

Industry Coverage:

Disposable Paper Cups/Glasses Cup Stock and Food grade paper Market in India

29th November 2024

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Global Macroeconomic Landscape

Global Economic Overview

The global economy, which grew by 3.3% in 2023, is expected to record a sluggish growth of 3.2% in 2024 before rising modestly to 3.3% in 2025. Between 2021-2022, global banks were carrying a historically high debt burden after COVID-19. Central banks took tight monetary measures to control inflation and spike in commodity prices. Russia's war with Ukraine further affected the global supply chains and inflated the prices of energy and other food items. These factors coupled with war-related economic sanctions impacted the economic activities in Europe. Any further escalation in the war may further affect the rebound of the economy in Europe.

While China, the largest manufacturing hub of the world, was facing a crisis in the real estate sector and prices of properties were declining between 2020 - 2023, with the reopening of the economy, consumer demand is picking up again. The Chinese Government took several steps to help the real estate sector including cracking down on debt-ridden developers, announcing stimulus for the sector and measures to encourage the completion and delivery of unfinished real estate projects. The sector is now witnessing investments from developers and demand from buyers.

Global headline inflation is set to fall from an estimated 6.8% in CY 2023 to 5.8% in CY 2024 and to 4.4% in CY 2025. This fall is swifter than anticipated across various areas, amid the resolution of supply-related problems and tight monetary policies. Reduced inflation mirrors the diminishing impact of price shocks, particularly in energy, and their subsequent influence on core inflation. This decrease also stems from a relaxation in labour market pressure, characterized by fewer job openings, a slight uptick in unemployment, and increased labour availability, occasionally due to a significant influx of immigrants.

Global and Regional GDP Growth

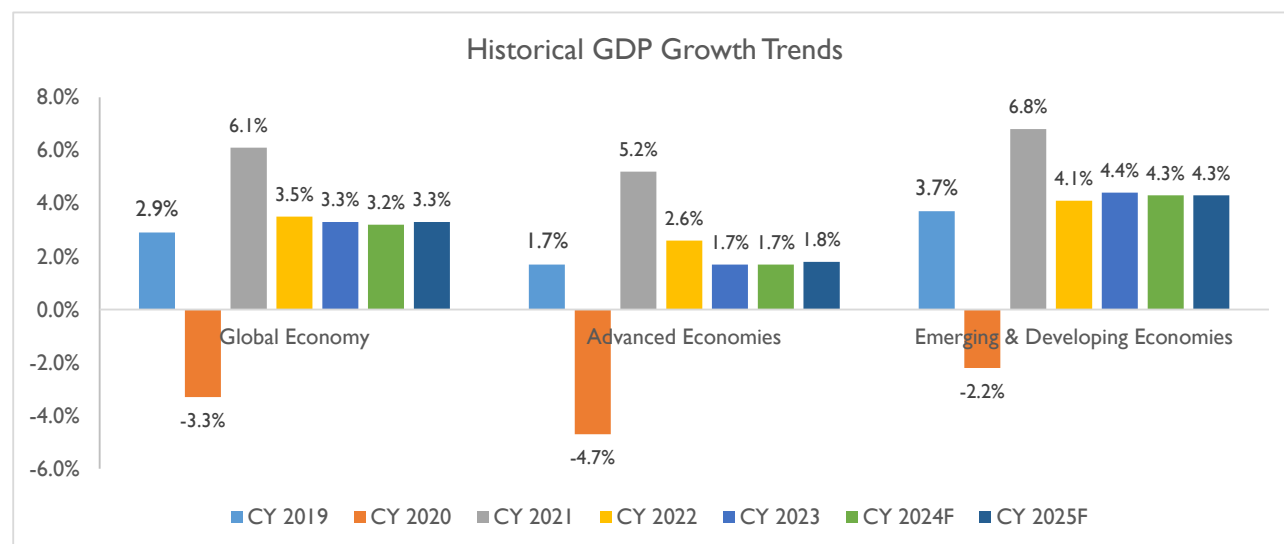
The global economy started to rise from its lowest levels after countries started to lift the lockdown in 2020 and 2021. The lockdown was a key factor as it affected economic activities resulting in a recession in the year CY 2020, as the GDP growth touched -3.3%.

In CY 2021 disruption in the supply chain affected most of the advanced economies as well as low-income developing economies. The rapid spread of COVID Delta variant and the threat of other new variants in mid of CY 2021 further increased uncertainty in the global economic environment.

Global economic activities experienced a sharper-than-expected slowdown in CY 2022. One of the highest inflation in decades, seen in 2022, which forced most of the Central banks to tighten their fiscal policies. Russia's invasion of Ukraine affected the global food supply resulting in a further increment in the cost of living.

Further, despite initial resilience earlier in 2023, marked by a rebound in reopening and progress in curbing inflation from the previous year's highs, the situation remained precarious. Economic activity

lagged its pre-pandemic trajectory, particularly in emerging markets and developing economies, leading to widening disparities among regions. Numerous factors are impeding the recovery, including the lasting impacts of the pandemic and geopolitical tensions, as well as cyclically driven factors such as tightening monetary policies to combat inflation, the reduction of fiscal support amidst high debt levels, and the occurrence of extreme weather conditions. As a result, global growth declined to 3.3% in CY 2023 from 3.5% in CY 2022.



Source – IMF Global GDP Forecast Release July 2024

Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict criteria, economic or otherwise, and it has evolved over time. It comprises of 40 countries under the Advanced Economies including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected countries from the Euro Zone (Germany, Italy, France etc.). The group of emerging market and developing economies (156) includes all those that are not classified as Advanced Economies (India, China, Brazil, Malaysia etc.)

Slow growth in developed economies will affect the GDP growth in CY 2024 and global GDP is expected to record a flat growth of 3.2% in CY 2024. The crisis in the housing sector, bank lending, and industrial sectors are affecting the growth of global GDP. Inflation forced central banks to adopt tight monetary policies. After touching the peak in 2022, inflationary pressures slowly eased out in 2023. This environment weighs in for interest rate cuts by many monetary authorities.

Key factors impacting global macroeconomic landscape.

Several key factors influence the global macroeconomic landscape, shaping economic trends and policies worldwide. These include:

Monetary Policy: Central banks' actions regarding interest rates and money supply management (e.g., Federal Reserve, European Central Bank) impact inflation, investment, and consumption. Tightening or loosening monetary policies can either stimulate or slow down economies globally.

Fiscal Policy: Government spending and taxation policies affect aggregate demand, budget deficits, and public debt levels. Expansionary fiscal policies (e.g., stimulus packages) can boost economies, while austerity measures can dampen growth.

Geopolitical Events: Political instability, wars, trade disputes, and sanctions (e.g., Russia-Ukraine conflict, U.S.-China trade tensions) disrupt global trade, supply chains, and capital flows, leading to uncertainty and market volatility.

Inflationary Pressures: Rising energy and commodity prices, supply chain bottlenecks, and labor shortages lead to higher inflation. Central banks may respond with interest rate hikes, influencing borrowing costs and consumer spending globally.

Global Trade and Supply Chains: Trade agreements, tariffs, and disruptions (like the COVID-19 pandemic or geopolitical conflicts) can affect global supply chains, impacting production, trade flows, and prices.

Technological Innovation: Technological advancements, such as automation, artificial intelligence, and digitalization, impact productivity, employment, and economic growth patterns globally. They also shape industry competitiveness and job markets.

Climate Change and Environmental Policy: The transition to green energy, carbon regulations, and climate change adaptation affect industries, investment flows, and government policies. Global commitments to reduce emissions influence sectors like energy, manufacturing, and transportation.

Demographic Shifts: Aging populations in developed economies (e.g., Japan, Europe) and growing working-age populations in emerging markets affect labor force dynamics, social spending, and economic growth trends.

Global Debt Levels: Rising public and private debt, exacerbated by the COVID-19 pandemic and high borrowing during low interest-rate periods, poses risks to financial stability. High debt levels can limit governments' ability to respond to future crises.

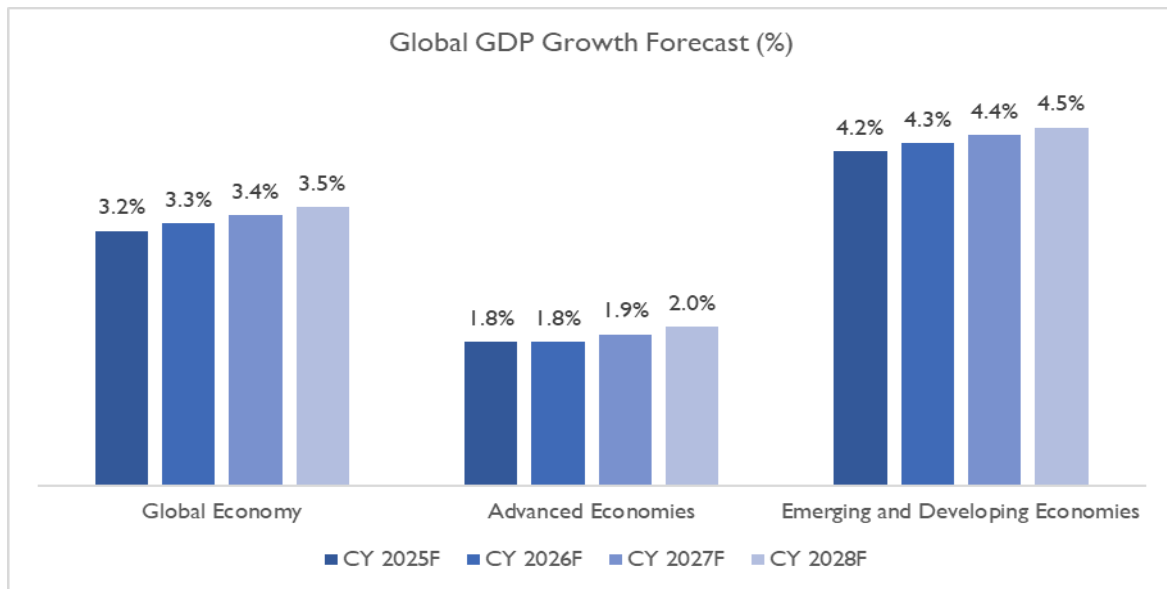
Commodity Prices: Oil, natural gas, metals, and agricultural commodity price fluctuations significantly impact economies, especially those dependent on resource exports. Energy crises and price shocks (e.g., due to geopolitical instability) affect inflation and growth.

Pandemics and Health Crises: Global health crises like the COVID-19 pandemic cause widespread economic disruption, affecting labor markets, travel, and consumption patterns, while forcing governments to rethink healthcare and social support systems.

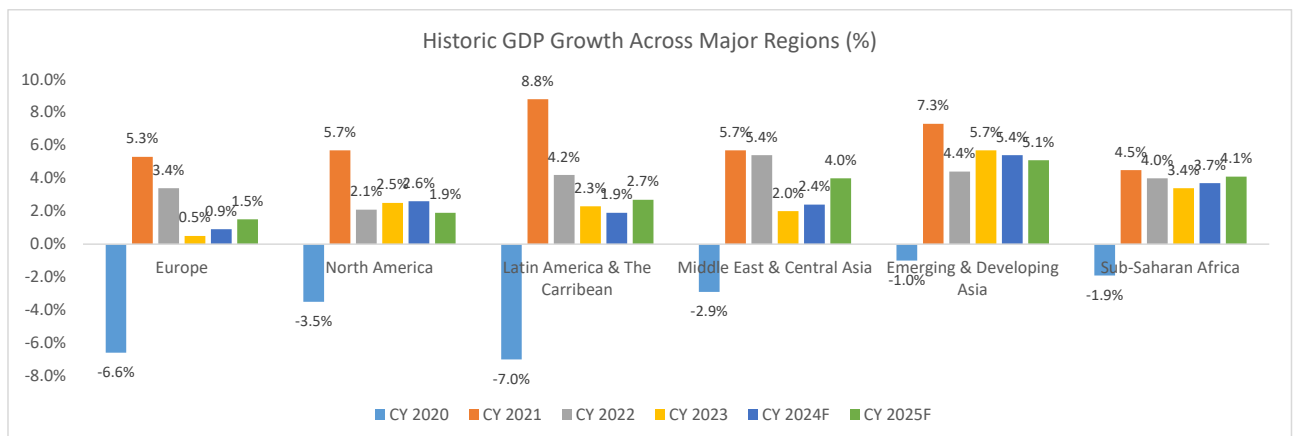
Globalization vs. Regionalization: The balance between global integration and regional economic blocs (e.g., the EU, ASEAN) affects trade policies, foreign investments, and economic interdependence.

Growth and Regional Growth Forecast

GDP growth of major regions including Europe, Latin America & The Caribbean, Middle East & Central Asia, and Sub-Saharan Africa, were showing signs of slow growth and recession between 2020 – 2023, but leaving Latin America & The Caribbean, 2024 is expected to show resilience and growth. Meanwhile, GDP growth in Emerging and Developing Asia (India, China, Indonesia, Malaysia etc.) is expected to decrease from 5.4% in CY 2023 to 5.2% in CY 2024, while in the United States, it is expected to decrease from 2.5% in CY 2023 to 2.1% in CY 2024.



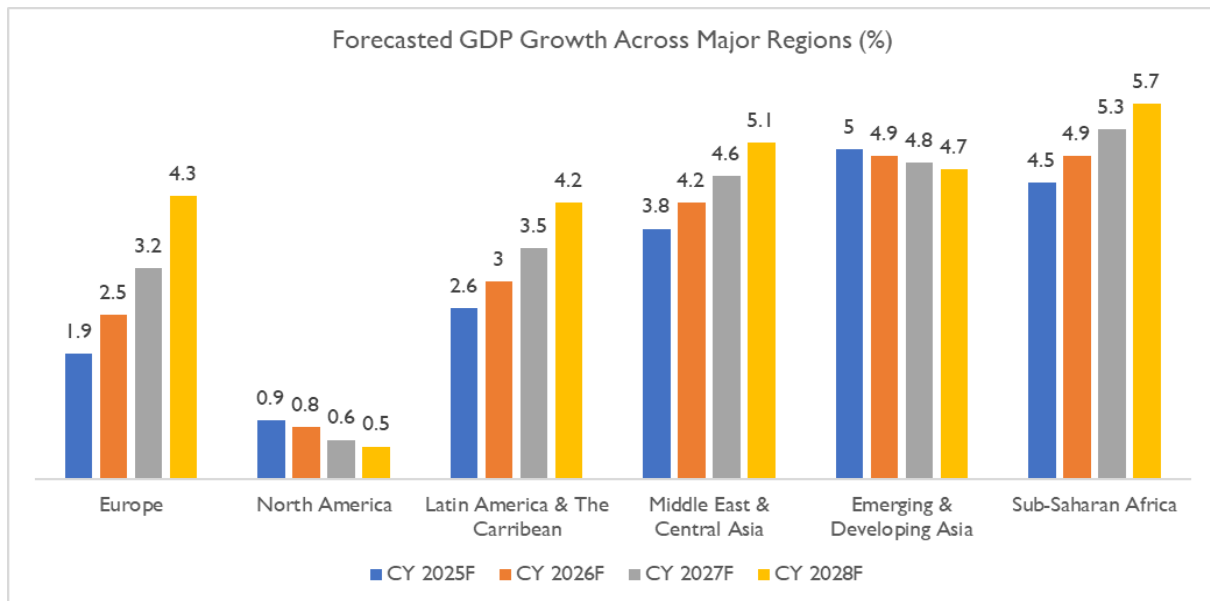
Source – IMF Global GDP Forecast Release 2024, D&B Estimates



Source-IMF World Economic Outlook July 2024 update.

