Industry Coverage:

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

21st July, 2025

Disclaimer

*This study has been undertaken through extensive secondary research, which involves compiling inputs from publicly available sources, including official publications and research reports. Estimates provided by Dun & Bradstreet ("**Dun & Bradstreet**") and its assumptions are based on varying levels of quantitative and qualitative analysis including industry journals, company reports and information in the public domain.*

Dun & Bradstreet has prepared this study in an independent and objective manner, and it has taken all reasonable care to ensure its accuracy and completeness. We believe that this study presents a true and fair view of the industry within the limitations of, among others, secondary statistics, and research, and it does not purport to be exhaustive. The results that can be or are derived from these findings are based on certain assumptions and parameters/conditions. As such, a blanket, generic use of the derived results or the methodology is not encouraged.

Forecasts, estimates, predictions, and other forward-looking statements contained in this report are inherently uncertain because of changes in factors underlying their assumptions, or events or combinations of events that cannot be reasonably foreseen. Actual results and future events could differ materially from such forecasts, estimates, predictions, or such statements.

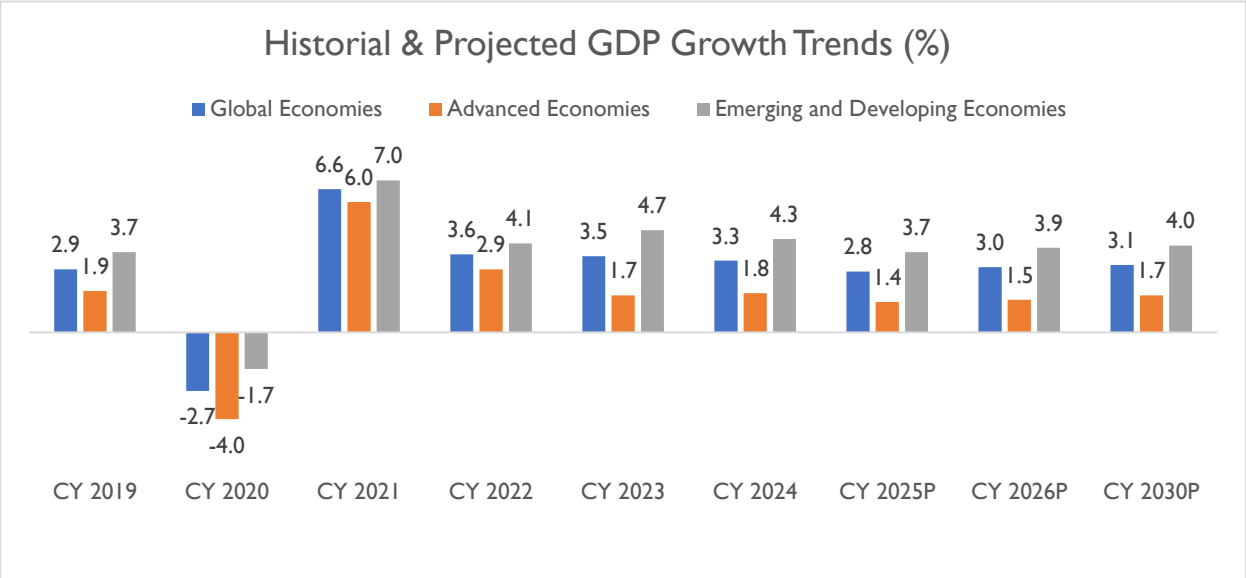
The recipient should conduct its own investigation and analysis of all facts and information contained in this report is a part and the recipient must rely on its own examination and the terms of the transaction, as and when discussed. The recipients should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

Contents

Global Macroeconomic Landscape

Global Economic Overview

The global economy, which recorded GDP growth at 3.3% in CY 2024, is expected to show resilience at 2.8% in CY 2025. This marks the slowest expansion since 2020 and reflects a -0.5%point downgrade from January 2025 forecast. Moreover, the projection for CY 2026 has also reduced to 3.0%. This slowdown is majorly attributed due to numerous factors such as high inflation in many economies despite central bank effort to curb inflation, continuing energy market volatility driven by geopolitical tensions particularly in Ukraine and Middle East, and the re-election of Donald Trump as US President extended uncertainty around the trade policies as well as overall global economic growth. High inflation and rising borrowing costs affected the private consumption on one hand while fiscal consolidation impacted the government consumption on the other hand. As a result, global GDP growth is estimated to moderation by 2.8% in CY 2025 as compared to 3.3% in CY 2024.



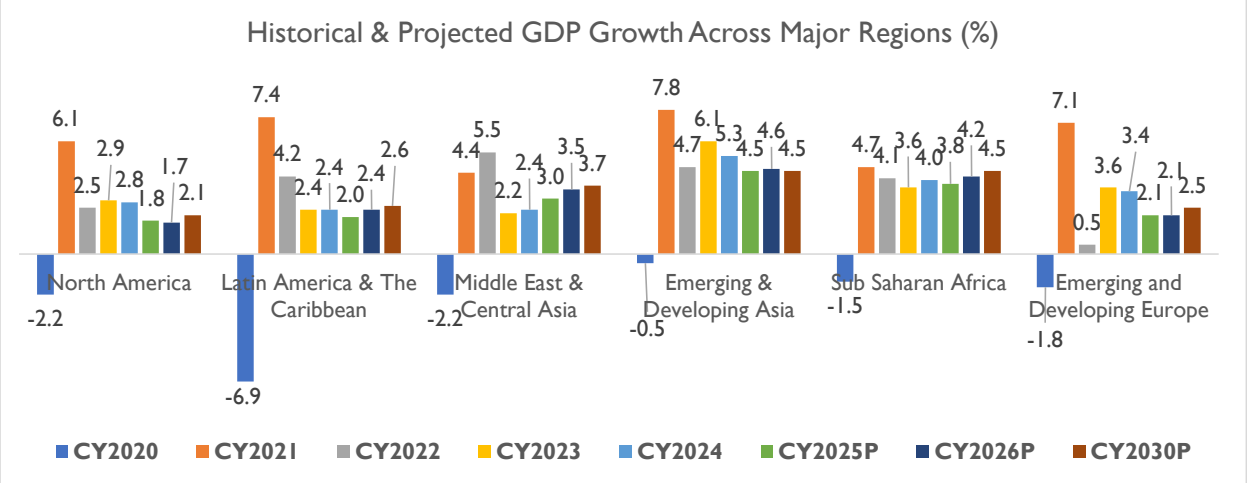
Source – IMF Global GDP Forecast Release April 2025

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.)

Historical and Projected GDP Growth

GDP growth across major regions exhibited a mixed trend between 2022-23, with GDP growth in many regions including North America, Emerging and Developing Asia, and Emerging and Developing Europe slowing further in 2024. In 2025, GDP growth rate in Emerging and Developing Asia (India, China, Indonesia, Malaysia, etc.) is expected to moderate further to 4.5% from 5.3% in the previous

year, while in the North America, it is expected to moderate to 1.8% in CY 2025 from 2.8% in CY 2024.



Source-IMF World Economic Outlook April 2025 update.

Except Middle East & Central Asia, all other regions like Emerging and Developing Asia, Emerging and Developing Europe, Latin America & The Caribbean, Sub Saharan Africa and North America, are expected to record a moderation in GDP growth rate in CY 2025 as compared to CY 2024. Further, growth in the United States is expected to come down at 2.71% in CY 2025 from 2.80% in CY 2024 due to lagged effects of monetary policy tightening, gradual fiscal tightening, and a softening in labour markets slowing aggregate demand.

Global Economic Outlook

The global economy is navigating a period of exceptional uncertainty. Policy shifts, particularly those reshaping trade, have alarmed financial markets and bruised business sentiment. The U.S.'s reciprocal tariffs, which represent additional costs for businesses from almost all countries with which the U.S. trades, charge trade partners an import duty at a discounted rate of approximately half the rate that the trade partner currently imposes on the U.S. According to U.S. President Donald Trump, reciprocal tariffs, ranging from 10% to 50%, are meant to address trade barriers limiting U.S. exports. The *effective* tariff rate includes other tariffs imposed at an earlier date and cumulatively may now be higher than duties charged on U.S. imports. It is unclear whether the reciprocal tariffs represent a negotiating tool, and may therefore be temporary, or form part of broader long-term protectionist measures and industrial strategy.

