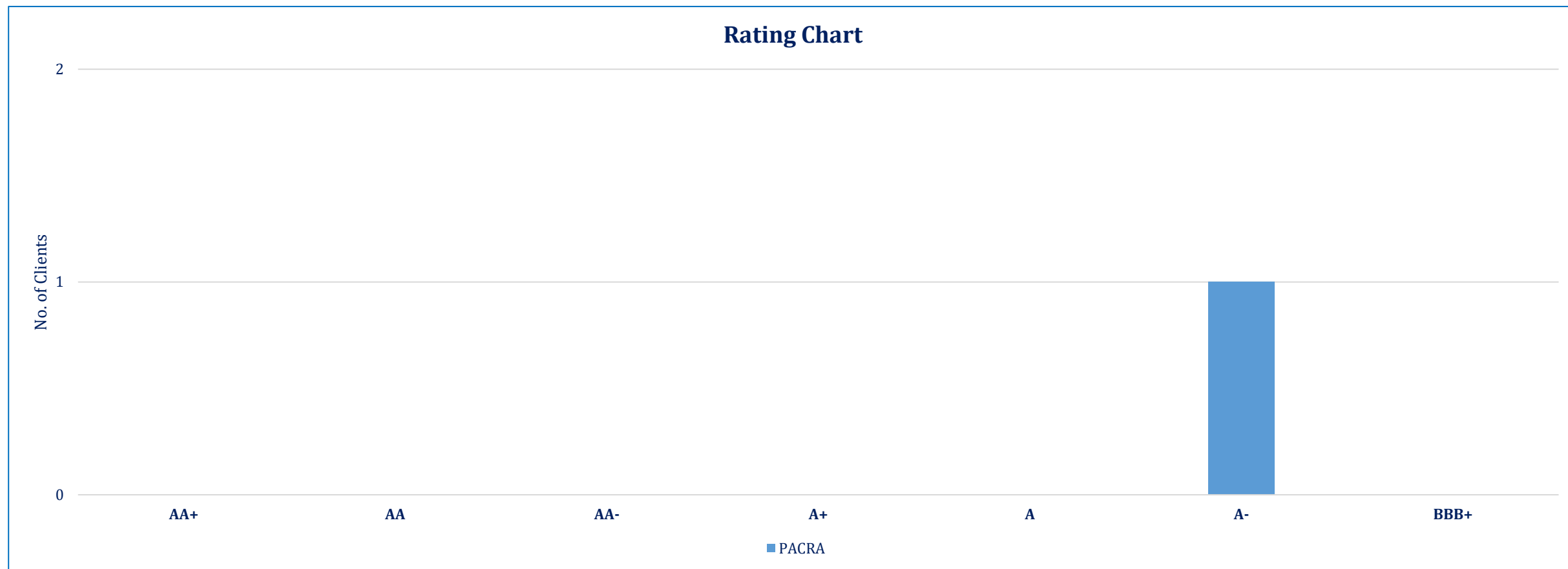
- The duty structure implemented by the government provides protection to local Jute Mills. The applicable duties can be seen in the table below. In addition, sales tax of 18% is also applicable to this Sector.

PCT Code	Description	Additional Custom Duty		Custom Duty		Regulatory Duty		Total	
		FY25	FY26	FY25	FY26	FY25	FY26	FY25	FY26
53.03	Jute, raw or processed but not spun	2%	0%	0%	0%	0%	0%	2%	0%
53.07	Jute Yarn	2%	0%	0%	0%	0%	0%	2%	0%
53.1	Woven fabrics of Jute	4%	2%	16%	15%	0%	0%	20%	17%
6305.1	Sacks and bags, made from jute, used for packing of goods	6%	4%	20%	20%	10%	10%	36%	34%

- The reduction in import duties on raw jute and yarn to 0% in FY26 offers some cost relief to local manufacturers; however, its practical benefit remains constrained by persistent raw material supply restrictions, weak domestic demand, and the Afghan border closure.
- Meanwhile, the marginal 2% reduction in duties on finished jute sacks leaves the broader competitive landscape largely unchanged, as Bangladeshi producers continue to hold a structural cost advantage that tariff adjustments alone are insufficient to offset.

## Rating Curve

PACRA rates one entity in the Jute Sector.



## Bibliography

- **Sources**

- Pakistan Bureau of Statistics (PBS)
- PACRA Database
- State Bank of Pakistan (SBP)
- Pakistan Jute Mills Association (PJMA)

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