Except for Emerging and Developing Asia, Latin America & The Caribbean and the United States, all other regions are expected to record an increase in GDP growth rate in CY 2024 as compared to CY 2023. GDP growth in Latin America & The Caribbean is expected to decline due to negative growth in Argentina. Further, growth in the United States is expected to come down at 2.1% in CY 2024 due to lagged effects of monetary policy tightening, gradual fiscal tightening, and a softening in labour markets slowing aggregate demand.

Although Europe experienced a less robust performance in 2023, the recovery in 2024 is expected to be driven by increased household consumption as the impact of energy price shocks diminishes and inflation decreases, thereby bolstering real income growth. Meanwhile, India and China saw greater-than-anticipated growth in 2023 due to heightened government spending and robust domestic demand, respectively. Sub-Saharan Africa's expected growth in 2024 is attributed to the diminishing negative impacts of previous weather shocks and gradual improvements in supply issues.



Source-IMF, OECD, and World Bank, D&B Estimates

At the midpoint of the year, so far in 2024 we have seen divergence in outcomes and prospects around the world in terms of economic growth, inflation, and policy responses. On balance, global short-term economic prospects have improved over the course of the year. We expect this momentum to continue through the second half of 2024 and into 2025 as inflation eases further and monetary policy continues to loosen, supporting steady growth. Macroeconomic risks, in our view, have become more balanced.

The U.S. has performed better than other developed economies, particularly those in Europe where the consumer sentiment has been relatively weak – though the picture in Europe has been varied. A sustained recovery in tourism this year has boosted the economies of Greece and Spain, whereas Germany, France, and Italy have been held back by the slower recovery of manufacturing. Nonetheless, the European Central Bank (ECB) lowered the three key interest rates in June – for the first time since September 2019 – which will support stronger regional growth.

Growth in the Chinese Mainland has held up well so far this year despite challenges from the property market amid ongoing rebalancing, and the export cycle is supporting growth in the rest of Asia. In Latin America, larger economies, such as Brazil and Mexico, tend to be performing more moderately than smaller economies, such as Chile and Peru, indicating slower regional growth overall.

Globally, industrial production has been relatively sluggish because of restrictive trade policies, persistent supply chain disruptions, high interest rates, and anemic growth. We expect industrial production to gather steam later this year and into 2025 on the back of a gradual recovery in global trade, stimulated by stronger domestic demand for goods.

Policy responses have diverged so far this year and are set to remain so in the near term. Central banks have begun rate cutting cycles in several developed economies, including the Eurozone, Canada,

Sweden, and Switzerland. However not every economy has followed suit. Disinflation has not been as predictable as it was in 2023, and underlying price pressures mean inflation is likely to remain bumpy this year – hence, policy will remain more restrictive than was anticipated at the start of the year. With relatively stronger economic growth and stickier inflation, the timing of the first interest rate cut by the U.S. Federal Reserve (the Fed) and the onward path of interest rates remains ambiguous. The global economy is showing signs of stabilizing, yet growth will remain subdued this year before picking up pace in 2025. We forecast global growth of around 2.5% in 2024, half a percentage point softer than in the decade following the financial crisis. The weaker outlook reflects fiscal consolidation, lagged tight monetary policy, restrictive trade policies, and elevated levels of geopolitical uncertainty. Looking ahead to 2025, global growth is likely to pick up slightly to 2.8% as the impact of these factors declines and stronger growth becomes more entrenched.

Emerging economies look set for softer growth in general this year. On a regional basis, growth is likely to be markedly slower in Eastern Europe, but only slightly softer in Asia Pacific and Latin America, with growth only moderately slower in key economies such as the Chinese Mainland, India, and Brazil. Outcomes in developed economies are also mixed but largely remain subdued because of tight policy settings.

India Macro- Economic Overview

India's economy showed resilience with GDP growing at 8.2% in CY 2023. The GDP growth in CY 2023 represents a return to pre-pandemic era growth path. Even amidst geopolitical uncertainties, particularly those affecting global energy and commodity markets, India continues to remain one of the fastest growing economies in the world.

Country	Real GDP Growth (CY 2023)	Projected GDP Growth (CY 2024)	Projected GDP Growth (CY 2025)
India	8.20%	7.00%	6.50%
China	5.20%	5.00%	4.50%
Russia	3.60%	3.20%	1.50%
Brazil	2.90%	2.10%	2.40%
United States	2.50%	2.60%	1.90%
Japan	1.90%	0.70%	1.00%
Canada	1.20%	1.30%	2.40%
Italy	0.90%	0.70%	0.90%
France	1.10%	0.90%	1.30%
South Africa	0.70%	0.90%	1.20%

United Kingdom	0.10%	0.70%	1.50%
Germany	-0.20%	0.20%	1.30%

Source: World Economic Outlook, July 2024

Countries considered include - Largest Developed Economies and BRICS (Brazil, Russia, India, China, and South)

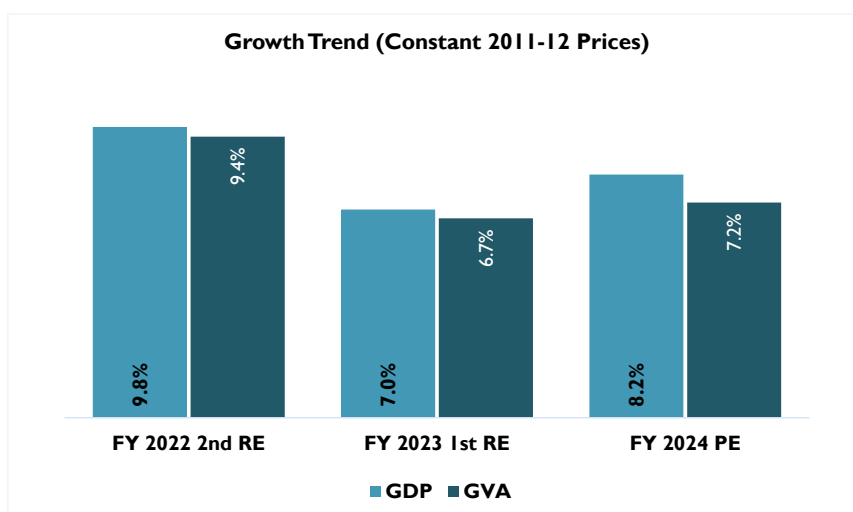
Countries have been arranged in descending order of GDP growth in 2023).

There are few factors aiding India's economic recovery – notably its resilience to external shocks and rebound in private consumption. This rebound in private consumption is bringing back the focus on improvements in domestic demand, which together with revival in export demand is a precursor to higher industrial activity. Already the capacity utilization rates in Indian manufacturing sector are recovering as industries have stepped up their production volumes. As this momentum sustains, the country may enter a new capex (capital expenditure) cycle. The universal vaccination program by the Government has played a big part in reinstating confidence among the population, in turn helped to revive private consumption.

Realizing the need to impart external stimuli, the Government stepped up its spending on infrastructure projects which in turn had a positive impact on economic growth. The capital expenditure of the central government increased by 37.4% increase in capital expenditure (budget estimates), to the tune of INR 10 trillion in the Union Budget 2023-2024. The announcement also included a 30% increase in financial assistance to states at INR 1.3 trillion for capex. The improvement was accentuated further as the Budget 2024-2025 announced an 11.1% increase in the capital expenditure outlay at INR 11.1 trillion, constituting 3.4% of the GDP. This has provided much-needed confidence to the private sector, and in turn, attracted private investment.

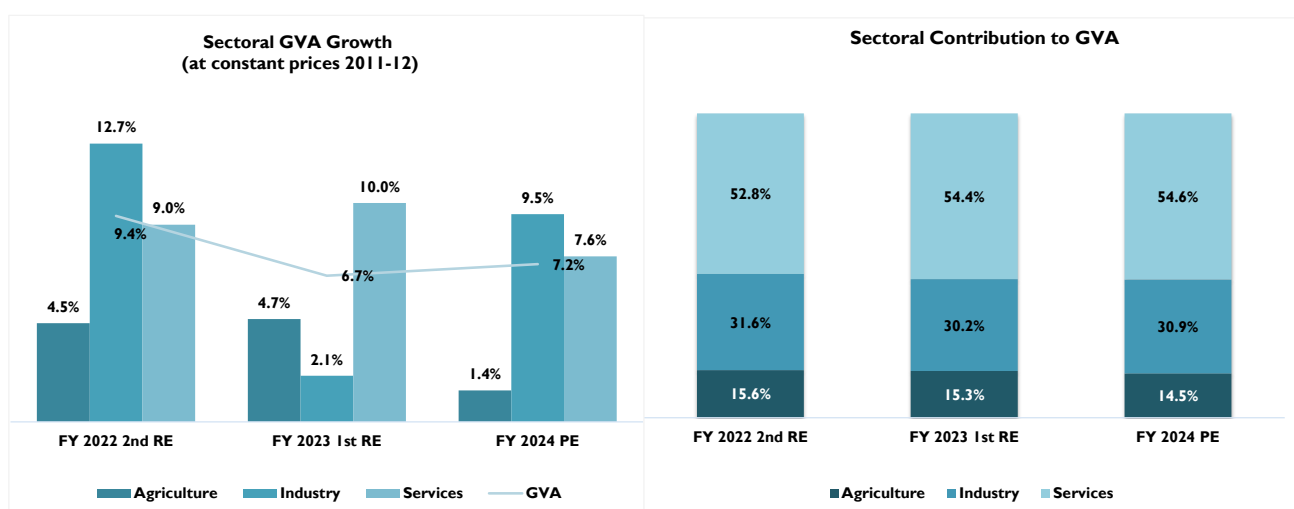
On the lending side, the financial health of major banks has witnessed an improvement which has helped in improving the credit supply. With capacity utilization improving, there would be demand for credit from the corporate sector to fund the next round of expansion plans. The banking industry is well poised to address that demand. Underlining the improving credit scenario is the credit growth to the micro, small, and medium enterprise (MSME) sector as the credit outstanding to the MSME sector by scheduled commercial banks in the fiscal year 2024 grew by 14% to INR 10.31 trillion compared to INR 9.02 trillion as on 24 March 2023. The extended Emergency Credit Linked Guarantee Scheme (ECLGS) by the Union Government has played a major role in improving this credit supply.

As per the provisional estimates 2023-24, India's GDP in FY 2024 grew by 8.2% compared to 7.0% in the previous fiscal on the back of solid performances in manufacturing, mining, and construction sectors. The year-on-year increase in growth rate is also partly due to by a strong growth in investment demand led by public capital expenditure.



Source: Ministry of Statistics & Programme Implementation (MOSPI), National Account Statistics, 2023-24
RE stands for Revised Estimates, SAE stands for Second Advance Estimates

Sectoral GDP Growth Pattern



Source: Ministry of Statistics & Programme Implementation (MOSPI)

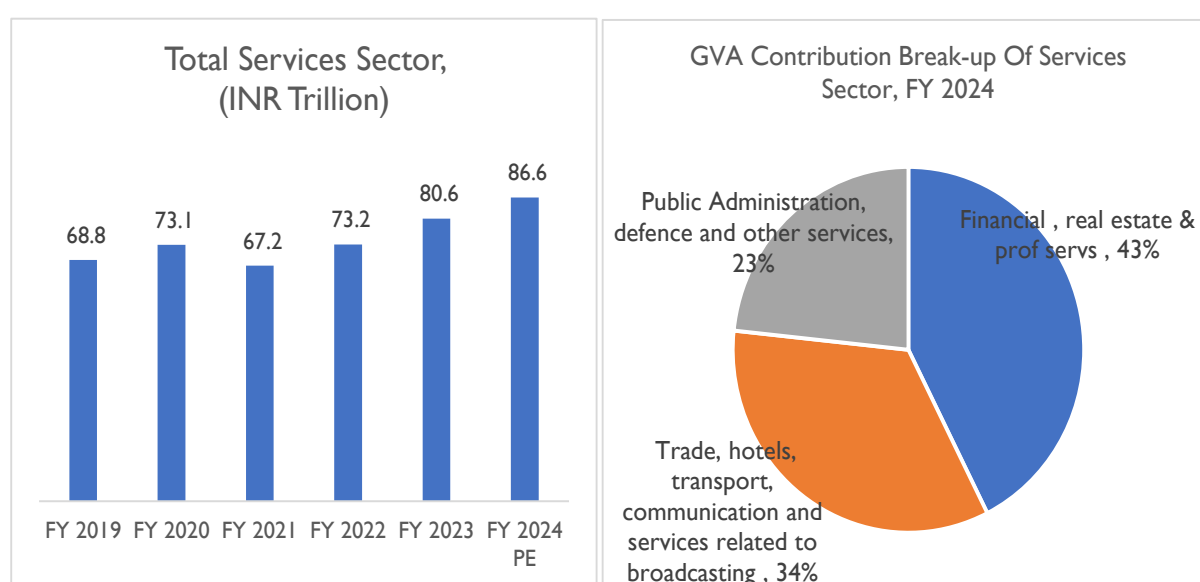
Sectoral analysis of GVA reveals industrial sector recovered sharply registering 9.5% y-o-y increase in FY 2024 against 2.1% in the previous fiscal. In the industrial sector, growth across major economic activity such as mining, manufacturing and construction sector rose significantly and it registered a growth of 7.1%, 9.9% and 9.9% in FY 2024 against a y-o-y change of 1.9%, -2.20%, and 9.44% in FY 2023, respectively. Utilities sector observed a marginal moderation in y-o-y growth to 7.5% against 9.44% in the previous years.