Responses to reciprocal tariffs have been varied, with some economies promising swift countermeasures. More than 50 markets have sought negotiations with the US. While Malaysia is seeking a united response across ASEAN, the Chinese Mainland has retaliated with duties on all imports from the U.S., declaring it will "fight to the end". In early April 2025, the U.S. confirmed the most aggressive steps yet, with a cumulative 145% tariff on some products imported from the Chinese Mainland. Brazil has readied itself by passing a bill allowing for retaliation, Australia has ruled out

retaliatory levies, and the EU remains open to negotiation while preparing a package of countermeasures.

Tariffs and their unpredictable application have weighed on consumer and business sentiment, sunk global stock markets, raised recession risks, and made a global slowdown more likely. Our latest Global Business Optimism Insights report indicates a further decline in business optimism as firms continue to grapple with trade-related policy uncertainty and its broader economic implications. Export-driven sectors reported sharp declines in optimism. Financial risk perceptions remain elevated as businesses contend with high borrowing costs and persistent inflation expectations. More broadly, the uncertainty is reflected in delayed capital expenditure and a pullback in hiring.

Tariffs have begun to exert pressure on central banks by contributing to inflationary pressures and increasing financial market volatility. Central banks are adjusting forward guidance and policy frameworks and may begin to consider the likelihood of softer growth being a bigger priority than high inflation by starting to cut interest rates to support economies. For businesses, this uncertainty translates into unpredictable cost structures, fluctuating credit availability, and the management of operational costs through diversified supply networks.

The latest Dun & Bradstreet Global Business Optimism Insights report reveals a further decline in business optimism, though at a more moderate pace than in the prior quarter, as businesses continued to grapple with trade-related policy uncertainty and its broader economic implications. Export-driven sectors such as automotives, electricals, and metals saw sharp declines in optimism, particularly in the U.S., Mexico, South Korea, and Japan, where rising tariffs and shifting trade policies have fueled cost pressures and demand volatility. Financial risk perceptions remain elevated.

Global Growth Projection

At broader level, the global economy is expected to experience a slowdown in 2025, with GDP growth projected to decline to 2.8%, down from 3.3% in 2024. This deceleration reflects persistent inflationary pressure, geopolitical uncertainties and tightened monetary policies. However, a sightly recovery is anticipated in 2026, with growth projected to improve to 3.0%. Global inflation is expected to decline steadily, to 4.3% in 2025 and to 3.6% in 2026. Inflation is projected to converge back to the target earlier in advanced economies, reaching 2.2% in 2026, whereas in emerging market and developing economies, it is anticipated to decrease to 4.6% during the same period. Trade tariffs function as a supply shock for the countries imposing them, leading to a decrease in productivity and an increase in unit costs. Countries subject to tariffs experience a negative demand shock as export demand declines, placing downward pressure on prices. In each scenario, trade uncertainty introduces an additional layer of demand shock since businesses and households react by delaying investment and spending, and this impact could be intensified by stricter financial conditions and heightened exchange rate volatility. Moreover, Global trade growth is expected to slow down in 2025 to 1.7%. This forecast

reflects increased tariff restrictions affecting trade flows and, to a lesser extent, the waning effects of cyclical factors that have underpinned the recent rise in goods trade. Geopolitical tensions as seen in the past such as the wars in Ukraine and the Middle East could exacerbate inflation volatility, particularly in energy and agricultural commodities.

India Macroeconomic Analysis

India emerged as one of the fastest growth economies amongst the leading advanced economies and emerging economies. In CY 2024, 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 and is expected to grow by 6.2% in CY 2025 and 6.3% in CY 2026.

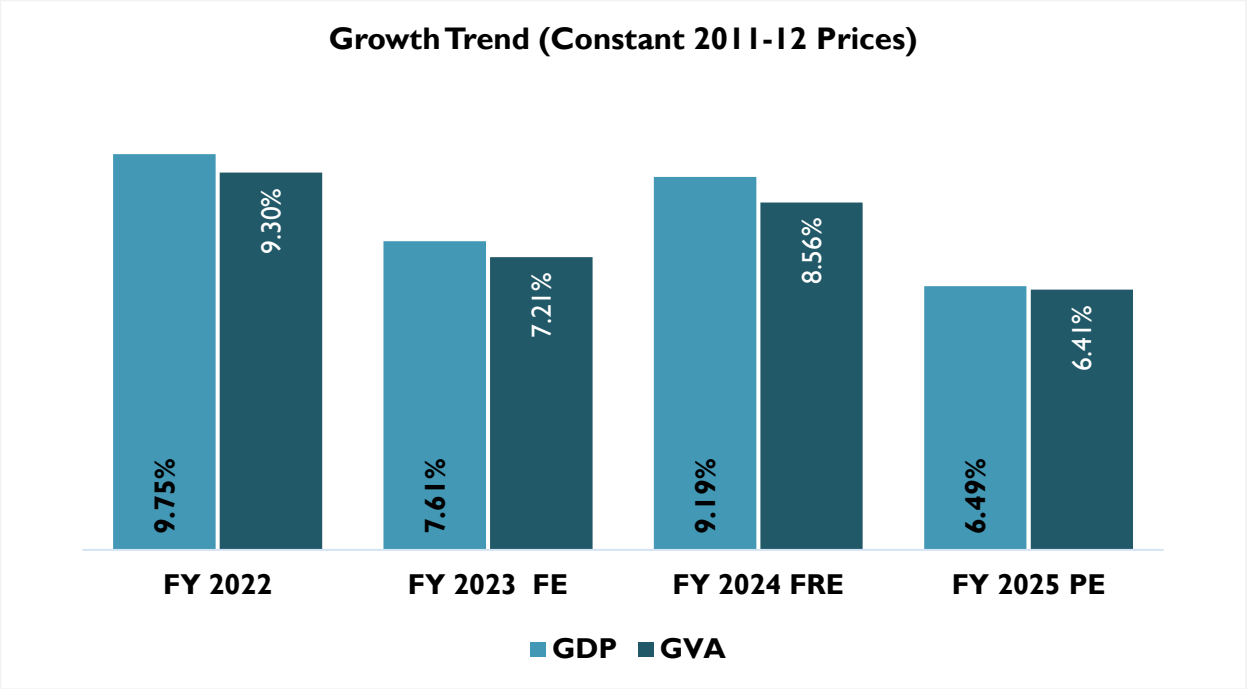
Country	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	CY 2026 P	CY 2030 P
India	–5.8%	9.7%	7.6%	9.2%	6.5%	6.2%	6.3%	6.5%
China	2.3%	8.6%	3.1%	5.4%	5.0%	4.0%	4.0%	3.4%
United States	-2.2%	6.1%	2.5%	2.9%	2.8%	1.8%	1.7%	2.1%
Japan	-4.2%	2.7%	0.9%	1.5%	0.1%	0.6%	0.6%	0.5%
United Kingdom	-10.3%	8.6%	4.8%	0.4%	1.1%	1.1%	1.4%	1.4%
Russia	-2.7%	5.9%	-1.4%	4.1%	4.1%	1.5%	0.9%	1.2%

Source: World Economic Outlook, April 2025

The Government stepped spending on infrastructure projects to boost the economic growth had a positive impact on economic growth. The capital expenditure of the central government increased by average 26.52% during FY 2023-24 which slowed to 7.27% in FY 2025 which is expected to translate in moderating GDP growth of 6.5% in 2024. In the Union Budget 2025-2026, the government announced INR 11.21 trillion capex on infrastructure (10.12% higher than previous year revised estimates) coupled with INR 1.5 trillion in interest-free loans to states. This has provided much-needed confidence to the private sector, and in turn, expected to attract the private investment.

