



Balaju, Kathmandu

Project Name: Sustainable Paper Cup Manufacturing

Business Overview:

Duco Cup will be a paper cup manufacturing company specializing in producing high-quality, eco-friendly, disposable cups for the F&B (Food & Beverage) industry in UAE and the wider UAE market. With the increasing demand for sustainable products, our paper cups will be made using recyclable and biodegradable materials, catering to cafes, restaurants, event organizers, and hotels looking to reduce their environmental footprint.

Investment Required: AED 5,500,000

Funding Purpose: The funds will be used for purchasing manufacturing machinery, raw materials, setting up the production facility, and initial marketing campaigns.

Mission: To provide the UAE's thriving foodservice industry with sustainable, cost-effective paper cups that meet international quality standards while promoting environmental responsibility.

2. Market Research & Industry Analysis

Industry Overview:

The paper cup industry in the UAE has grown significantly in recent years, driven by the expansion of the foodservice sector, an increasing number of international coffee chains, fast-food chains, and outdoor events. As consumers and businesses become more environmentally conscious, there is an urgent need for eco-friendly alternatives to plastic cups.

- **Market Size & Growth:** The UAE's foodservice industry is expected to grow at a CAGR of 8% over the next 5 years. With the growing demand for eco-friendly alternatives, the market for paper cups is expected to see an increase of 12% annually.
- **Target Market:**
 - **Restaurants & Cafes:** There are over 10,000 foodservice establishments in Dubai alone.
 - **Hotels:** High-end and mid-range hotels increasingly use disposable cups for room service and events.
 - **Event Organizers:** Conferences, exhibitions, and large-scale events in Dubai (e.g., Dubai food fest 2024) require massive quantities of disposable cups.
 - **Sustainability-Conscious Consumers:** A growing number of consumers are actively seeking out businesses that offer environmentally responsible products.
 - **Cinema halls:** Supplying eco-friendly popcorn packaging solutions, including paper cups and bags, for cinema chains and entertainment venues.
 - **Airlines:** We will expand our offerings to include eco-friendly packaging products for airlines, such as beverage cups, meal trays, and snack containers. These products will help airlines reduce their environmental impact while maintaining high standards of hygiene and quality.



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Competitive Landscape:

- **Local Competitors:** While local competitors offer paper cups, many focus on basic, low-quality products. **Duco Cup** will differentiate itself by offering high-quality, durable cups with superior design and performance. Our products will provide better strength, leak resistance, and a premium look, making them the top choice for businesses that value quality and reliability.
 - **Competitive Advantage:** Our company will differentiate itself by offering 100% biodegradable, FSC-certified paper cups, with an option for custom branding and design. Additionally, our cups will use non-toxic, water-based inks for printing.
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3. Business Model

Product Line:

1. **Standard Paper Cups:** Various sizes (4oz, 5oz, 6oz, 8oz, 10oz, 12oz, 16oz) for coffee, tea, and beverages.
2. **Custom Printed Cups:** Custom branding options for corporate clients.
3. **Eco-Friendly Cups:** Fully recyclable and biodegradable cups, featuring water-based inks and non-toxic coatings.

Pricing Strategy:

- Standard cups: AED 0.10 per unit.
- Custom-printed cups: AED 0.15 to AED 0.20 per unit.
- Eco-friendly cups: AED 0.20 per unit.

Revenue Streams:

1. **Wholesale Distribution:** Selling directly to cafes, restaurants, and event venues.
2. **Online Sales:** E-commerce platform for bulk orders from small businesses.
3. **Custom Design Services:** Premium pricing for custom-designed cups for large corporate clients.

Key Partnerships:

- **Suppliers:** Raw materials (e.g., paper, ink) sourced from certified suppliers.
 - **Distributors:** Partnering with UAE-based distributors for wider reach in regional markets.
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4. Operational Plan

Location:

Our Manufacturing unit will be located in Dubai Industrial City, strategically positioned near key logistics hubs and within proximity to major customers in Dubai and Abu Dhabi.

Manufacturing Process:

1. **Sourcing Raw Materials:** Sustainable paper sourced from certified mills.
2. **Production Process:** Automated production lines for forming, printing, and packaging paper cups.
3. **Quality Control:** Each batch will be tested for strength, leak resistance, and compliance with safety standards.
4. **Packaging & Distribution:** Finished products will be packaged in recyclable cartons and distributed through our warehouse in Dubai.