Talking about the services sector's performance, with major relaxation in COVID restriction, progress on COVID-19 vaccination and living with virus attitude, business in the service sector gradually returned to normalcy in FY 2023. Economic recovery was supported by the service sector as individual mobility returned to the pre-pandemic level. The trade, hotel, transport, communication, and broadcasting segment continued to strengthen in FY 2023 and grow in FY 2024, although the growth

hasn't shown substantial increases. In FY 2024, services sector grew by 7.6% against 10% y-o-y growth in the previous year.

Expansion in Service Sector

Services sector is a major contributor to the country's overall economic growth. In absolute terms, services sector GVA has increased from INR 68.78 trillion in FY 2019 to INR 86.6 trillion in FY 2024 (as per the provisional estimated), registering a CAGR of nearly 5%. Within Services sector, the GVA by financial, real estate and professional services-the largest contributing segment observed 6.3% CAGR while Public Administration, defence and other services I observed 4.5% CAGR and Trade, hotels, transport, communication, and services related to broadcasting witnessed 3.1% CAGR between FY 2019-24.



Sources: MOSPI, CMIE Economic Outlook and Dun & Bradstreet Research Estimates²

India's HSBC Services Purchasing Managers' Index, an important indicator to track service sector performance, measured 60.3 in July 2024 against 60.5 in the previous month. Since August 2021, the services sector has consistently remained above the threshold of 50, which distinguishes growth from contraction.

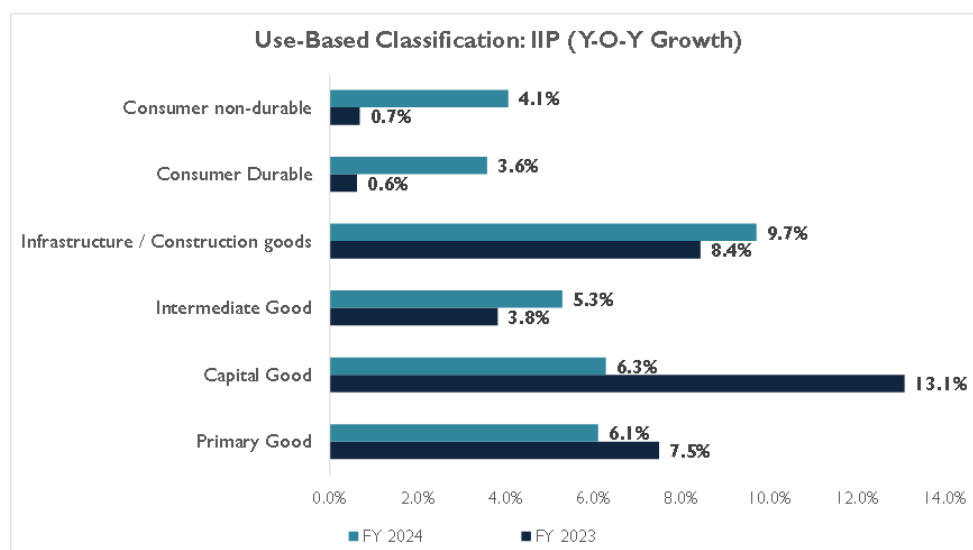
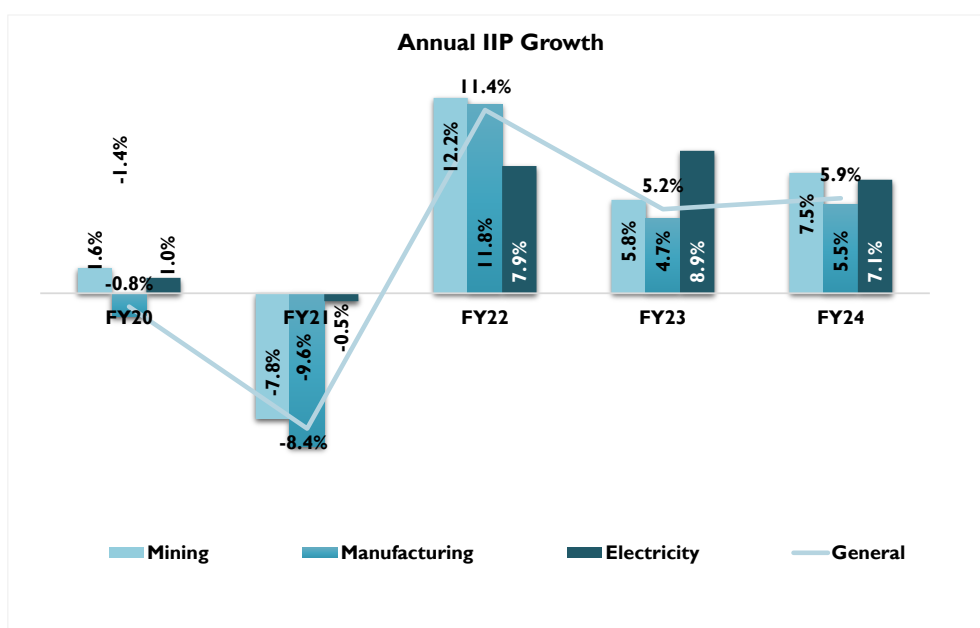
Mapping the industrial activity in India: Analysis of changes in Index of Industrial Production (IIP)

Industrial sector performance as measured by IIP index; in FY 2024 it is growing at 5.9% (against 5.2% in FY 2023). Previously IIP index exhibited temporary recovery in FY 2022 from the low of COVID induced slowdown in industrial growth during FY 2020 and FY 2021. Manufacturing index, with 77.6% weightage in overall index, grew by 5.5% in FY 2023 against 4.7% y-o-y growth in FY 2022 while mining

¹ Other services include Education, Health, Recreation, and other personal services.

² Projection as Based on CMIE Growth rate till FY 2029 and FY 2030 is based on Dun & Bradstreet assumption.

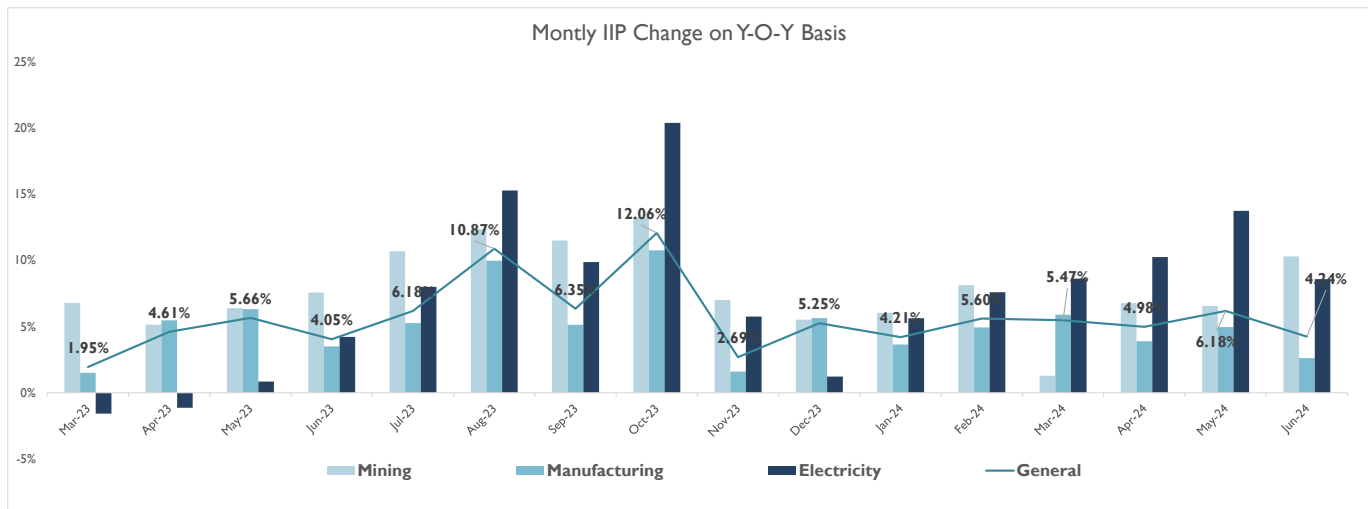
sector index too grew by 7.5% against 5.8% in the previous years. Mining & manufacturing both shown improvement according to previous except the Electricity sector Index, witnessed an improvement of 7.1% against 8.9% in the previous year.



Source: Ministry of Statistics & Programme Implementation (MOSPI)

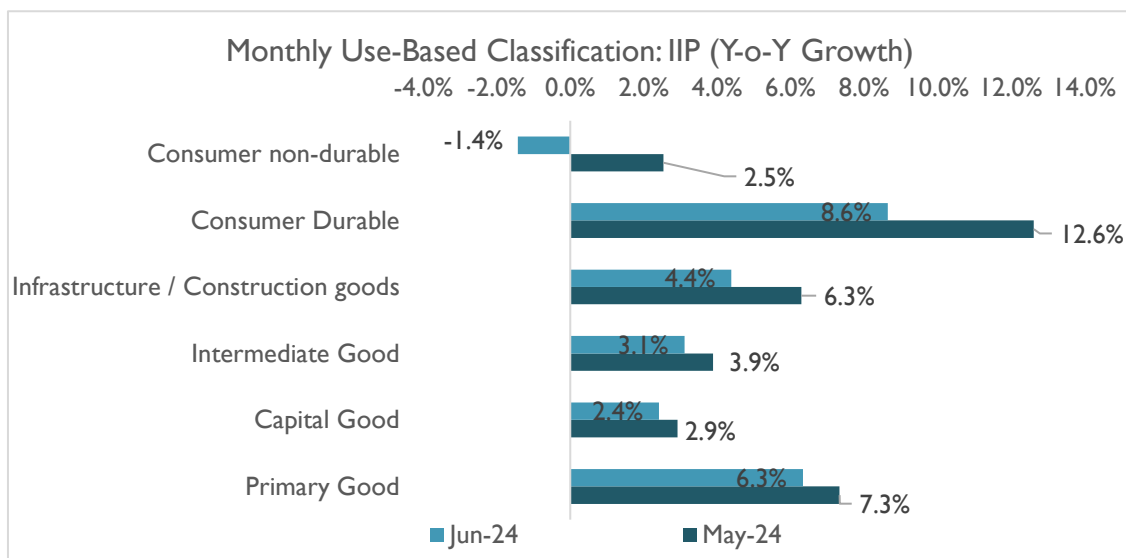
As per the use-based classification, most of the segments has shown growth for FY 2024 as compared to FY 2023. Capital good and primary goods were segments which faced less growth as compared to previous year. The contracting IIP data points towards adverse operating business climate as global headwinds, high inflation, and monetary tightening cumulatively impacted the broader industrial sector performance. In contrast all the segments except the above two have shown growth.

Monthly IIP Growth Trend



Source: Ministry of Statistics & Programme Implementation (MOSPI)

In the current fiscal FY 2025, the monthly IIP measured index has reported steady improvement over the last fiscal. However, the IIP index slowed to a 5-month low and just grew by 4.24% y-o-y in June against 6.18% in the previous month on the back of slowing growth in the manufacturing section. In June 2024, the manufacturing index growth slowed to 2.6% against 6.3% y-o-y growth in June 2023 and 5% in May 2023 while the electricity sector index and mining index exhibited substantial improvement and they grew by 8.6% and 10.3% in June 2024 against 0.9% and 6.4% growth in April 2023, respectively.

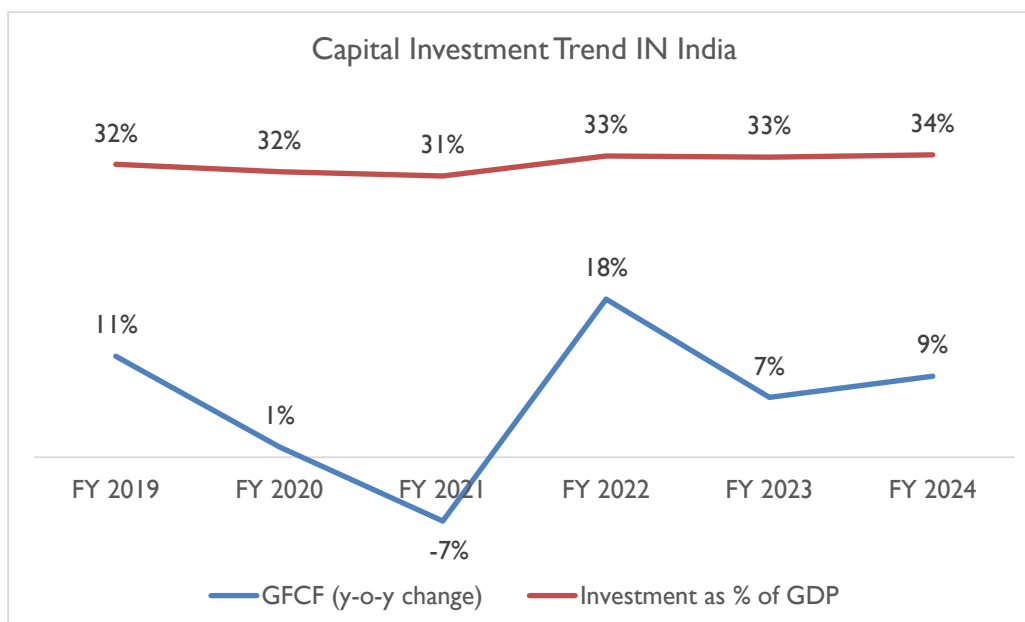


Sources: MOSPI

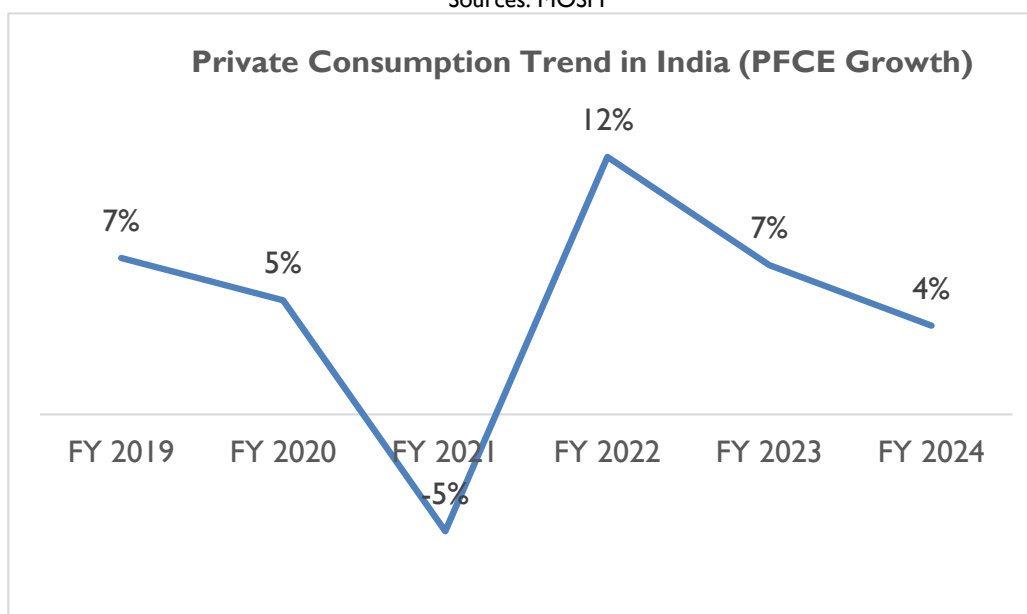
As per the use-based classification, growth in all segments slowed in June 2024 as compared to the previous month. Consumer non-durable declined by 1.4% in June 2024 against 2.5% increase in the previous month. In May 2024, all segments showed a substantial increase in growth.