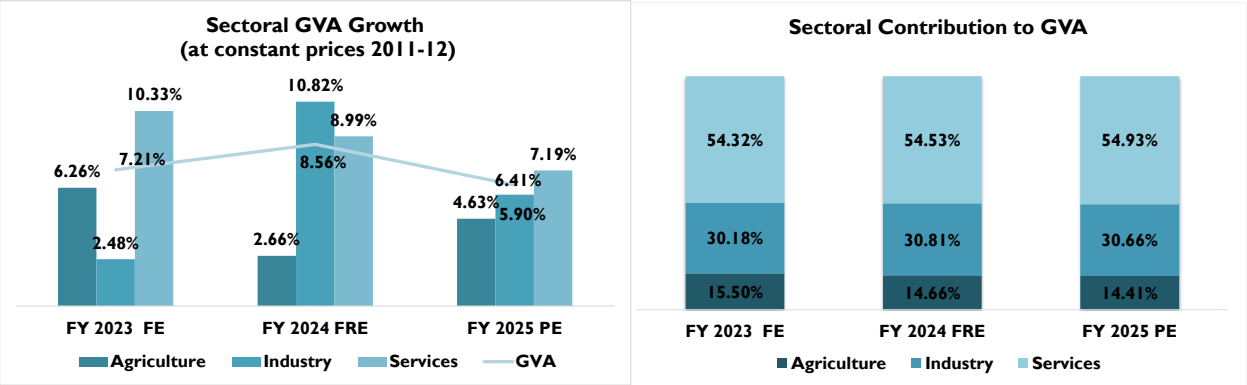
Historical GDP and GVA Growth trend

As per the latest estimates, India's GDP at constant prices is estimated to grow to INR 187.96 trillion in FY 2025 (Provisional Estimates) with the real GDP growth rates estimated to be 6.49% for FY 2025. Similarly, real Gross Value Added (GVA) growth stood is estimated to have moderated to 6.41% in FY 2025. Even amidst global economic uncertainties, India's economy exhibited resilience supported by robust consumption and government spending.



Source: Ministry of Statistics & Programme Implementation (MOSPI), National Account Statistics: FY2025.
FE is Final Estimates, FRE is First Revised Estimate and PE is Provisional Estimates

Sectoral Contribution to GVA and annual growth trend



Source: Ministry of Statistics & Programme Implementation (MOSPI)
FE is Final Estimates, FRE is First Revised Estimate and PE is Provisional Estimates

Sectoral analysis of GVA reveals that the industrial sector experienced a moderation in FY 2025, recording a 5.90% y-o-y growth against 10.82% year-on-year growth in FY 2024. Within the industrial sector, growth moderated across sub sector with mining, manufacturing, and construction activities growing by 2.69%, 4.52%, and 9.35% respectively in FY 2025, compared to 3.21%, 12.30%, and 10.41% in FY 2024. Growth in the utilities sector too moderated to 6.03% in FY 2025 from 8.64% in the previous year. The industrial sector's contribution to GVA moderated marginally from 30.81% in FY 2024 to 30.66% in FY 2025.

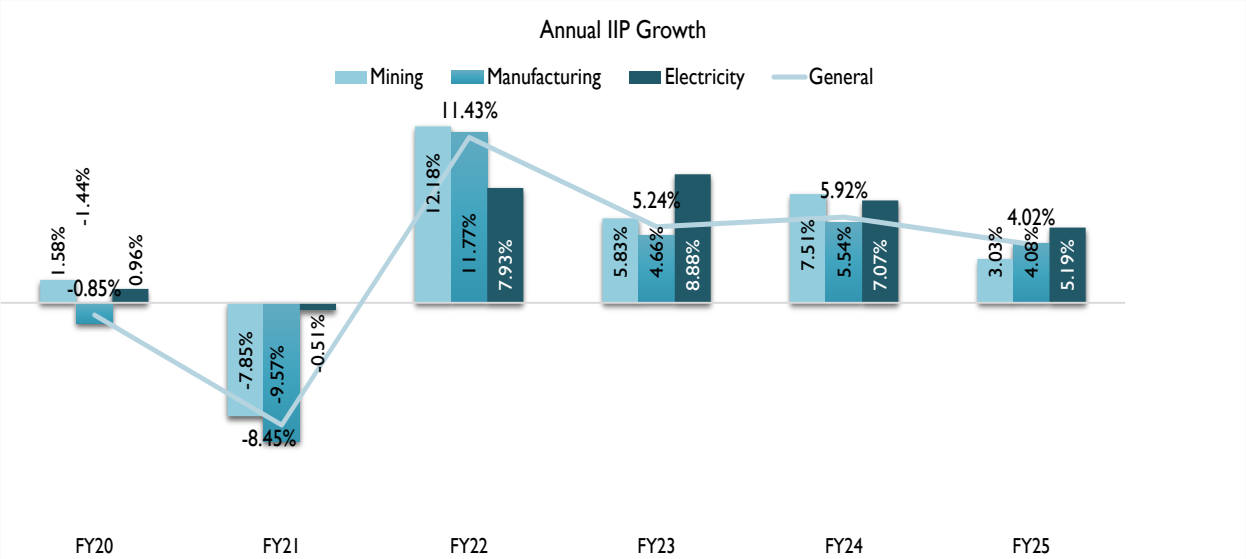
The services sector continued to be the main driver of economic growth, although its pace moderated. It expanded by 7.19% in FY 2025 from 8.99% in FY 2024. The services sector retained its position as

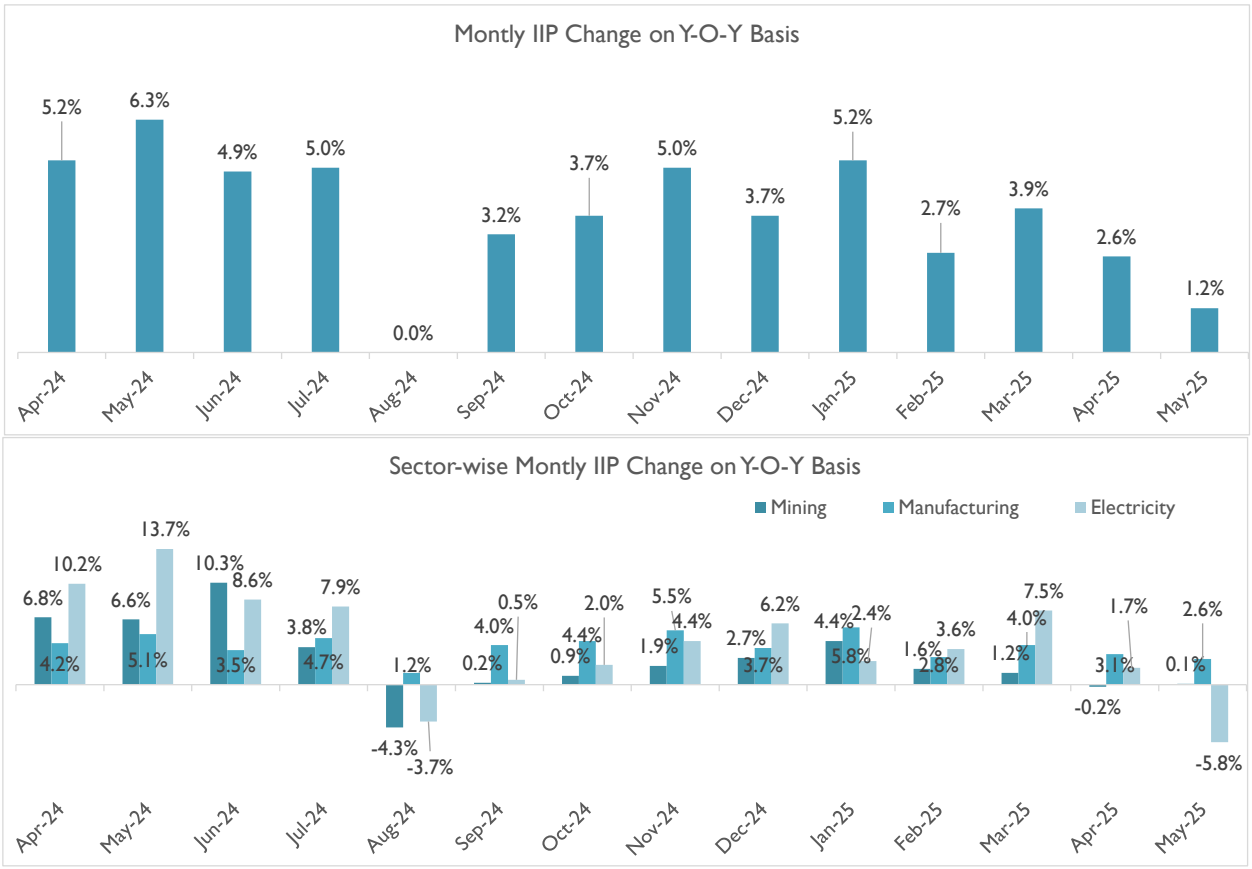
the largest contributor to GVA, rising from 54.32% in FY 2023 to 54.53% in FY 2024, with a further increase to 54.93% in FY 2025.