Workforce:

- **Production Manager:** 2
- **Engineer:** 2
- **Skilled Labor (Machine Operators):** 10
- **Sales & Marketing Team:** 5
- **Warehouse Staff:** 2
- **Total Initial Staff:** 21

Manufacturing Capacity:

Initially, we will aim to produce 4,00,000 cups per day, scaling up to 800,000 cups per day within 1 year based on demand.

5. Marketing & Sales Strategy

Branding & Positioning:

Duco Cup will position itself as the leading provider of high-quality, sustainable paper cups in the UAE. We will focus on environmental sustainability, quality, and innovation in design. Our cups will not only be functional but also convey a message of corporate responsibility.

Marketing Tactics:

1. **Digital Marketing:**
 - SEO, social media marketing (Instagram, LinkedIn, Facebook).
 - Influencer partnerships with eco-conscious F&B brands.
2. **Partnerships with F&B Chains:** Develop direct relationships with cafes like **Starbucks**, **Caribou Coffee**, and local coffee chains, offering volume discounts and eco-friendly branding.
3. **Trade Shows & Events:** Participate in events like **Gulfood** and **The Big 5** to showcase our products to large F&B businesses and event organizers.
4. **Sustainability Campaigns:** Targeted campaigns focusing on the environmental impact of disposable cups and how Paper Cup helps reduce plastic waste.



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Sales Channels:

1. **Direct Sales Team:** Focused on securing long-term contracts with hotels, cafes, and event organizers.
 2. **Online Orders:** E-commerce platform for businesses that need to place bulk orders.
 3. **Distributors:** Partnering with distributors to reach the broader Middle East market.
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6. Financial Plan

Start-up Costs Breakdown:

- **Factory Setup & Equipment:** AED 3,000,000
- **Raw Materials & Inventory:** AED 700,000
- **Marketing & Branding:** AED 300,000
- **Legal & Regulatory Fees:** AED 100,000
- **Working Capital:** AED 1,200,000
- **Miscellaneous Costs:** AED 200,000

Revenue Projections (First Year):

- **Total Units Sold:** 12,48,00,000 paper cups
- **Average Selling Price (ASP):** AED 0.10 per unit
- **Projected Revenue:** AED 1,24,80,000 (first-year)
- **Projected Gross Profit:** AED 37,44,000 (assuming 30% gross margin)

Break-even Analysis:

Our Company is projected to break even within 18 months of operation, based on reaching 2,00,00,000 units per month in sales by Month 12.

ROI for Investors:

- **Investment Amount:** AED 5,500,000
 - **Expected ROI (Year 3):** 20% - 25% return on investment through profit share and potential company buyout or IPO.
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7. Risk Analysis

Market Risks:

- **Competition:** Local and international brands may offer similar products at lower prices.
- **Regulatory Risks:** Changes in environmental regulations could affect production processes or raw material costs.

Operational Risks:

- **Supply Chain Disruptions:** Reliance on international suppliers for raw materials could affect production timelines.
- **Technology Risks:** Potential equipment breakdowns and delays in scaling production.

Financial Risks:

- **Cash Flow Challenges:** If sales targets are not met, cash flow could become an issue. However, we plan to manage this risk with conservative sales forecasts and careful cash management.
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8. Exit Strategy

Investors will have multiple exit options:

1. **Buyback Option:** After 5 years, we will offer to buy back shares at a premium.
 2. **Mergers or Acquisitions:** We may seek to merge with larger players in the packaging or eco-friendly product sectors.
 3. **Initial Public Offering (IPO):** After stabilizing operations and growing market share, Duco Cup may go public within 4-6 years, allowing investors to liquidate their shares.
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9. Conclusion

Duco Cup offers a unique opportunity to capitalize on the growing demand for eco-friendly products in the UAE's thriving F&B industry. With a focus on sustainability, high-quality manufacturing, and a strong market demand, Paper Cup is poised for rapid growth and profitability. We invite you to join us in building a business that not only generates substantial returns but also contributes positively to the environment.

Call to Action:

We would be delighted to discuss this project further and explore how you can become part of the exciting growth story of Duco Cup. Please contact us to arrange a meeting.