Growth Trend in Investment & Consumption Demand

Other major indicators such as Gross Fixed Capital Formation (GFCF), a measure of investments, gained strength during FY 2024 as it grew by 9% on a y-o-y basis against 7% yearly growth in the previous fiscal, while GFCF to GDP ratio measured an all-time high settled higher at 34%.



Sources: MOSPI

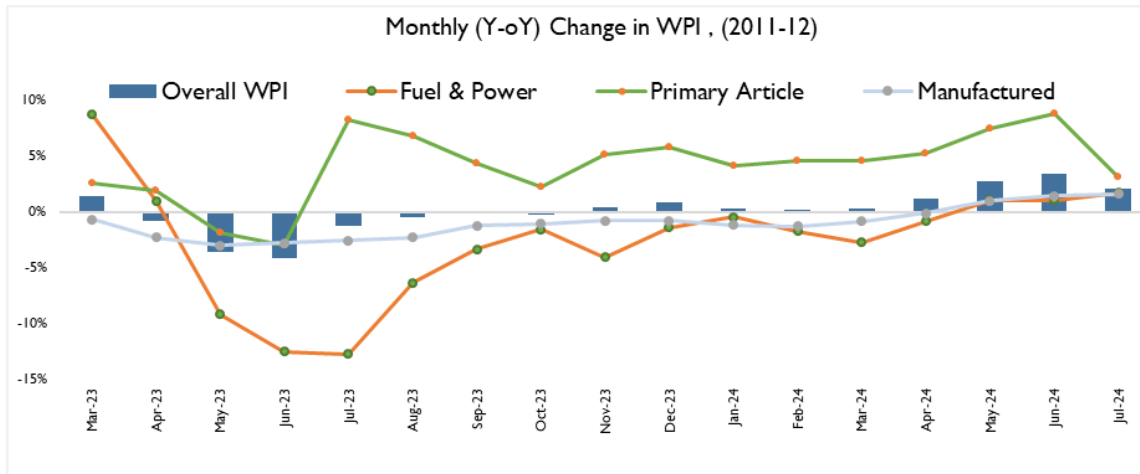


Sources: MOSPI

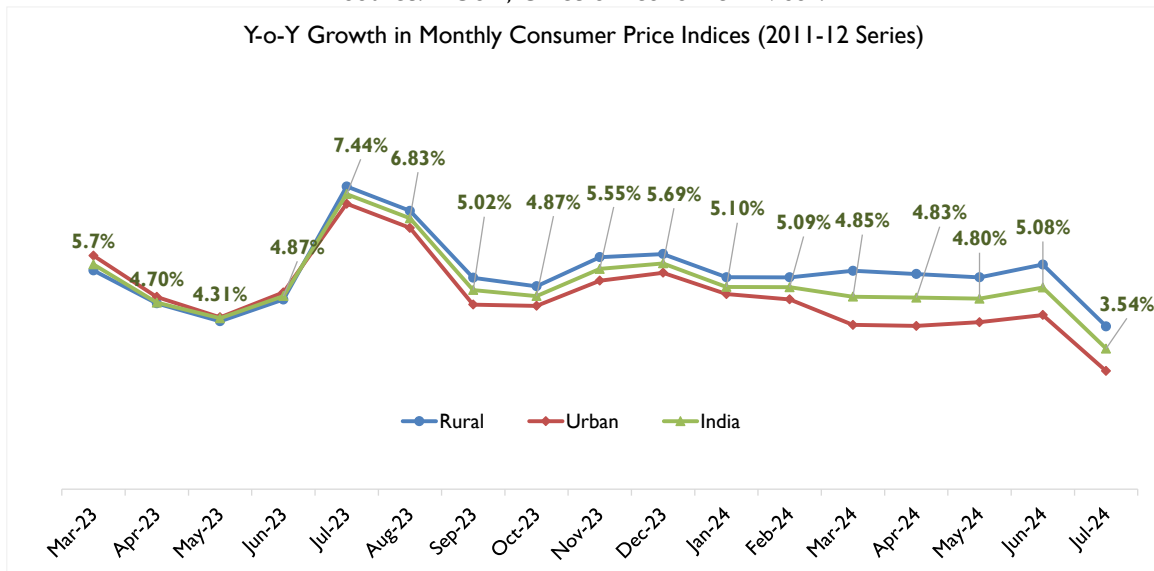
Private Final Expenditure (PFCE) a realistic proxy to gauge household spending, observed decelerated and registered 4% y-o-y growth in FY 2024 against 7% in FY 2023.

Inflation Scenario and interest rate movement

The inflation rate based on India's Wholesale Price Index (WPI) exhibited significant fluctuations across different sectors from March 2023 to July 2024. Overall WPI saw a sharp decline to -1.2% in July 2023, primarily driven by steep drops in Fuel & Power and Manufactured Products, reflecting reduced global demand and falling input costs. However, a recovery was noted by June 2024, with WPI reaching 3.4%, supported by a strong rise in Primary Articles and a rebound in Fuel & Power prices. By July 2024, while Primary Articles growth moderated to 3.1%, the WPI remained positive at 2.0%, indicating stabilization in the market after earlier volatility.



Source: MOSPI, Office of Economic Advisor.



Source: CMIE Economic Outlook

Retail inflation rate (as measured by the Consumer Price Index) in India showed notable fluctuations between March 2023 and July 2024. Rural CPI inflation peaked at 7.63% in July 2023, before declining to 4.10% in July 2024. Urban CPI inflation followed a similar trend, rising to 7.20% in July 2023 and then dropping to 2.98% in July 2024. Overall, the national CPI inflation rate increased to 7.44% in July 2023 but moderated to 3.54% by July 2024, indicating a gradual easing of inflationary pressures across both rural and urban areas over the period. CPI measured below 6% tolerance limit of the central bank since September 2023. As a part of an anti-inflationary measure, the RBI has hiked the repo rate by 250 bps since May 2022 to the current 6.5% while it has been holding the rate at 6.5% since 8 Feb 2023.

Growth Outlook

India's economy has exceeded expectations, registering an 8.2% growth in FY24. High-frequency indicators such as automobile sales, e-way bills, cargo traffic, and exports signal sustained growth momentum into Q2 FY25. However, the rural demand outlook is tied to the monsoon, where

inconsistent rainfall could impact the agriculture sector and inflation. The government is proactively boosting grain storage capacity to mitigate these risks. On the credit front, the Reserve Bank of India (RBI) has kept the policy rate unchanged, with inflation expected to average around 5% in FY25. Despite stable policy rates, lending rates may rise due to the incomplete transmission of earlier hikes, while strong credit growth in the private sector suggests potential capacity expansion. Supply-side challenges persist, particularly in food storage infrastructure. The government has launched a massive initiative to enhance grain storage capacity by 70 million tonnes over the next five years. The recent long-term agreement for operating Iran's Chabahar Port is also set to bolster trade and supply chain resilience.

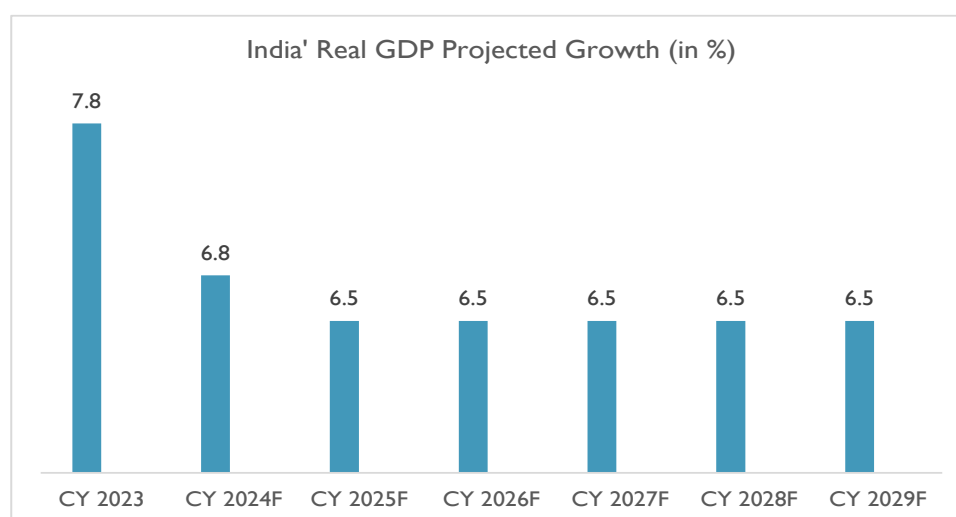
In terms of trade, India's recent agreements, particularly with the European Free Trade Association (EFTA) and Oman, are opening new markets and opportunities for exports. The proposed mega-distribution hub in the UAE by 2025 will further support India's global trade ambitions, particularly in Africa, Europe, and the US.

Politically, the continuation of the National Democratic Alliance (NDA) government signals sustained reforms, with optimism around labour and land reforms. The government is also taking steps to control retail inflation by managing food prices and import duties. The external environment remains cautious, with geopolitical tensions, particularly in Gaza, posing potential risks to global stability.

Overall, India's short-term growth outlook remains positive, underpinned by strong domestic demand, proactive government measures, and expanding global trade relationships, despite some challenges in the rural economy and supply chain infrastructure.

India's Projected Economic Growth

Looking ahead to 2024, India's projected GDP growth of 6.8% in 2024 stands out as the fastest among major emerging markets, significantly outpacing China's 4.6%, and Brazil's 2.2%. This robust growth trajectory is expected to sustain at 6.5% annually from 2025 to 2029, reflecting strong economic fundamentals and continued momentum.



Source: IMF

This decent growth momentum in near term (CY 2024) is accompanied by a slowdown in inflation, as well as various other factors in the medium to long term that will support the economy. These include enhancements in physical infrastructure, advancements in digital and payment technology, improvements in the ease of doing business and a higher quality of fiscal expenditure to foster sustained growth.

On the demand side, improving employment conditions and moderating inflation are expected to stimulate household consumption. Further, the investment cycle is gaining traction, propelled by sustained government capital expenditure, increased capacity utilization and rising credit flow. Additionally, there are positive signs of improvement in net external demand, as reflected in the narrowing merchandise trade deficit. Despite the supply disruptions, exports clocked positive y-o-y growth in December 2023 and January 2024.

From uplifting the underprivileged to energizing the nation's infrastructure development, the Government has outlined its vision to propel India's advancement and achieve a 'Viksit Bharat' by 2047 in the interim budget announced on 1st Feb 2024. Noteworthy positives in the budget include achieving a lower-than-targeted fiscal deficit for FY2024 and setting a lower-than expected fiscal deficit target for FY2025, proposing dedicated commodity corridors and port connectivity corridors, providing long-term financing at low or nil interest rates to the private sector to step up R&D (Research & Development) in the sunrise sectors.

Achieving a reduced fiscal deficit of 5.8% in FY2024 and projecting a lower than-anticipated fiscal deficit of 4.9% as announced in the interim budget in July 2024 for the current fiscal year (FY 2025) are positive credit outcomes for India. This showcases the country's capability to pursue a high-growth trajectory while adhering to the fiscal glide path. There has been a significant boost to capital expenditure for two consecutive years; capital expenditure – which is budgeted at 3.4% of GDP (INR 11.1 trillion) for fiscal year 2024-25 – is at a 21-year high (3.3% of GDP in fiscal year 2023-24). The enhancement of port connectivity, coupled with the establishment of dedicated commodity corridors (energy, mineral and cement), is poised to enhance manufacturing competitiveness. This strategic move aims to fulfil India's export targets and reduce logistics costs.

India's optimistic economic outlook is underpinned by its demographic dividend, which brings a substantial workforce that boosts labor participation and productivity. The burgeoning middle class and urbanization contribute to increased domestic consumption, driven by rising incomes and purchasing power. Extensive investments in infrastructure, encompassing roads, railways, ports, and digital connectivity, are enhancing productivity and efficiency, with government initiatives like the Smart Cities Mission and PM Gati Shakti creating a conducive growth environment. This digital transformation, catalyzed by initiatives such as Digital India, is fostering a tech-driven economy marked by enhanced internet penetration, digital payments, and e-governance, thereby fueling growth in sectors like fintech, e-commerce, and digital services. The push to position India as a global manufacturing hub through Make in India and PLI (Production Linked Incentive) schemes is further boosting industrial output, exports, and domestic production capabilities. Compared to other major emerging markets facing demographic and economic challenges, India's combination of demographic strengths, policy reforms, and strategic initiatives positions it as a standout performer and a significant driver of global economic growth in the foreseeable future.