The agriculture sector saw an acceleration, with growth increasing from 2.66% in FY 2024 to 4.63% in FY 2025. However, its contribution to GVA declined marginally from 14.66% in FY 2024 to 14.41% in FY 2025. Overall, Gross Value Added (GVA) growth moderated to 6.41% in FY 2025 from 8.56% in FY 2024

Annual & Monthly IIP Growth

Industrial sector performance as measured by IIP index exhibited moderation in FY 2025, recording a 4.02% y-o-y growth against 5.92% increase in the previous year. The manufacturing index showed moderation and grew by 4.08% in FY 2025 against 5.54% in FY 2024. Mining sector index too moderated and exhibited a growth of 3.03% in FY 2025 against 7.51% in the previous years while the Electricity sector Index, also witnessed moderation of 5.19% in FY 2024 against 7.07% in the previous year.



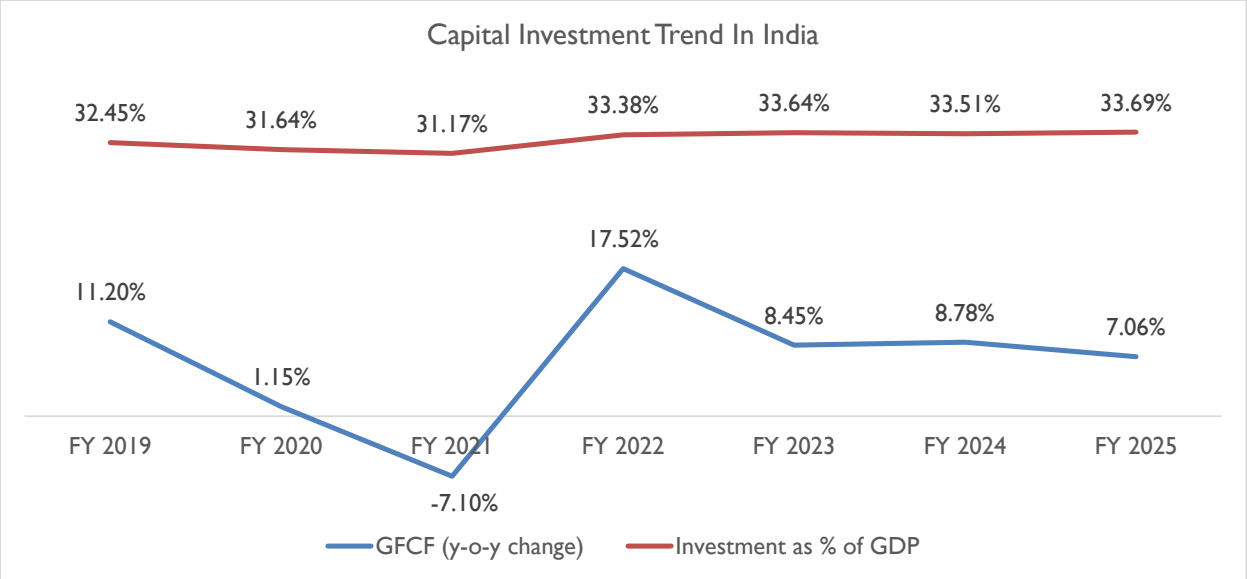


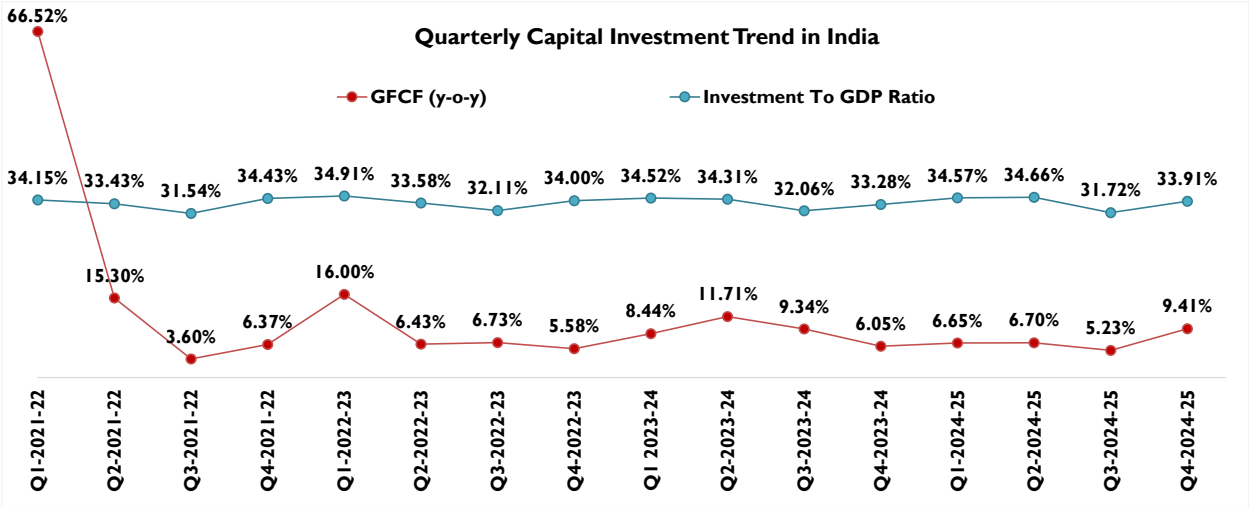
Source: Ministry of Statistics & Programme Implementation (MOSPI)

The IIP growth rate for the month of May 2025 is 1.2% which was 2.6% in the month of April 2025. The growth rates of the three sectors, Mining, Manufacturing and Electricity for the month of May 2025 are (-)0.1%, 2.6% and (-)5.8% respectively.

Annual and Quarterly: Investment & Consumption Scenario

Other major indicators such as Gross fixed capital formation (GFCF), a measure of investments, has shown fluctuation during FY 2025 as it registered 7.06% year-on-year growth against 8.78% yearly growth in FY 2024, taking the GFCF to GDP ratio measured to 33.69%.