Key growth/demographic drivers for economic growth

Strong Domestic Demand

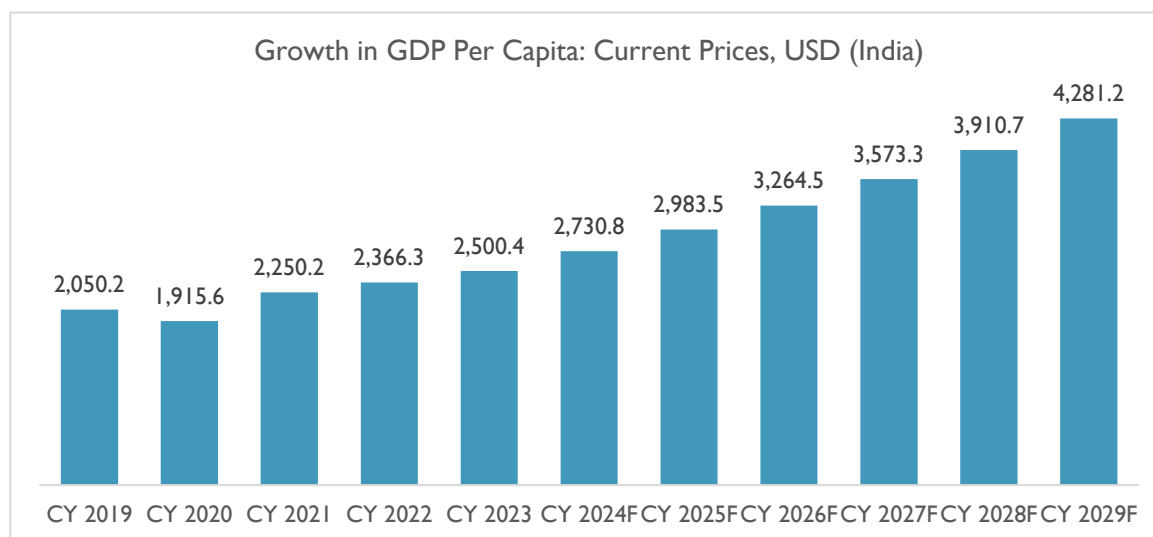
Domestic demand has traditionally been one of the strong drivers of Indian economy. After a brief lull caused by COVID-19 pandemic, the domestic demand is recovering. Consumer confidence surveys by Reserve Bank / other institutions points to an improvement in consumer confidence index, which is a precursor of improving demand. India has a strong middle-class segment which has been the major driver of domestic demand. Factors like fast paced urbanization and improving income scenario in rural markets are expected to accelerate domestic demand further. PFCE as a percentage of GDP increased to 58% during FY 2022 and FY 2023 while in FY 2024 it settled at 56%. There are two factors that are driving this domestic demand: One the large pool of consumers and second the improvement in purchasing power. As per National Statistics Office (NSO), India's per capita net national income (at constant prices) stood at INR 106,744 in FY 2024 against INR 99,404 in FY 2023 and INR 87,586 in FY 2018. This increase in per capita income has impacted the purchasing pattern as well as disposable spending pattern in the country. Consumer driven domestic demand is majorly fueled by this growth in per capita income.

India's Per capita GDP trends

India is poised to become the world's third-largest economy with a projected GDP of USD 5 trillion within the next three years, driven by ongoing reforms. As one of the fastest-growing major economies, India currently holds the position of the fifth-largest economy globally, following the US, China, Japan, and Germany. By 2027-28, it is anticipated that India will surpass both Germany and Japan, reaching the third-largest spot. This growth is bolstered by a surge in foreign investments and a wave of new trade agreements with India's burgeoning market of 1.4 billion people. The aviation

industry is witnessing unprecedented orders, global electronics manufacturers are expanding their production capabilities, and suppliers traditionally concentrated in southern China's manufacturing hubs are now shifting towards India.

To achieve its vision of becoming the world's third-largest economy by 2027-28, India will need to implement transformative industrial and governmental policies. These policies will be crucial for sustaining the consistent growth of the nation's per capita GDP over the long term.



Source: IMF

From CY 2024-29, India's per capita GDP is projected to grow at a compound annual growth rate of 9.4%. This growth will be driven by the service sector, which now accounts for over 50% of India's GDP, marking a significant shift from agriculture to services.

Digitization Reforms

Ongoing digitization reforms and the resultant efficiency gains accrued would be a key economic growth driver in India in the medium to long term. Development of digital platforms has helped in the seamless roll out of initiatives like UPI (Unified Payments Interface), Aadhaar based benefit transfer programs, and streamlining of GST (Goods and Services Tax) collections. All of these have contributed to improving the economic output in the country. Some of the key factors that have supported the digitization reforms include – the growth in internet penetration in India together with drop in data tariffs, growth in smartphone penetration, favourable demographic pattern (with higher percentage of tech savvy youth population) and India's strong IT (Information Technology) sector which was leveraged to put in place the digital ecosystem. All these factors are expected to remain supportive and continue to propel the digitization reforms in India.

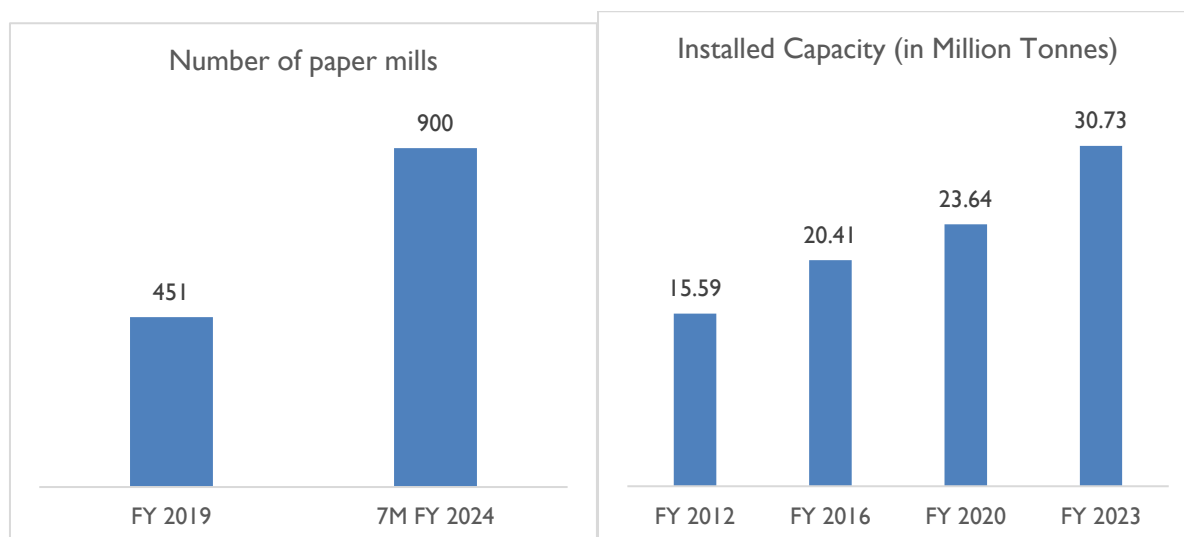
Increased adoption of digital technology and innovation, inclusive and sustainable practices, business-friendly and transparent regulations, and heightened corporate research and development (R&D) investments will further bolster the country's growth. These factors will collectively support employment growth across both private and public sectors, including Micro, Small, and medium enterprises (MSMEs).

Overview of The Indian Paper Industry

According to Indian Paper Manufacturers Association (IPMA), the Indian paper industry accounts for about 5% of the world's production of paper. The estimated turnover of the industry is over INR 70,000 crore with domestic market size estimated at INR 800 billion and its contribution to the exchequer is around INR 50 billion. Paper is a labour-intensive industry in India. The industry provides direct employment to 0.5 million persons, and indirectly to around 1.5 million.

India is the 15th largest paper producer in the world. The country has emerged as the fastest growing market when it comes to consumption. The per capita paper consumption in India at around 19 kg. The domestic market of paper is over 16 million tons per annum (MTPA), with over 2 MTPA being imported. Paper consumption is likely to witness 6-7% annual growth and will reach 30 million tonnes by FY 2026-27, largely driven by emphasis on education and literacy.

A majority of the paper mills comprise of diverse technological landscape, ranging from the oldest to the most modern technologies. These mills utilize various raw materials, including wood, bamboo, recycled fibre, bagasse, wheat straw, and rice husk. The production shares indicate that approximately 18% are based on wood, 75% on recycled fibre, and 7% on agro-residues.



Source: Indian Pulp & Paper Technical Association, Department for Promotion of Industry and Internal Trade, Annual Report 2023-24, D&B Research

According to industry sources, the paper & pulp industry has an estimated 900 paper mills, of which 550 are operational. The collective installed capacity stands at an estimated 30.73 million tonnes, portraying the industry's robust and expansive presence.

Major Paper Product Segmentation

Major Types of Paper	
Printing & Writing Paper	Uncoated (Creame Woven, Copier, Maplitho), Coated
Industrial Paper/ Paperboard	Kraft Paper, Duplex Boards
Newsprint	Glazed paper, standard paper

Paper Cup Blanks

PE Coated Paper Cup Blanks

These paper cup blanks are coated with food-grade polyethylene (PE), providing excellent moisture and grease resistance, which is essential for handling both hot and cold beverages. The PE coating enhances the cup's durability, helping prevent leaks and maintaining the structural integrity of the cup. These cups are highly popular in high-traffic settings, such as cafes, restaurants, and quick-service outlets, where quality and dependability are critical.

PLA Coated Paper Cup Blanks

Polylactic acid or PLA coated paper cup blanks serve as an eco-friendly alternative to traditional PE-coated cups. PLA being a biodegradable material, the PLA coated cups are compostable, providing an environmentally sustainable option without compromising on durability or leak resistance. Aligning with the sustainability goals, these paper cup blanks are perfect for those aiming to minimize their environmental footprint in food service settings.

Barrier Coated Paper Cup Blanks

These paper cup blanks feature a specialized barrier coating, enhancing their resilience to moisture and grease. Suitable for both hot and cold beverages, the barrier-coated cups are designed to offer extended performance and reduce leak risks. This coating provides an additional layer of protection, making these blanks a reliable choice for beverages that require long-lasting structural stability.

Food Grade Papers

Greaseproof Paper

Greaseproof paper is engineered to resist oils and fats, ensuring that food retains its flavor and appearance. Its breathable composition allows food to stay fresh and crisp without becoming soggy, making it an ideal choice for packaging greasy food items. Suitable for various environments, including freezers and ovens, this paper can handle a range of temperatures and humidity levels. Available in white and other colors in 40-60 GSM, it is commonly used to package burgers, sandwiches, French fries, and other snack foods.

Greaseproof Slip Easy Paper

With an innovative anti-slip surface, slip-easy greaseproof paper is specially designed to keep packaged items securely in place. The anti-slip feature prevents products from shifting, making it ideal for applications where presentation and stability are crucial, such as in packaging bakery items and delicate snacks. Available in 40-60 GSM and a variety of colors, this paper is commonly used for cupcakes, muffins, pastries, and sweets.

Wet Strength Greaseproof Paper

This paper combines grease resistance with enhanced wet strength, making it ideal for packaging items exposed to moisture, such as deli meats, salads, and sauces. It remains strong and durable even in wet or humid conditions, ensuring that products are securely packaged. Offered in 45 GSM, it is perfect for wrapping meats, fish, and frozen food products.

Bake Oven Paper

Designed for high-temperature applications, bake oven paper is suitable for use as a tray liner for baking. It can withstand temperatures up to 230°C and supports multiple bakes (up to four times), making it highly economical and versatile. With high density and stability, this paper is ideal for conventional and microwave baking, available in 40-60 GSM and various colors, including classic white. Typical applications include baking cakes, cookies, pizza, and bread.

Vegetable Parchment Paper

Vegetable parchment paper offers exceptional grease resistance and oil hold-out properties, making it ideal for food packaging and baking applications. It undergoes a specialized manufacturing process that eliminates the need for acid treatment, enhancing its purity and making it food-safe.

End Uses of Cup Stocks:

Different varieties of cup stocks are used for making disposable paper cups and glasses that are popular single-use tableware items, predominantly used for serving beverages, but they also extend to certain food items due to their versatile, lightweight, and hygienic properties. These items are crafted to be sturdy, leak-resistant, and easy to handle, making them a preferred choice in various settings. While disposable cups are available in materials like plastic, foam, and paper, paper cups are particularly favoured for their eco-friendly attributes and biodegradable nature, positioning them as a sustainable alternative to conventional plastic.

Based on their application and structural design, paper cups are classified into several types to serve different uses across different segments like:

Single-Wallpaper Cups: These are the most common, lightweight, and economical option. They are popular for serving beverages like water, soft drinks, and some cold teas, especially in high-traffic areas such as workplaces and casual events.

Double-Wallpaper Cups: Often used for hot beverages, double-wall cups provide an extra layer of insulation, making them suitable for serving coffee, tea, and other hot drinks in cafés, restaurants, and on-the-go service points. The additional layer not only keeps beverages warmer for longer but also provides added comfort by preventing heat transfer to the user's hand.

Corrugated Ripple Paper Cups: Designed for added insulation and grip, these cups are a premium option for hot beverages. The ripple design reduces the need for cup sleeves, enhancing

both convenience and presentation. Corrugated ripple cups are commonly used in premium café settings or in events where aesthetics and quality are prioritised.

Compostable/Biodegradable Paper Cups: These eco-friendly options are gaining traction among environmentally conscious consumers and businesses. They often feature plant-based coatings, making them fully compostable and aligning with sustainable waste management practices.

Capacity and Size Variants

Paper cups are manufactured in various capacities to accommodate a broad range of beverage and food requirements:

Up to 150 ml: Suitable for quick, small servings, commonly used in office settings, small gatherings, stalls, for tea, coffee, and water.

150 to 350 ml: Standard size for on-the-go beverages, popular in coffee shops and fast-food outlets.

350 to 500 ml: Ideal for larger servings, such as smoothies or milkshakes, offering convenience for extended consumption.

Above 500 ml: Often used in specialised settings, such as juice bars or take-out orders, for customers looking for substantial servings.

Different Varieties and grade of paper cup stocks being used by different sectors:

Paper cups derived by paper cup stocks are segmented based on their application:

Beverage Use: The beverage segment includes both hot beverages (such as tea, coffee, and soups) and cold beverages (like iced coffee, juice, and smoothies).

- Hot beverage cups are typically made with insulated designs (double-wall or ripple-wall) to prevent discomfort and ensure safe handling.
- Cold beverage cups are simpler in structure but may include lids for secure transportation.

Food Use: Beyond beverages, paper cups are gaining popularity in food applications. They are used for serving items like ice creams and desserts, soups and noodles, sauces and dressings, bakery products, and even small confectionery items. In these applications, paper cups help maintain hygiene and ease of consumption, making them suitable for both dine-in and takeaway options in quick-service restaurants.

End-Use Segmentation.

The end-use segmentation of paper cups in India can be divided into:

Commercial Use: This includes sectors like cafés, restaurants, hotels, catering services, offices, bars/clubs, and educational institutions. In commercial settings, paper cups are preferred due to their hygienic, single-use design, which reduces the need for cleaning and minimises the spread of food-borne illnesses. Branding through customised prints on cups is also common in this sector, enhancing brand visibility and appeal to patrons.

Household/Residential Use: Although less prominent than in commercial sectors, disposable paper cups are increasingly popular in households for events and gatherings, where convenience is

prioritised. Consumers in this segment typically prefer smaller sizes for casual use, such as tea and coffee

Manufacturing Process of Disposable Cups:

The production of disposable paper cups primarily involves high-quality cellulose paperboard sourced from renewable resources like wood pulp, making the product both sustainable and environmentally responsible. Generally, about 95% of a paper cup's structure consists of this paperboard, which undergoes rigorous processing to meet food-grade standards. These standards are crucial, ensuring that the material remains non-toxic and safe for both hot and cold consumables. The inner lining, which constitutes approximately 5% of the cup's composition, is usually made from polyethylene (PE) to create a waterproof barrier, preventing leaks and adding durability. Some cups incorporate a biodegradable or compostable coating derived from plant-based materials (such as PLA, or polylactic acid) to further enhance their environmental profile.

Raw Material	Pulping & Sheet formation	Printing & Coating	Die Cutting & Formation	QC & Packaging
<ul style="list-style-type: none">•This involves sourcing the primary raw materials, such as wood, pulp, adhesives, inks and coatings	<ul style="list-style-type: none">•The raw wood fibers are processed into pulp, which is then transformed into paper. Then the pulp is formed into sheets of paper, which are then dried and rolled	<ul style="list-style-type: none">•Print customization is followed by protective coating, often Polyethylene (PE) or a biodegradable option, is applied to make the paper moisture-resistant	<ul style="list-style-type: none">•The coated paper is die-cut into cup shapes and then formed into the final cup structure	<ul style="list-style-type: none">•After various quality checks, finally the cups are packed and distributed to retailers or food service businesses

Paper cups come in varying grades to cater to different needs. For example:

Standard Grade: Often single-wall, ideal for cold drinks or minimal contact hot beverages.

Insulated Grade: Double-wall or ripple-wall varieties designed for hot beverages, adding insulation to keep drinks warm without causing discomfort to the user's hand.

Premium Grade: May include thicker paperboard and high-quality coating suitable for branding purposes or high-end service settings like upscale cafés and restaurants.

Market Scenario:

According to the Indian Paper Manufacturers Association, the total domestic consumption of the paper pulp industry in India reached 23.039 million metric tonnes in FY 2024. Within this, paper cup stock contributed 1.6% of the total consumption, amounting to approximately 309 thousand tonnes.

The demand for paper cup stocks is projected to grow at an impressive rate of 10.5% annually, driven by the increasing adoption of eco-friendly and biodegradable products in both domestic and international markets. This growth is further supported by a rising awareness of environmental concerns, government regulations aimed at reducing plastic use, and the expanding food and beverage sector, which relies heavily on disposable paper cups. This positive outlook signals significant opportunities for manufacturers and suppliers in the paper cup stock industry.

Domestic Demand Scenario

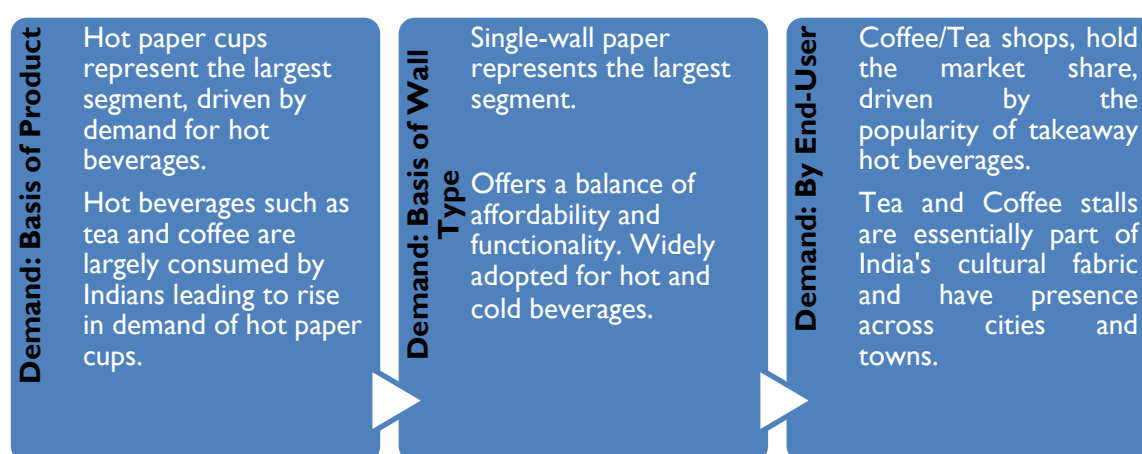
The demand of paper cup stocks is dependent on the disposable cups demand in the market and the evolution of disposable paper cups and glasses in India traces its origins to modest beginnings, when the concept of single-use tableware was relatively novel. In a country where street-side tea stalls, bustling cafés, and food vendors have always held a central place in the social and cultural fabric, the introduction of disposable cups offered a convenient and hygienic alternative. Initially limited in usage, these cups gained popularity as the demand for quick-service solutions rose, driven by both consumer preferences and market dynamics.

Several policy and market developments have catalysed the expansion of the disposable cup market. One of the pivotal moments for the industry was the imposition of bans on single-use plastic products in multiple Indian states, following a surge in environmental concerns over plastic waste. This regulation, combined with a broader societal push for sustainable practices, directed the market's focus toward paper-based alternatives. Moreover, the COVID-19 pandemic acted as an accelerator, bringing hygiene to the forefront of consumer priorities. Disposable paper cups and glasses became critical in maintaining sanitary conditions across restaurants, cafés, hospitals, and public venues, helping minimise potential contamination and prevent disease spread.

Culturally, the shift to paper cups aligns well with India's diverse beverage and food culture. Indians consume a wide range of drinks—chai, coffee, lassi, buttermilk (chaas), juices, and soups—and disposable cups cater to this variety. The large street vendor culture, where quick and hygienic service is paramount, has embraced disposable paper cups to deliver an easy, safe solution to customers who increasingly prefer single-use cups over reusable glasses. In food establishments, particularly in urban areas, the awareness of hygiene standards has heightened, leading to a demand for single-use options in place of traditional glass or ceramic cups, which may raise concerns over cleanliness.

In recent years, café culture, hospitality industry as well as events (festive, corporate) have also spurred growth, with businesses exploring innovations such as 3D-printed and custom-designed cups to cater to premium preferences. Increased awareness around sustainability has further encouraged the use of biodegradable coatings and plant-based laminates, enhancing the eco-friendly appeal of disposable cups. Additionally, paper cups, often customizable with aesthetically appealing designs, serve as both a functional and attractive solution for businesses aiming to reinforce sustainable practices. As consumers become more conscious of their environmental impact, they seek out products that align with their values, prompting manufacturers to develop new materials and coatings that meet biodegradable or compostable standards.

Demand Scenarios in Specific Market Segments



Source: Industry Sources

The market is segmented by region into Maharashtra, Uttar Pradesh, Tamil Nadu, West Bengal, Gujarat. Maharashtra leads as the largest market for paper cups in India.

Key Drivers/ Factors Driving Demand

- **Stringent Government Regulations and Initiatives Aimed at Reducing Plastic Usage:**

The Indian government has introduced stringent regulations to limit single-use plastics, aiming to address critical environmental concerns. The Plastic Waste Management (PWM) Amendment Rules, 2021, led to a significant shift by banning various single-use plastic items across the country, including plastic cutlery, straws, and packaging widely used in the food and beverage industry. This policy has spurred demand for eco-friendly alternatives, with disposable paper cups emerging as a popular choice. Further restrictions by several state and local governments have accelerated this trend by incentivizing businesses to explore sustainable solutions. The PWM amendments have created an ideal environment for paper disposables as businesses and consumers align with these new regulations. Additionally, consumer awareness about environmental impact has strengthened support for such policies, as the public becomes increasingly engaged with eco-conscious

consumption practices. This alignment with government regulations ensures a consistent demand for disposable paper cups in urban areas and across Tier 2 and 3 cities, where public compliance with eco-friendly regulations is also encouraged through fines and penalties. These policies have also fueled investment and innovation in the production of biodegradable materials, making disposable paper cups more affordable and accessible across diverse segments of the Indian market.

- **Hygiene and Cleanliness as Priority:** The COVID-19 pandemic shifted consumer behaviour substantially, making hygiene and cleanliness critical considerations. This change in consumer mindset has had a lasting impact on the demand for disposable paper cups, particularly in cafes, hospitals, and public venues, where single-use items were quickly adopted to prevent contamination risks. In medical settings, disposable cups have become essential, aiding in infection control by limiting potential exposure to pathogens. This heightened focus on hygiene extended to public service settings, workplaces, and even households, where disposable items are now preferred for safety reasons. Consumer perception of paper cups as a more hygienic alternative to reusable options has led to increased adoption in food establishments and among street vendors, who must adhere to elevated hygiene standards. This demand is particularly pronounced in high-traffic locations, from hospitals to cafes, where single-use products reduce the risk of contamination and align with public health guidance.
- **Growing Food and Beverage Industry with Rising Number of QSRs:** India's food services sector is poised for substantial expansion, projected to grow at a compound annual growth rate (CAGR) of 8.1% from 2024 to 2028.³ Urbanization, economic growth, and a younger population drive this growth, making disposable packaging a practical solution for the food and beverage industry. The rapid rise in cafes and QSRs has elevated the demand for convenient packaging solutions like disposable paper cups, which cater to consumer expectations for quick service and hygiene. Urban areas, especially Tier I cities, have seen a rapid rise in the 'cafe culture,' with many opting for paper cups to enhance the customer experience. The growth of cafes in India, driven by the rise in the trend of people working remotely or freelancing, has led to an increased demand for comfortable and functional workspaces that also offer food and beverages, leading to the emergence of coworking cafes. Capitalising on India's long-standing tea and coffee culture, the country's cafes and bars market are estimated to be valued at 17.54 billion USD in 2024. Additionally, traditional Indian events, such as birthday, weddings, religious gatherings, and cultural events, have also started integrating eco-friendly disposables. In these settings, disposable paper cups have become increasingly popular, especially in urban and elite areas, where consumers are more mindful of their environmental footprint. Such events, which attract large gatherings, provide a platform for disposables as a practical solution while supporting the eco-friendly shift.

³ [NRAI - The India Food Services Report-2024](#)

- **Rising of Middle-class and Disposable Income:** India's growing middle-class segment, which now encompasses around 100 million individuals⁴, is a significant driver for paper cup demand. As disposable incomes rise, consumers are increasingly willing to invest in premium experiences like specialty coffees and café culture, which rely heavily on disposable paper cups. This trend reflects a cultural shift towards frequenting cafes and restaurants that prioritise both convenience and environmental responsibility. Urban consumers in this demographic, particularly the younger population, are attuned to sustainable practices and prefer products that align with their values. The ban on single-use plastics has further bolstered this shift, encouraging consumers to opt for paper-based disposables as accessible and sustainable alternatives. As a result, paper cups are now synonymous with environmentally responsible choices and continue to gain traction across diverse consumer segments, from high-end cafes to neighbourhood food vendors.
- **Growth of Online Food Deliveries:** India's online food delivery market has also seen substantial growth, with approximately 66 million users engaging with food delivery platforms among the urban population.⁵ This figure has shown consistent mid-single-digit growth over recent years, reflecting a strong shift toward convenience in urban dining habits. This surge in online food ordering has driven the demand for disposable packaging, as restaurants and delivery services look for hygienic, single-use options like paper cups to maintain food safety and service efficiency. As urban dining habits evolve, the demand for hygienic, disposable packaging continues to increase. Food delivery platforms prioritise customer safety, making disposable paper cups ideal for orders, especially given that the packaging ensures both customer and worker health. Paper cups, being lightweight, easy to transport, and safe for disposal, address these needs while supporting eco-conscious consumer trends in India's expanding online food market.

Corporate Sustainability Commitments and Customization in Packaging: A growing number of companies are embracing sustainability by adopting paper-based cutlery and packaging as part of their eco-conscious practices. This shift to paper-based disposables reflects corporate commitment to environmental responsibility, and businesses are increasingly highlighting their use of eco-friendly materials to meet consumer expectations and enhance brand image. These sustainability goals resonate with consumers, driving a preference for brands that prioritise environmental impact reduction. The movement toward sustainable consumption has directly impacted the demand for disposable paper cups. As consumers become more environmentally aware, they prefer products made from biodegradable and recyclable materials. Paper cups meet this demand by offering an eco-friendly alternative to plastic, with many brands further elevating the experience by using customizable designs and plant-based laminates. This approach not only

⁴ [Business World - Rise and Evolution of Coffee Culture in India](#)

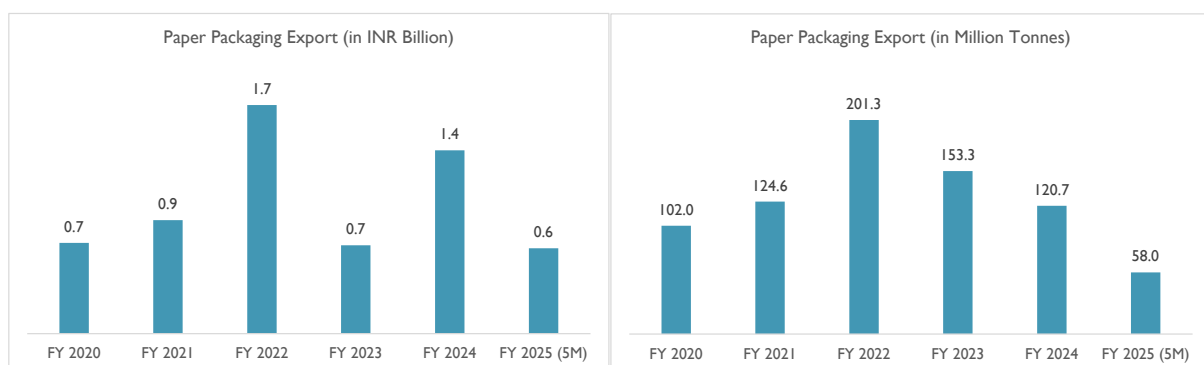
⁵ [NRAI - The India Food Services Report-2024](#)

appeals to eco-conscious consumers but also enables businesses to showcase their commitment to sustainability.

Customization trends have also emerged in the café and QSR sectors, where businesses use branded, visually appealing designs to enhance the customer experience and create brand recall. Innovations in design and material have improved the aesthetic and functionality of paper cups, making them more attractive and reinforcing their role as a sustainable option in the marketplace. This customization trend has contributed to the sustained growth of paper cup demand, especially in establishments where brand identity and consumer experience are key priorities.