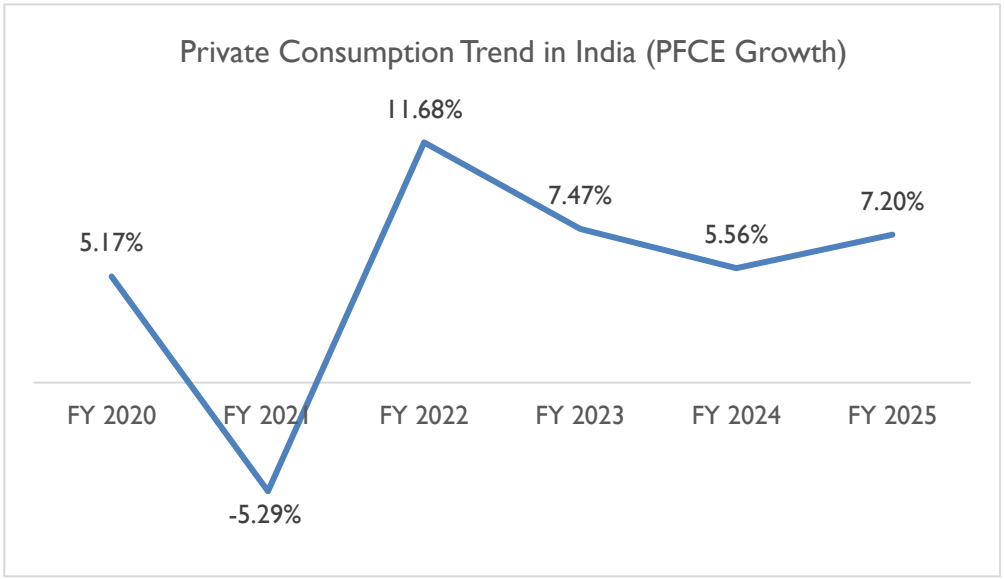


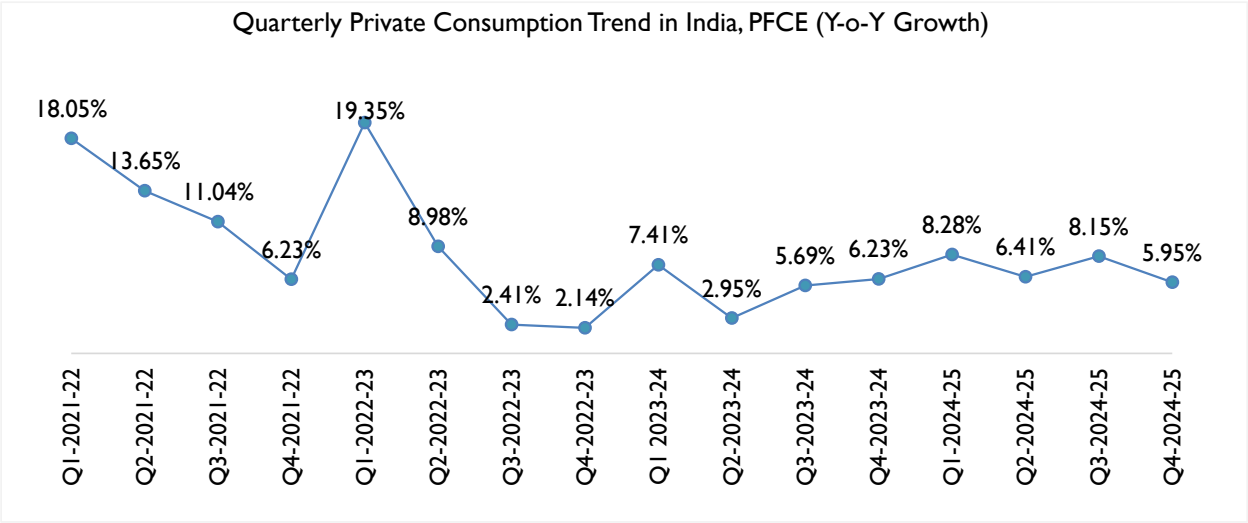


Source: Ministry of Statistics & Programme Implementation (MOSPI)

On quarterly basis, GFCF exhibited a fluctuating trend in quarterly growth over the previous year same quarter. In FY 2024, the growth rate moderated to 6.05% in March quarter against the previous two quarter as government went slow on capital spending amidst the 2024 general election while it observed an improvement in Q1 FY 2025 by growing at 6.65% against 6.05% in the previous quarter and moderated in the subsequent two quarter. On yearly basis, the growth rate remained lower compared to the same quarter in the previous year during FY 2025. The GFCF to GDP ratio measured 33.91% in Q4 FY 2025.

Private Consumption Scenario





Sources: MOSPI

Private Final Expenditure (PFCE) a realistic proxy to gauge household spending, observed growth in FY 2025 as compared to FY 2024. However, quarterly data indicated some improvement in the current fiscal as the growth rate improved over the corresponding period in the last fiscal.

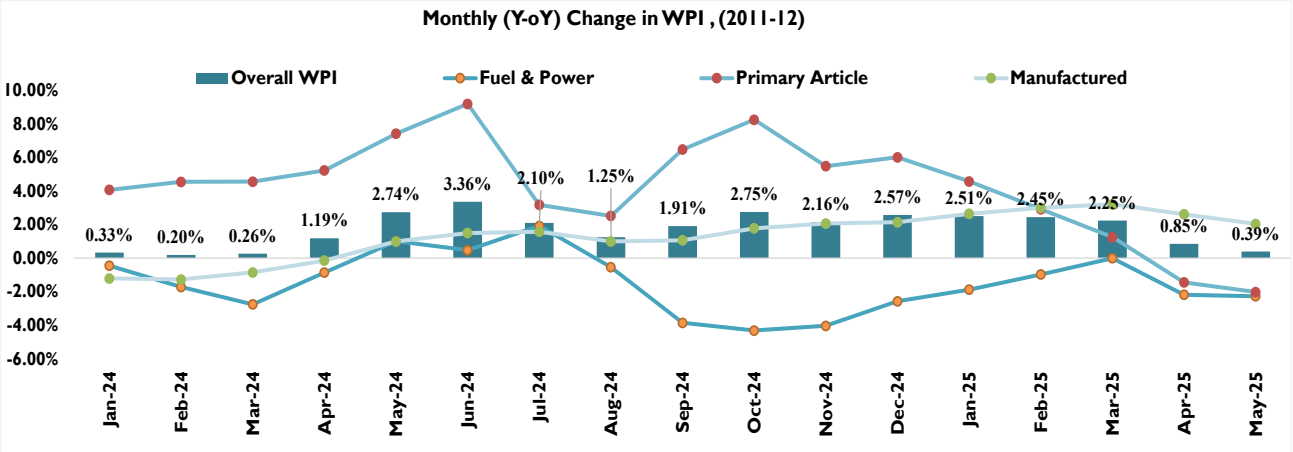
Inflation Scenario

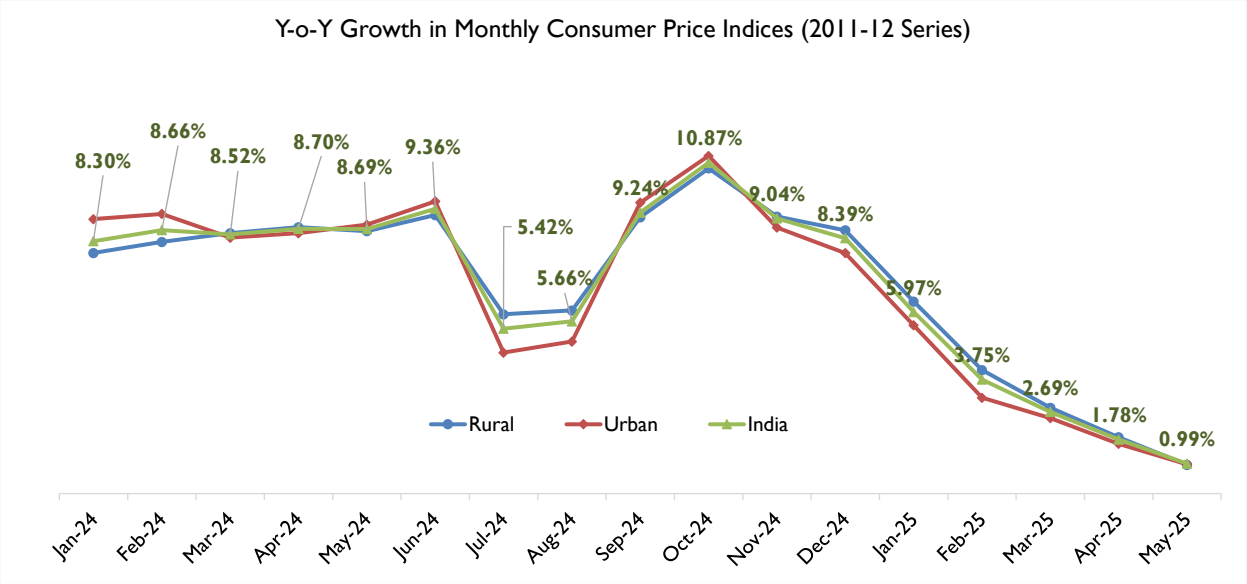
The inflation rate based on India's Wholesale Price Index (WPI) exhibited significant fluctuations across different sectors from January 2024 to May 2025. The annual rate of inflation based on All India Wholesale Price Index (WPI) number is 0.39% (provisional) for the month of May 2025 (over May 2024). Positive rate of inflation in May 2025 is primarily due to increase in prices of manufacture of food products, electricity, other manufacturing, chemicals and chemical products, manufacture of other transport equipment and non-food articles etc.