Foreign Trade Scenario⁶

The Paper & Packaging sector paper trade has shown variable growth over recent fiscal years, reflecting fluctuations in both value and volume. In FY 2020, exports stood at INR 0.7 billion, with an export volume of 102.0 million tonnes. The following year, FY 2021, saw a rise in both value and volume, with exports reaching INR 0.9 billion and 124.6 million tonnes respectively. This growth continued significantly in FY 2022, achieving a remarkable peak with export value increasing to INR 1.7 billion and volume surging to 201.3 million tonnes. This spike was likely driven by strong global demand for paper products and increased utilization of sustainable packaging solutions, which has become a global trend.



Source: Ministry of Commerce, D&B analysis

However, the trend reversed sharply in FY 2023, where export value dropped to INR 0.7 billion and volume fell to 153.3 million tonnes. This downturn could have resulted from changes in international demand, evolving trade regulations, or supply chain disruptions affecting the industry. In FY 2024, exports recovered somewhat, reaching INR 1.4 billion in value and 120.7 million tonnes in volume. Though improved from the previous year, these figures suggest continued market challenges and an

⁶ The HS code considered

- 47071000: Paper Scrap
- 48109900: Paper Sheet, Paper Roll (Uncoated)
- 48115190: Paper roll & Paper Sheet (Coated)
- 48236900: Paper Cup Bobbin (Bottom/ Paper Cup/ Paper Blank/Paper Cup Printed sheet, Paper Cup Roll)

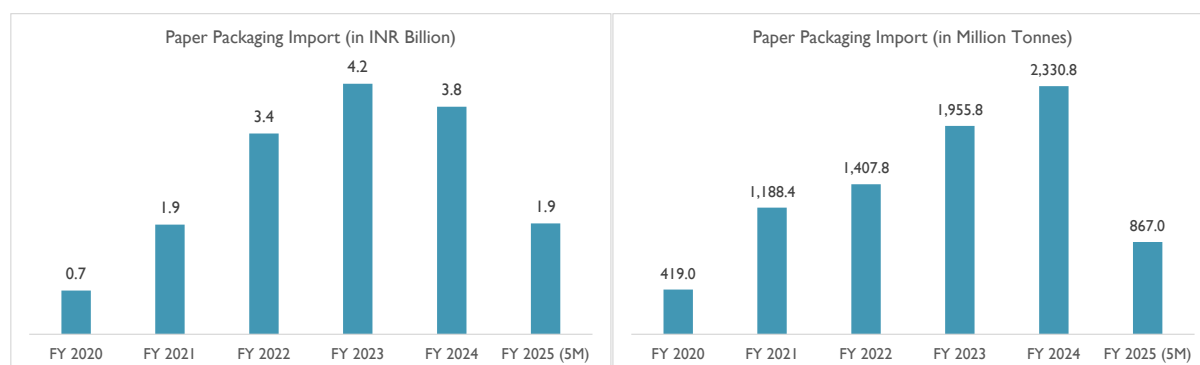
evolving landscape for paper exports. The data for FY 2025 (the first 5 months) shows exports reaching INR 0.6 billion and 58.0 million tonnes in value and volume, indicating that while there is a steady flow of exports, the total annual figures may not meet the high levels seen in FY 2022 if the current trend continues. Overall, this data highlights the dynamic nature of the paper packaging export market and the need for strategic adjustments to maintain stability and growth.

Export Percentage Share

When examining the export share in terms of volume, uncoated paper sheets and rolls constitute the largest segment, making up 68% of the total paper packaging export volume. This high percentage highlights the substantial global demand for uncoated paper, likely driven by its wide range of applications across industries. Paper cup bobbins follow, accounting for 19% of export volume, reflecting significant usage for disposable cups in the food and beverage industry. Coated paper rolls and sheets make up the remaining 13%, underscoring a niche demand for specialized coated paper products that cater to more specific packaging requirements.

Import of Paper & Packaging

India's paper and packaging import sector has experienced substantial growth over the past five fiscal years, driven by increasing domestic demand for both raw and finished paper products. In FY 2020, imports were valued at INR 0.7 billion with a volume of 419.0 million tonnes. This initial figure quickly escalated in FY 2021, with import value soaring to INR 1.9 billion and volume rising sharply to 1,188.4 million tonnes. This trend continued in FY 2022, as imports reached INR 3.4 billion in value and 1,407.8 million tonnes in volume, reflecting strong domestic consumption and possible shortages of domestically produced paper and packaging materials.



Source: Ministry of Commerce, D&B analysis

The upward trajectory was most notable in FY 2023, with imports reaching INR 4.2 billion in value and a volume of 1,955.8 million tonnes. This marked a significant increase, as India faced rising demand in sectors like packaging, e-commerce, and manufacturing, which all rely heavily on paper materials. By FY 2024, imports slightly decreased in value to INR 3.8 billion, yet volumes reached an all-time high of 2,330.8 million tonnes. This discrepancy between value and volume growth may indicate a shift toward importing lower-cost or recycled paper materials to meet demand sustainably and cost-effectively.

The first five months of FY 2025 shows imports of INR 1.9 billion with 867.0 million tonnes in terms of value and volume. If this trend continues, it suggests that India's total paper and packaging import

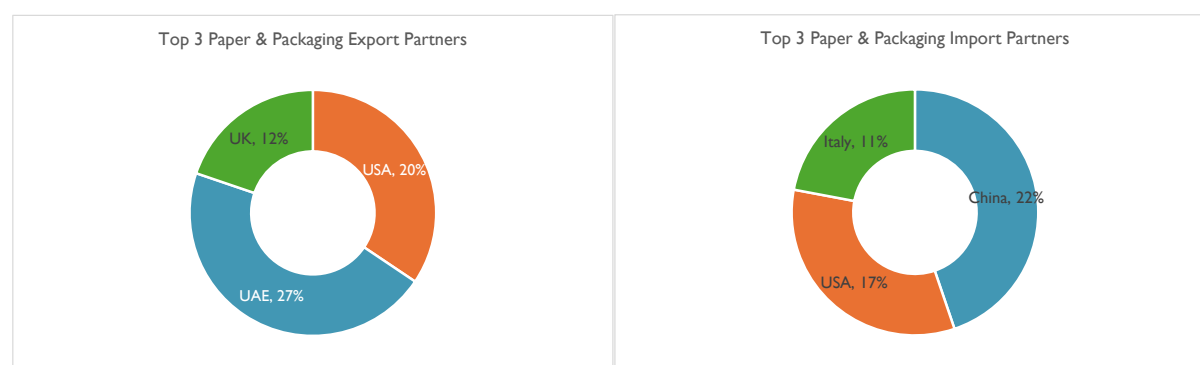
volume may again surpass previous years, while the value might stabilize or grow more modestly. This growth in imports highlights a strong dependence on foreign paper resources to support expanding industries, reinforcing the need for India's paper and packaging sector to consider further domestic capacity expansion to reduce reliance on imports.

Import Percentage Share

When evaluating the import percentage share based on volume, paper scrap overwhelmingly dominates, accounting for 98.0% of the total paper and packaging imports. This high proportion reflects India's strong demand for recycled paper materials, which are crucial for producing various packaging products. The remaining segments have relatively minor shares: uncoated paper sheets and rolls represent 1.4% of import volume, while coated paper rolls and sheets and paper cup bobbins makeup 0.5% and 0.0%, respectively. This volume distribution underscores a heavy reliance on paper scrap imports to meet domestic recycling and manufacturing needs, with minimal import dependence on other types of paper products.

Trade Partners

India's top export partners for paper and packaging materials reflect strong demand in prominent global markets. The United Arab Emirates (UAE) leads with a 27% share, signifying robust trade relations and possibly catering to the UAE's dynamic packaging needs, driven by its thriving retail and e-commerce sectors. The United States follows with a 20% share, highlighting the high demand for sustainable packaging materials as American companies increasingly prioritize environmentally friendly imports. The United Kingdom, contributing 12% to India's export volume, rounds out the top three export destinations. This strong presence in the UK market could reflect consistent demand for paper and packaging solutions in various industries, from food service to retail packaging, where paper-based products offer an attractive, eco-friendly alternative to plastic. Together, these countries account for a significant share of India's export revenue in paper and packaging, emphasizing the growing global reliance on India for sustainable paper-based solutions.



Source: Ministry of Commerce, D&B analysis

India's paper and packaging imports are primarily dominated by China, which accounts for 22% of total imports. China's significant contribution stems from its vast paper manufacturing sector, supplying a range of products, including raw materials, that meet India's high demand in the paper and packaging

industries. The United States is the second largest import partner with a 17% share, likely reflecting both India's demand for high-quality paper products and its reliance on diverse sources for specific grades and types of paper. Italy, with an 11% share, is the third key import partner, bringing in specialized and often premium-grade packaging materials and machinery. These partnerships highlight India's approach to diversifying its import sources to ensure a steady supply of paper products, raw materials, and technology required for its expanding domestic markets. This diversified import strategy not only strengthens supply chain resilience but also enables India to tap into innovative packaging solutions from advanced manufacturing economies.

Regulatory Landscape

- **Environmental Regulations:** The **Plastic Waste Management Rules** (2016, amended in 2021) have set forth stringent guidelines restricting single-use plastics in India. This policy directly impacts the disposable paper cup industry by encouraging a shift towards sustainable alternatives, such as paper-based products, to mitigate environmental impacts and reduce non-biodegradable waste in landfills. Additionally, **The Environment (Protection) Act** (1986) forms the legislative backbone for environmental oversight, mandating compliance with emission norms and waste management standards that influence the production and disposal of paper-based products.
- **Forestry and Raw Material Sourcing Policies:** The **National Forest Policy** (1988) underscores the sustainable use of forestry resources, advocating for sustainable logging practices and preservation of natural habitats. This impacts paper manufacturing, as raw materials for paper cups are often sourced from wood pulp. Furthermore, recent government policies under **The Compensatory Afforestation Fund Act** (2016) mandate reforestation efforts, ensuring that raw material sourcing aligns with environmental preservation goals.

Key Initiatives

- **Waste Management and Circular Economy Promotion:** Swachh Bharat Abhiyan and the National Action Plan for Climate Change (NAPCC) support initiatives for waste segregation and recycling, indirectly benefiting paper cup manufacturers by fostering a circular economy. This framework reduces reliance on virgin materials and aligns with global sustainability goals, thus supporting a stable supply chain for recycled paper products.
- **India's National Conservation Council (NCCF) joined the PEFC** alliance in 2015 and, by 2019, secured PEFC endorsement for the nation's forest certification system. Since then, NCCF has actively worked to increase awareness of the benefits of purchasing and selling certified products and has promoted the sustainable public procurement of PEFC-certified products.
- **Financial Assistance:** The government offers indirect financial support through schemes under Startup India and Stand-Up India, which provide tax exemptions and subsidies to small and medium enterprises (SMEs). Hence, it is easy to start a manufacturing business in a potentially big and profitable market like paper cups.
- **Green Paper Initiative by the Confederation of Indian Industry (CII) - Paper Division:** This initiative is a partnership between CII and several paper manufacturers aimed at encouraging the use of recycled paper products. As a result of this initiative, there has been a notable rise in the accessibility and cost-effectiveness of eco-friendly paper products for both businesses and consumers.

Threats & Challenges

The Indian cup stocks and food-grade papers industry faces several challenges that affect both production and market adoption. These challenges include sourcing raw materials, excessive water usage, technological requirements, cost considerations, and waste management issues. Below is an analysis of the primary challenges.

- **High Production Costs:** Manufacturing paper cup stocks and food-grade paper involves higher production costs compared to traditional alternatives like plastic cups. These costs stem from sourcing sustainable raw materials, advanced manufacturing processes, and compliance with quality standards.
- **Raw Material Sourcing and Price Volatility:** The production of paper stocks relies on paperboard, which is made from virgin wood pulp. Sourcing this material often involves sustainable forestry practices, which add to production costs. Softwoods like pine and spruce are valued for their strength, while hardwoods like eucalyptus offer superior print quality.

Rising global demand for these raw materials, driven by competing industries like furniture and packaging, creates supply bottlenecks and price instability. Smaller manufacturers with limited bargaining power are particularly vulnerable to price fluctuations, leading to further strain on their profit margins.

- **Volatility in Material Costs and Sourcing Issues:** Softwoods like pine and spruce, known for their long fibers, provide strength and durability, making them ideal for paperboard. Eucalyptus, a hardwood, is also increasingly used due to its short fibers, which offer good print quality and a smooth surface finish. The blend of both softwood and hardwood allows for a balanced product that's strong and easy to print on. Any increase in the cost of wood pulp or paperboard significantly affects small and mid-sized paper cup manufacturers, who often lack bargaining power. For these companies, who primarily handle converting paperboard into cups rather than producing the board itself, price increases lead to reduced margins, making it challenging to absorb costs without passing them onto customers.
- The paper cup industry's reliance on consolidated suppliers for high-quality paperboard underscores the sector's sensitivity to price volatility in the pulp and paperboard markets. For these companies, who primarily handle converting paperboard into cups rather than producing the board itself, price increases lead to reduced margins, making it challenging to absorb costs without passing them onto customers. An increase in the cost of sourcing these materials—driven by competition from other sectors, such as the furniture industry—can strain profit margins for paper cup manufacturers. Many smaller firms have limited ability to absorb these costs and are often forced to pass them on to consumers, potentially impacting sales and market share.
- **Reliance on Large Suppliers:** A few large players, such as ITC, dominate the paperboard supply chain, leaving small and mid-sized manufacturers heavily dependent on them. This dependency limits manufacturers' negotiating ability and exposes them to supply chain disruptions.
- **Water Utilization:** Paper cup manufacturing is resource-intensive, requiring significant amounts of water, which raises environmental concerns. Studies show that it takes approximately three lakh liters of water to make 60,000 cups. Similarly, to recycle these cups it takes around 26,000 litres of water. In a country like India, where water scarcity is a pressing issue in various regions, the high-water footprint of paper cup manufacturing becomes a significant drawback. This factor affects both the environmental appeal and the sustainability profile of paper cups, deterring environmentally conscious consumers and businesses.

- **Durability and Limited Heat Resistance:** Although paper cups are regarded as an eco-friendly alternative, their heat resistance and durability are often inferior to plastic and foam options. This limitation affects their functionality for hot beverages and other applications where sturdier containers are needed. In high-demand settings such as events, outdoor catering, and fast-food outlets, the fragility of paper cups can hinder operational efficiency, leading to spillage, waste, and customer dissatisfaction.
- **High Costs of Equipment and Technology:** The technology and equipment required for manufacturing paper cup blanks and Food Grade Papers tend to be more advanced and expensive than those for plastic cup production. Specialized machinery and coating techniques are needed to produce cups that are liquid-resistant and durable, especially when dealing with hot beverages. For manufacturers, this translates into higher capital expenditure and operational costs, which may not be feasible in markets with limited budgets. In a price-sensitive market like India, where affordability is paramount, these high production costs often make it challenging to compete with plastic cups, which are cheaper to produce.

Cost Breakdown & Other Requirements	
Equipment	The cost for an automatic paper cut manufacturing machine is Rs.8,50,000/- and dyes would be required with a cost of Rs.1,50,000.
Raw Materials	The total investment in raw material per month would be over Rs. 6 lakhs
Land & Building	An area of about 500 square metres, at least with an electricity connection
Labour Requirement	Approximately Rs. 5 Lakhs a month
Total cost of production including Bank loans, land, securing licences, other machine requirements like 3D printing, etc, could go over Rs. 70 Lakhs to 1.5 Cr.	

- **Waste Management and Recycling Challenge:** While paper cup blanks and Food-Grade Papers are theoretically biodegradable, improper disposal and inadequate waste segregation often lead to them ending up in landfills, negating their environmental benefits. Many paper cups are coated with a thin plastic layer for insulation, making them difficult to recycle without specialized processes that are not widely available in India. This adds to the waste management challenges and creates a gap between the industry's sustainability objectives and the actual environmental impact of paper cups.

Competitive Landscape

Nature of Industry

The paper cup stock and food-grade paper industry provide semi-finished disposable cups to disposable cups manufacturers. The industry in India is part of the broader sustainable packaging sector, which is proliferating due to increasing environmental concerns and regulatory shifts away from single-use plastics. This industry is primarily characterized by a fragmented market structure, with numerous small to medium-sized manufacturers alongside a few large players. These manufacturers cater to diverse sectors, including hotels, restaurants, and, brand outlets & franchisee. Some companies in this industry manufacturing paper stocks & food grade paper and supplying that to cup manufacturers and few are directly providing cups to the particular clients on demand, this differentiation in the industry creating a more complex landscape and increasing the competition.

The industry relies heavily on raw materials and the supply chain for these materials is increasingly oriented toward sustainable sourcing, with a preference for recycled or sustainably managed sources. Manufacturing is generally centralized around industrial hubs, with key states like Maharashtra, Tamil Nadu, and Gujarat being production centres. This industry is also influenced by seasonal demand, peaking during festivals, weddings, and holiday seasons, where the use of disposable cups rises in tandem with increased consumption of on-the-go beverages and foods. The demand of cups directly fuels the demand of paperboard & paper cup blank for making bulk of cups for different companies.

As an emerging market, the Indian paper blank and food grade paper industry is dynamic, with ongoing developments in technology, sustainability practices, and innovation in product design. Companies are increasingly investing in R&D to create products that balance cost-effectiveness with eco-friendliness, ensuring compliance with India's environmental regulations while meeting consumer expectations.

Analysis of Factors Shaping Competition

Several key factors shape competition within India's paper cup stocks and food grade paper market:

- **Regulatory Environment:** Stringent government regulations on single-use plastics have pushed businesses to switch to paper disposables. This regulatory environment benefits compliant manufacturers while increasing entry barriers for those unable to meet eco-friendly standards. Companies that can consistently adhere to environmental norms hold a competitive advantage.
- **Raw Material Sourcing and Cost Efficiency:** The cost and availability of quality raw materials for making food grade paperboard and paper cup stocks directly impact production costs. Companies that have secure, cost-effective supply chains, or can utilize recycled materials without compromising quality, can produce at lower costs and capture market share by offering competitive pricing.

- **Presence of Alternative:** Companies in food and beverages are demanding disposable cups, and numerous players in the sector are providing printed disposable cups directly to the client rather than providing paper cup blanks (a pre-formed cup). In addition to this factor, the rise of reusable containers and other sustainable alternatives has recently threatened disposable cup manufacturers.
- **Innovation and Product Differentiation:** Companies that innovate with new designs, coatings, and branding opportunities for cups can attract a wider range of clients, particularly in sectors like hospitality and event management. Differentiation through unique designs, customization options, and eco-certifications helps companies stand out in a competitive market.
- **Brand Reputation and Client Relationships:** It is crucial to build strong relationships with major clients such as disposable cup manufacturers and other end-user industries like food chains, airlines, and hotels. Companies with established reputations for quality, reliability, and sustainable practices have a competitive edge, as they are often the preferred suppliers for large, recurring orders.
- **Economies of Scale:** Larger players benefit from economies of scale in both production and distribution, allowing them to offer more competitive pricing. Smaller manufacturers often face challenges in scaling up and must compete through niche offerings or regional focus.
- **Technological Advancements in Manufacturing:** The adoption of advanced manufacturing techniques, such as automated production lines, enables companies to improve efficiency and quality. Companies that invest in such technology are likely to have lower production costs and higher throughput, strengthening their competitive position.
- **Consumer Demand for Eco-Friendly Products:** Increasing consumer preference for sustainable and biodegradable products drives competition, as companies strive to position themselves as eco-friendly brands. Those that invest in green certifications and sustainable sourcing often enjoy enhanced brand loyalty and a broader consumer base.

Company Profiling

Major Paper Cups Manufacturing Companies in India:

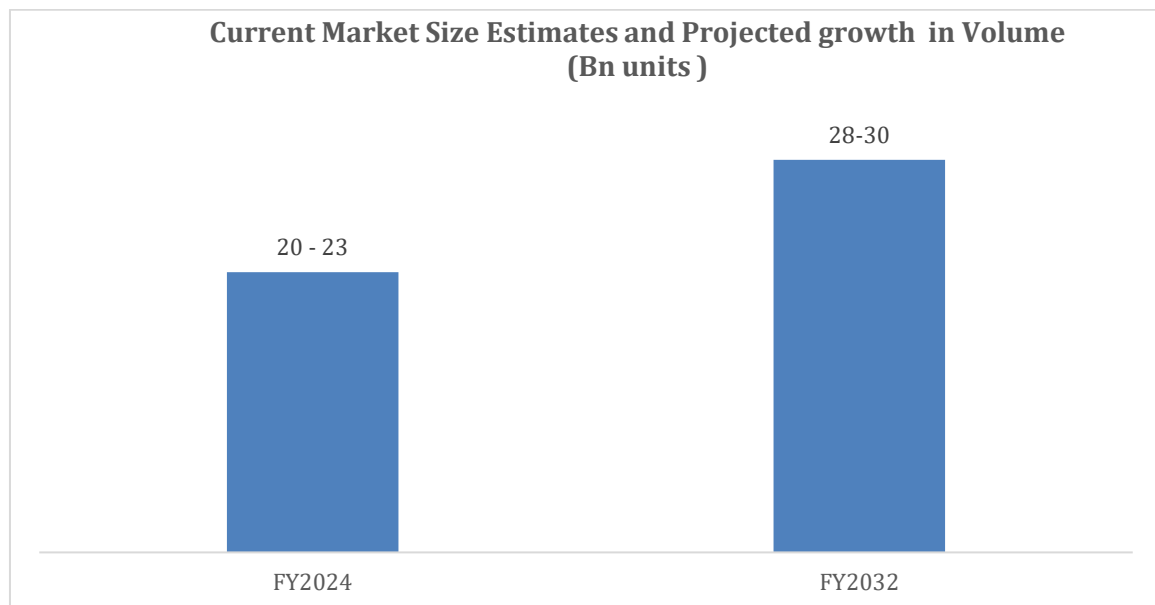
Company Name	Overview
Leetha Group	Established in 1979, the company is one of the Pioneers in Packaging and Printing. It manufactures 100% compostable and biodegradable paper cups that includes Double wall cups, Ripple wall cups, Embossed cups, Single wall hot cups, cold cups 2 Side Coated, Single wall coffee/ teacups, raw material for disposable cups and cup stocks. Approximately 58% of cups exported from India are produced in Leetha. The company is not only serving India, but also outside countries like the UK, US, Ireland, Germany, Singapore, Australia, and many other industries.
Kafka	The company is a manufacturer of disposable food packaging material and raw material. They have a range of 15+ biodegradable eco-friendly disposable products that includes many types of plates, cups, bowls, trays, and takeaway boxes. These disposable cups are made from paper and often coated or coated with plastic or wax to prevent liquid from leaking out or soaking through the paper. Moreover, the company offers wide ranges of paper cups such as single wall paper cup, double wall paper cups, ripple wall kraft paper cup, and dimple textured bubble cup. The company also offer raw materials for disposable paper cups.
Baba Cups	Established in 2010, Baba Cups is one of the leading disposable paper cups and F & B raw material manufacturers based out of the Industrial belt of Central India with operations and supplies in top regions of the world including Asia, Europe, the Middle East, and Africa. Baba cups have multiple specialties in paper cups, paper cups raw material, PE coated reel, metalized aluminum container lids, paper food containers, paper plates, paper food boxes, cardboard cups, paper fans, double wall paper cups, uncoated cup stock paper, metalized duplex board, and paper cup lids. Over the past years, company has evolved and expanded from a mere single machine to now a state-of-the-art infrastructure exporting to 15+ countries with an ever-growing portfolio and around 500 + million cups produced annually in India.

Jagannath Industries Pvt. Ltd.	Jagannath Group, established in 1997, launched its PE Coated Paper division under Jagannath Industries Pvt. Ltd. in 2014. Jagannath Industries is a leading manufacturer and exporter of PE-coated cup stock paper made from virgin LDPE, ideal for producing paper cups and tubs. the company produces 6,000 tons of high-quality paper annually and is continuously expanding its capacity. Their paper, available in 150-350 GSM with single or double-sided PE coating, is supported by advanced facilities, including high-speed coating lines, slitting, sheet cutting, and flexo printing, enabling them to supply up to 1,000 metric tons per month. Their diverse product range includes paper cup sleeves, rolls, bobbins, corrugated and embossed cup sleeves, sugar sachet packaging rolls, barrel kraft paper, tea packaging bags, and more.
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Source: Company Websites

Growth Forecast

The paper cup stock industry is experiencing growth on the back of the Indian disposable paper cups and glasses sector which currently stands at approximately 20-23 billion units during FY2024, with projections indicating growth to 28-30 billion units by FY2032. This represents a robust compound annual growth rate (CAGR) of 3 – 4 %. This growth is primarily fuelled by increasing consumer awareness regarding the environmental consequences of plastic disposables and a rising demand for sustainable, eco-friendly alternatives.



Sources:⁷ Dun & Bradstreet Insight Based on Syndicated Research Report

⁷ Dun & Bradstreet research based on Insighted from Syndicated Research Report available in public domain

Several key sectors are driving this market expansion, notably the rapidly evolving food and beverage (F&B) industry, along with the proliferation of cafes, restaurants, and food delivery services. These sectors are not only catering to consumer preferences for convenience and hygiene but are also generating significant employment opportunities throughout the supply chain, from manufacturing to retail. Government policies aimed at promoting sustainable practices—particularly the ban on single-use plastics—have significantly accelerated demand for disposable paper products. These regulations have led to a shift towards eco-friendly alternatives, reinforcing the market's growth while also contributing positively to environmental preservation. The organized retail sector plays a crucial role in this expansion, improving product availability in supermarkets and hypermarkets, thus enhancing consumer access to sustainable options.

Additionally, the on-the-go and takeaway culture, along with rising disposable incomes, has intensified interest in custom-designed paper cups, allowing businesses to cater to diverse consumer preferences. Technological advancements in paper cup manufacturing, including enhanced design and printing capabilities, have further supported this trend. The availability of high-quality raw materials such as paper and food-grade coatings are essential for producing reliable and aesthetically pleasing products. Furthermore, the growth of organized waste management and recycling facilities, particularly in urban and semi-urban areas, is addressing the increased consumer demand for sustainable, convenient, and hygienic disposable solutions. This ecosystem fosters environmental sustainability and contributes to job creation, supporting local economies and promoting a circular economy where recycled materials are reintegrated into the production process.

Company Overview:

Aaradhya Disposal Industries Limited, established in 2014 in Gwalior, Madhya Pradesh, is a leading manufacturer and trader of high-quality paper products. The company specializes in producing eco-friendly items such as paper cups, paper cup blanks (PE, PLA, and barrier coated), and a wide range of food-grade papers, including greaseproof paper, vegetable parchment paper, and TDL poster paper. Over the past decade, Aaradhya Disposal Industries has built a strong reputation for delivering premium products to both domestic and international markets, earning its place as a prominent name in the paper products industry.

The company utilizes top-grade raw materials sourced from industry leaders such as ITC, Century, Nippon, and West Coast. Its product portfolio also includes poly-coated paper rolls, embossed ripple wallpaper fans, and multi-color paper fans. Backed by a skilled team of quality, the company continues to expand its global reach and deliver eco-friendly paper solutions tailored to the needs of its customers.

Financial Performance Analysis

Key Indicators (INR Million)	FY 2024	FY 2023	FY 2022
Revenue from Operations	740.16	841.46	709.16
EBITDA	97.66	59.87	55.49
PAT	46.40	21.33	12.90
EBITDA Margin (%)	13.19%	7.12%	7.83%
PAT Margin (%)	6.27%	2.54%	1.82%
ROA	6.56%	3.48%	2.52%
ROCE	29.08%	17.57%	19.35%
Net Worth	176.01	129.61	108.28
Long-term Debt	112.10	126.80	57.66
Debt Equity Ratio	0.64	0.98	0.53
Return on Equity	26.36%	16.46%	11.92%

Aradhya Disposable has demonstrated significant financial improvements from FY 2022 to FY 2024. Revenue from operations peaked at INR 841.46 million in FY 2023 before slightly declining to INR 740.16 million in FY 2024. The EBITDA increased consistently, reaching INR 97.66 million in FY 2024, with the EBITDA margin improving to 13.19%. Similarly, Profit After Tax witnessed remarkable growth, rising from INR 12.90 million in FY 2022 to INR 46.40 million in FY 2024, with the PAT margin reaching 6.27%. The company also achieved stronger financial efficiency, with ROA increasing to 6.56% and ROCE significantly improving to 29.08% in FY 2024. Net worth expanded from INR 108.28 million in FY 2022 to INR 176.01 million in FY 2024, while the debt-equity ratio reduced from 0.98 in FY 2023 to 0.64 in FY 2024, reflecting better debt management. Return on equity surged to an impressive 26.36%, showcasing enhanced profitability and shareholder returns. Overall, the company displayed robust growth and financial stability.