By May 2025, Primary Articles (Weight 22.62%), The index for this major group decreased by 0.05 % to 184.3 (provisional) in May 2025 from 184.4 (provisional) for the month of April 2025. Price of minerals (-7.16%) and non-food articles (-0.63%) decreased in May 2025 as compared to April 2025. The price of food articles (0.56%) increased in May 2025 as compared to April 2025.

Moreover, power & fuel, the index for this major group declined by 0.95% to 146.7 (provisional) in May 2025 from 148.1 (provisional) for the month of April 2025. Price of mineral oils (-2.06%) decreased in May 2025 as compared to April 2025. The price of coal (0.81%) and electricity (0.80%) increased in May 2025 as compared to April 2025.

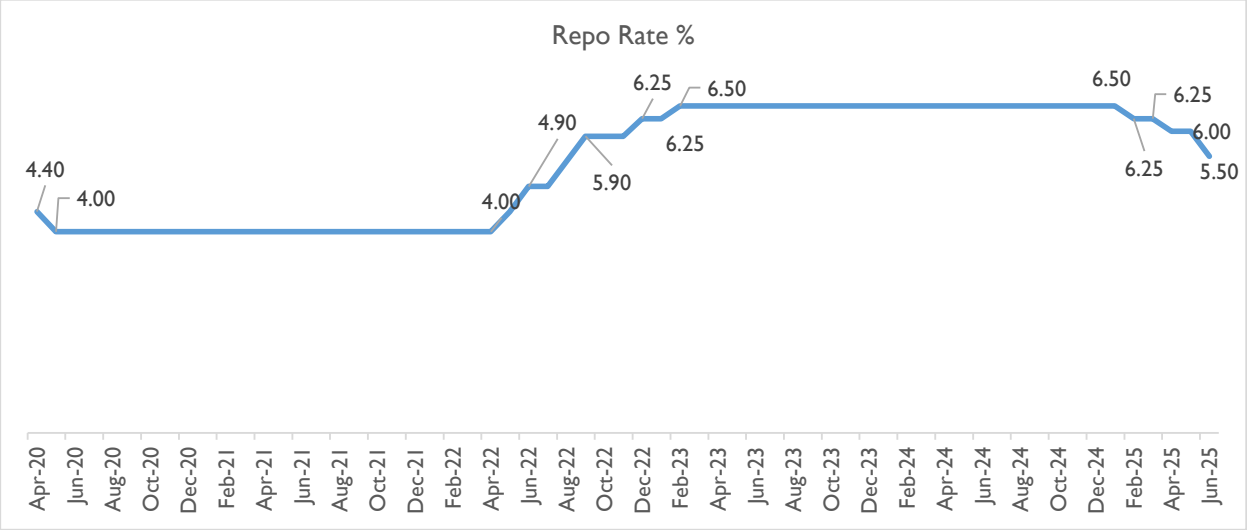
Furthermore, Manufactured Products (Weight 64.23%), The index for this major group remained unchanged at 144.9 (Provisional) in May 2025. Out of the 22 NIC two-digit groups for manufactured products, 10 groups witnessed an increase in prices, 9 groups witnessed a decrease in prices and 3 groups witnessed no change in prices. Some of the important groups that showed month-over-month increase in prices were other manufacturing; manufacture of other non-metallic mineral products; computer, electronic and optical products; pharmaceuticals, medicinal chemical and botanical products and textiles etc. Some of the groups that witnessed a decrease in prices were manufacture of food products, basic metals; rubber and plastics products, chemical and chemical products and electrical equipment etc. in May 2025 as compared to April 2025.





Source: MOSPI, Office of Economic Advisor

Retail inflation rate (as measured by the Consumer Price Index) in India showed notable fluctuations between January 2024 and May 2025. Overall, the national CPI inflation rate moderated to 0.99% by May 2025, indicating a gradual easing of inflationary pressures across both rural and urban areas. Rural CPI inflation peaked at 10.69% in October 2024, declining to 0.95 % in May 2025. Urban CPI inflation followed a similar trend, rising to 11.09% in October 2024 and then dropping to 0.96% in May 2025. CPI measured above 6.00% tolerance limit of the central bank since July 2023. As a part of an anti-inflationary measure, the RBI has hiked the repo rate by 250 bps since May 2022 and 8 Feb 2023 while it held the rate steady at 6.50 % till January 2025. On 6th June 2025, RBI reduced the repo rate by 50 basis points which currently stands at 5.50%.



Sources: CMIE Economic Outlook

Growth Outlook

The Union Budget 2025-26 has laid the foundation for sustained growth by balancing demand stimulation, investment promotion and inclusive development. Inflation level is reaching within the central bank's target; the RBI may pursue further monetary easing that will support growth. The medium-term outlook is bright, fueled by the emphasis on physical and digital infrastructure spending. With a focus on stimulating demand, driving investment and ensuring inclusive development, the budget introduces measures such as tax relief, increased infrastructure spending and incentives for manufacturing and clean energy. These initiatives aim to accelerate growth while maintaining fiscal discipline, reinforcing India's long-term economic resilience. The expansion of tax relief i.e zero tax liability for individuals earning up to INR 12 lacs annually under the new tax regime is expected to strengthen household finances and, consequently, boost consumption.

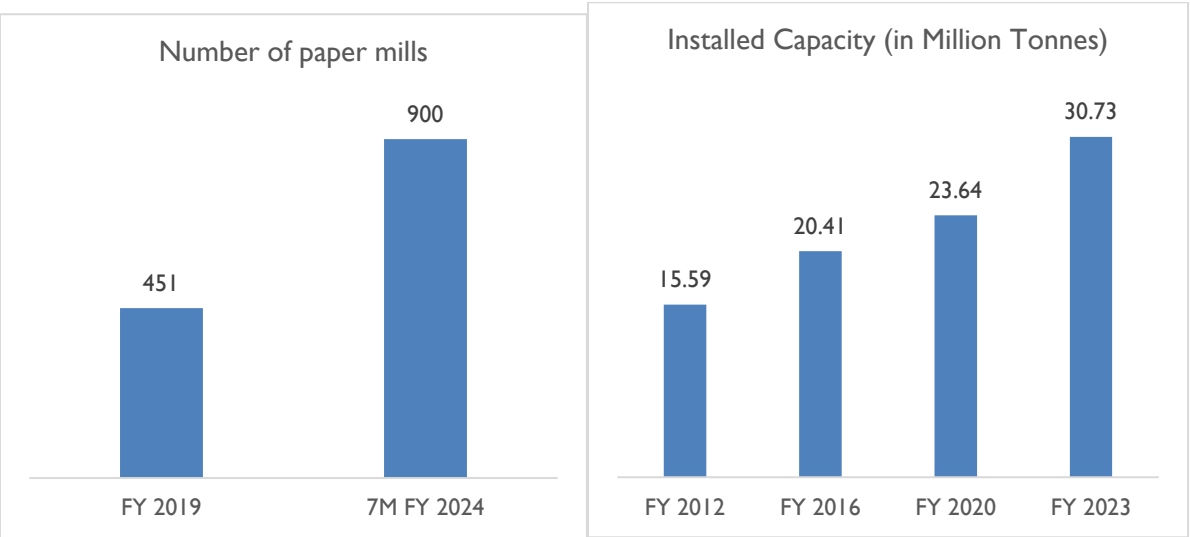
The external sector remains resilient, and key external vulnerability indicators continue to improve. However, tariff-related uncertainty is likely to weigh on exports and investment, prompting us to cut our FY26 GDP growth forecast to 6.3%.

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

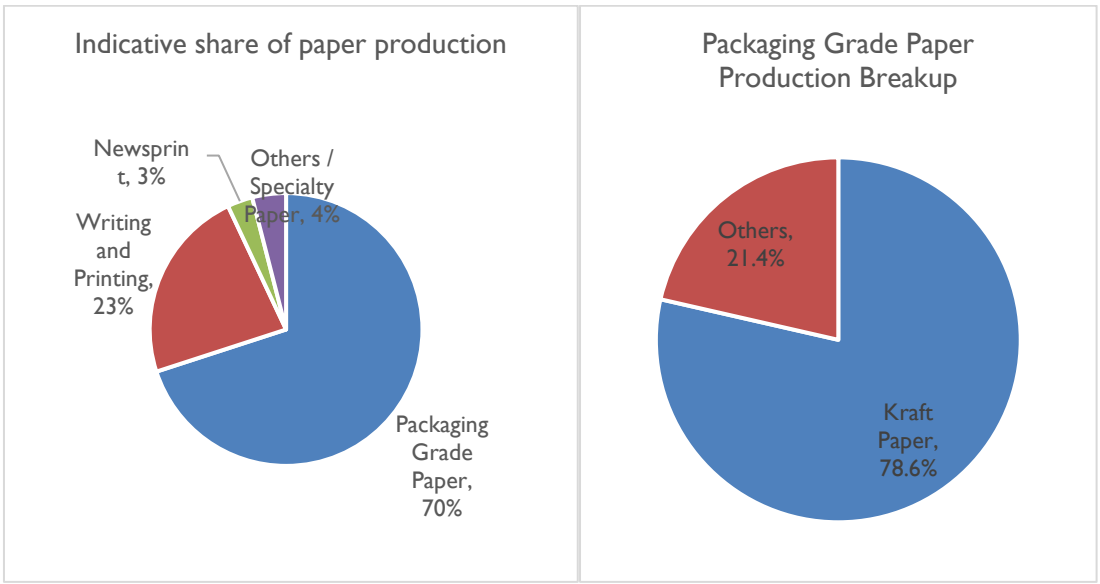
According to industry sources, the paper & pulp industry has an estimated 900 paper mills, of which 550 are operational. The collective installed capacity stands at an estimated 30.73 million tonnes, portraying the industry's robust and expansive presence.

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

Specialty Paper	Tissue Paper, tissue paper/hygiene paper, insulation paper, filter paper, greaseproof paper, absorbent paper for laminates,

On account of being an eco-friendly and biodegradable product, packaging grade paper including kraft paper and duplex paper/board dominates the sector with 70% of total production where kraft paper alone is estimated to contribute nearly 55% share. Writing & printing paper accounts for approximately 23% of the total paper produced in India. Newsprint accounts for about 3% of the paper produced in the country. Other varieties produced in the country include tissue paper/hygiene paper, insulation paper, filter paper, greaseproof paper, absorbent paper for laminates, etc which together contributed nearly 4% share of the total paper production.



Source: Department for Promotion of Industry and Internal Trade Annual Report 2022-23, D&B Estimates

Paper Cup Stocks and Food Grade Papers

Within the paper industry, the Food Service Packaging industry, a key segment of the Paper and Packaging sector, is experiencing heightened demand for sustainable solutions. In the paper and pulp industry, paper cup stock accounts for approximately 2% of the market. This raw material is specifically used for producing paper cups. Typically, paper cup stock is a type of paperboard or paper laminate that is designed to be water-resistant, making it suitable for containing liquids. To enhance the cups' resistance to liquids, the paper cup stock is often coated with a thin layer of polyethylene (PE) or a similar material. This coating acts as a barrier against moisture and helps prevent leaks. Paper cup stocks with different grades and varieties are designed for food service applications, ensuring safe direct contact, durability, and environmental friendliness. As businesses increasingly move away from plastic, paper-based packaging is emerging as a preferred alternative in retail and food services. Below listed are variety for cup stocks and food grade paper that are being used in the food and beverages segment.

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 cups 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
•This involves sourcing the primary raw materials, such as wood, pulp, adhesives, inks and coatings	•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	•Print customization is followed by protective coating, often Polyethylene (PE) or a biodegradable option, is applied to make the paper moisture-resistant	•The coated paper is die-cut into cup shapes and then formed into the final cup structure	•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

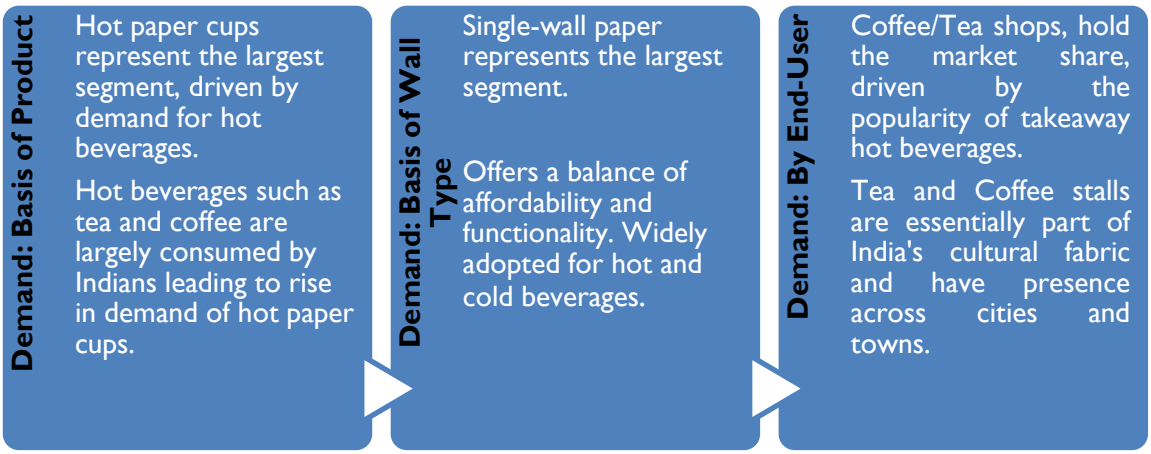
The demand of paper cub stocks is dependent on the disposable cups demand in the market and the evolution of disposable paper cups and glasses in India traces its origins to modest beginnings, when the concept of single-use tableware was relatively novel. In a country where street-side tea stalls, bustling 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.[1] 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 1 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 estimated to value at 17.54 billion USD in 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.

[1] 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 individuals[2], 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.[3] 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

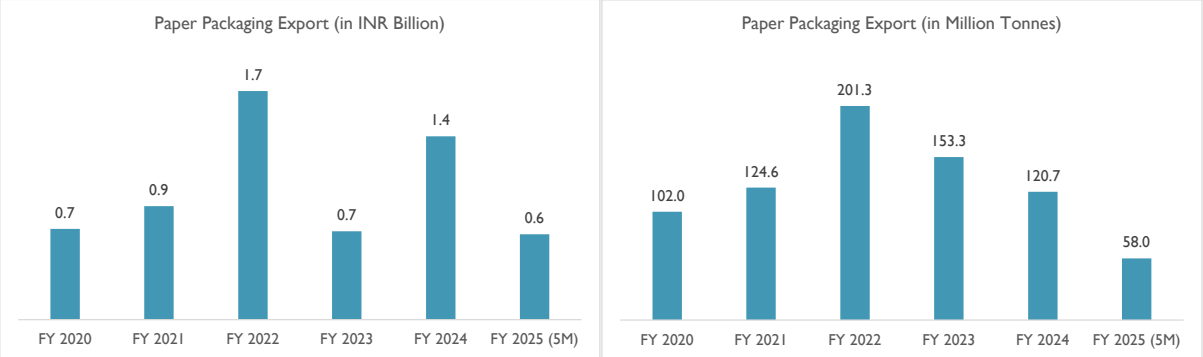
[2] Business World - Rise and Evolution of Coffee Culture in India
[3] NRAI - The India Food Services Report-2024

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 Scenario[4]

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

[4] 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)

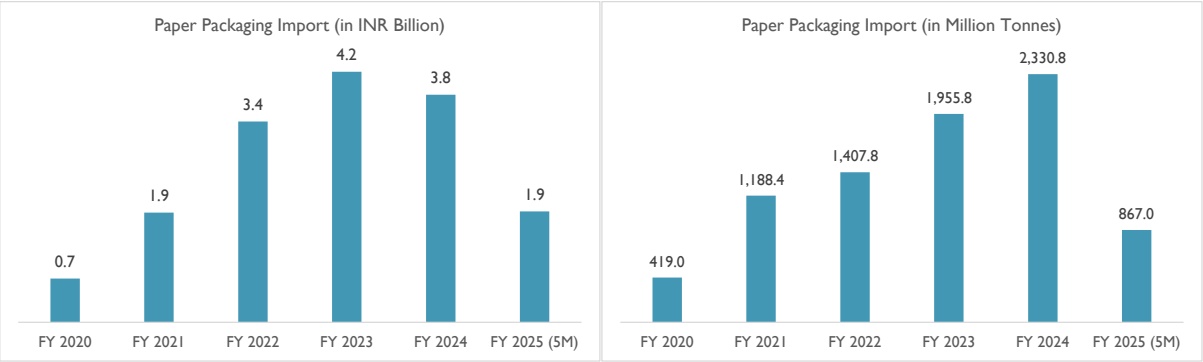
evolving landscape for paper exports. The data for FY 2025 (the first 5 months) shows exports reaching INR 0.6 billion and 58.0 million tonnes in value and volume, indicating that while there is a steady flow of exports, the total annual figures may not meet the high levels seen in FY 2022 if the current 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

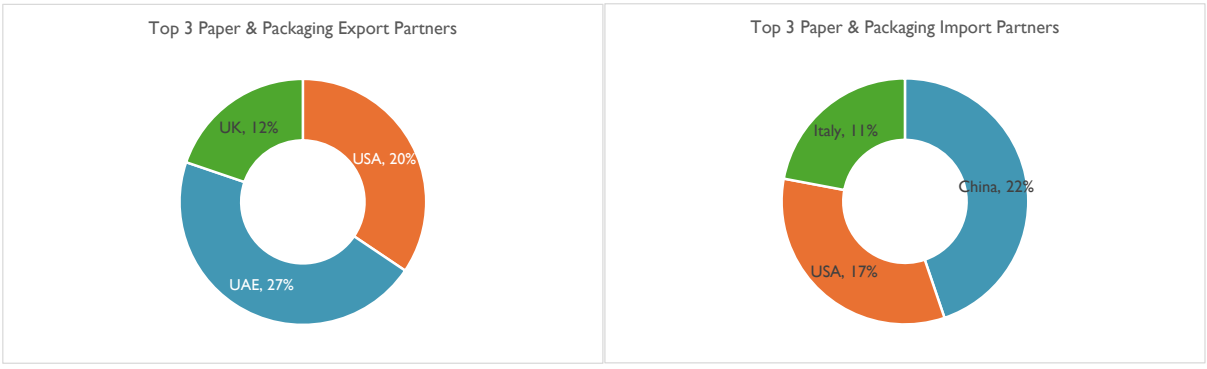
volume may again surpass previous years, while the value might stabilize or grow more modestly. This growth in imports highlights a strong dependence on foreign paper resources to support expanding industries, reinforcing the need for India's paper and packaging sector to consider further domestic capacity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

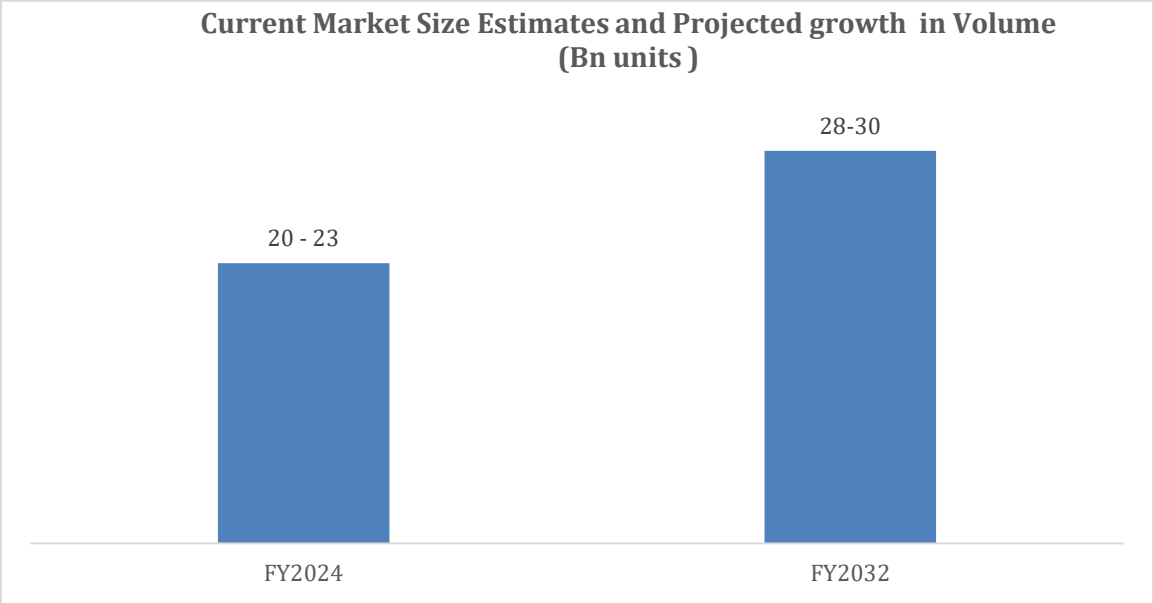
Company Name	Overview
Leetha Group	Established in 1979, the company is one of the Pioneers in Packaging and Printing. It manufactures 100% compostable and biodegradable paper cups that includes Double wall cups, Ripple wall cups, Embossed cups, Single wall hot cups, cold cups 2 Side Coated, Single wall 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 wallpaper 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.

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:[5] Dun & Bradstreet Insight Based on Syndicated Research Report

[5] 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[6]

Key Indicators (INR Lakh)	FY 2025	FY 2024	FY 2023
Revenue from operations	11,369.15	7,393.48	8,414.63
Total Income	11,595.63	7,591.26	8,651.05
EBITDA	1,784.20	727.55	340.70
EBITDA Margin	15.69%	9.84%	4.05%
PAT	1,027.39	398.59	214.48
PAT Margin	9.04%	5.39%	2.55%
Operating cash flow	547.86	250.71	115.50
Net worth	2,946.59	1,668.10	1,269.52
Net Debt	3,958.49	4,478.38	3,973.48
Debt Equity Ratio	1.35	2.71	3.13
ROCE (%)	25.15%	12.57%	8.24%
ROE (%)	44.53%	27.14%	18.45%

Aaradhya Disposable has demonstrated significant financial improvements from FY 2023 to FY 2025. Revenue from operations peaked at INR 11,369.15 lakh in FY 2025. The EBITDA increased consistently, reaching INR 1,784.20 lakh in FY 2025, with the EBITDA margin improving to 15.69%. Similarly, Profit After Tax witnessed remarkable growth, rising from INR 214.48 lakh in FY 2023 to INR 1,027.39 lakh in FY 2025, with the PAT margin reaching 9.04%. The company have achieved ROCE significantly improving to 25.15% in FY 2025. Net worth expanded from INR 1,269.52 lakh in FY 2023 to INR 2,946.59 lakh in FY 2025, while the debt-equity ratio reduced from 2.71 in FY 2024 to 1.35 in FY 2025, reflecting better debt management. Return on equity surged to an impressive 44.53%, showcasing enhanced profitability and shareholder returns. Overall, the company displayed robust growth and financial stability.

Operational Performance Analysis[7]

Key Indicators	FY 2025	FY 2024	FY 2023
Installed Production Capacity (MT)	15,000	12,000	9,000
Capacity Utilization (MT)	12,626.35	9,621.55	7,946.79
Capacity Utilization (%)	84.17%	80.18%	88.30%

[6] Financial Indicators are received from the Company
[7] Operation Indicators are received from the Company

Domestic Sales Contribution in Revenue from Operations	88.09%	89.16%	75.85%
Export Contribution in Revenue from Operations	11.91%	10.80%	24.10%