

PAPER CUPS

1. INTRODUCTION:

A paper cup is a disposable made out of paper and after lined with plastic or wax prevent liquid from leakage out or soaking by paper. Paper cups are made from renewable resources. The cups should be made from food grade paper which is hygienic in nature. It is capable for holding both hot & cold liquid for longer time. The uses of paper cups have wide range. Give the rapid changes in life style; it is the right time to enter the consumer segment to popularize the home consumption of paper cups.

There are several inherent advantages in using Paper Cups as compared to cups of other materials. These Paper Cups are gaining popularity all across the globe as a beautiful and stylish way of minimizing exposure to food borne infections.

Paper Cups have numerous advantages like; they are manufactured in a very simple process using Food Grade Raw Materials with least waste and are easiest to recycle. They are ideal for individual servings at all kinds of parties, functions, picnic occasions, marriages, chat, tea & food joints, etc. Non-toxic in nature, the shapes and surface designs on these paper cups are attractive and present an inviting look. These paper cups can also be custom printed with an outlet's logo, brand punch line or advertising message.

2. MARKET POTENTIAL

A wide range of paper cups are now produced and marketed in India. The paper cups are reckoned to be a high potential business for India. Manufacturing Paper Cups is the purpose of satisfying needs and wants of Consumers is the market place. Developing a strategy for delivering an effective combination of food grade quality and cost effective features for consumers within the target market is done.

The prospects of paper cups depend on the value of customers who utilize it.

But in our country paper cups are used by all the people as it is easy to use, hygienic and eco-friendly. Hence, per capital consumption has increased and the demand for it is recognized. While the demand for paper cups has shown a good growth, the company will be successful in strategizing its market operations.

As paper cups are a product of daily consumption and necessity, their marketing will not be a problem as the consumers are aware of the advantages of using paper cups. The raw materials are indigenously available and the manufacturing process is also simple.

Paper Cup find potential market in IT companies, Educational Institutions Canteens, Industrial Canteens, Restaurants, Fast Foods, Catering People, Tea Shops, Paper Product Dealers and Super Markets.

3. MANUFACTURING PROCESS OF PAPER CUPS:

We have proposed to use the Automatic Paper Cup Forming Machine for our manufacturing process of Paper Cups. The general structure of paper cup forming machine is composed of three stages. They are:

1. The first stage: mainly finishes transmission of the paper cup's sidewall paper, shaping side-wall and transferring them to the second stage after shaped.

2. The second stage: transmission of the cup-bottom paper, shaping cup bottom, joining the shaped side-wall and cup bottom, automatic transmission and discharging of the shaped cup, and curling the shaped cup's edge.

3. The third stage: mainly includes 45 degree angle separating, preheating, curling bottom, curling rim and so on mechanisms, which are the important parts in finishing paper cup.

4. BASIS AND PRESUMPTION OF THE PROJECT:

- i. The process of manufacture is on the basis of eight hours per day with three hundred working days in a year.
- ii. Labor and wages mentioned in profile are as per prevailing local rates.
- iii. Interest rate at 15% considered in the project

iv. The Promoter contribution will be 25 % of the total project cost.

vi. The capacity of the plant nos. of paper cups per day.

5. INSPECTION AND QUALITY CONTROL:

Plant will strictly adhere to the International FDA standards and Indian BIS standards in the process of manufacturing Paper Cups from procuring high quality food grade raw materials to hygienic methods of packaging.

6. PRODUCTION CAPACITY PER ANNUM:

Quantity: 73000 nos. of paper cups per day ie,. 22,000,000 nos. of paper cups per annum (300 days)

7. POLLUTION CONTROL

The technology adopted for making paper cups is eco-friendly. Cup forming process is totally automatically done by the machine, only feeding and packaging involves manual work. The scrap papers created out of this manufacturing process also can be sold for recycled paper converters. Hence there is no chance of any pollution out of this industry.

FINANCIAL ASPECTS (All values in Rs)

FIXED CAPITAL

i. Land and building

Covered area (500 Sq. meters) rented: 5,000

ii. Machinery and Equipments

| Sl No | Description | Quantity | Rate | Value |
|-------|----------------------------------|--------------|----------|------------------|
| 1 | Machine | 1 | 8,50,000 | 8,50,000 |
| 2 | Dyes | 3 | 50,000 | 1,50,000 |
| 3 | Office Equipments and Furniture | | 50,000 | 50,000 |
| 4 | Electrification and Installation | | 10,000 | 10,000 |
| | | Total | | 10,60,000 |

iii. Pre Operative expenses 10,000

Total Fixed Capital (ii+iii) 10,70,000

WORKING CAPITAL

1. Staff and Labour (per month)

| SI No. | Description | No. | Salary | Total |
|--------------------------|-----------------------------|-----|--------|-----------------|
| 1 | Sale Cum Production Manager | 1 | 15000 | 15,000 |
| 2 | Skilled Worker | 1 | 10,000 | 10,000 |
| 3 | Unskilled Worker | 1 | 7000 | 7,000 |
| Total | | | | 32,000 |
| Add Pre Requisite@ 15% | | | | : 4,800 |
| Total | | | | : 36,800 |
| Approximately Rounded to | | | | : 37,000 |

2. Raw Materials Requirements (Per Month)

| SI No. | Description | Quantity | Rate | Value |
|-------------------|------------------|----------|------|-----------------|
| 1 | Printed PE Paper | 2836 Kg | 92 | 2,60,912 |
| 2 | Bottom Reel | 1134 Kg | 78 | 88,452 |
| 3 | Packing Material | | | 25,000 |
| Total | | | | 3,74,364 |
| Rounded to | | | | 3,75,000 |

3. Utilities (Per Month)

| SI No | Description | Amount |
|--------------|----------------------|--------------|
| 1 | Power | 5,000 |
| 2 | Machine Oil & Grease | 1,000 |
| Total | | 6,000 |

4. Contingent Expenses (Per Month)

| Sl No. | Description | Amount |
|--------|------------------------|---------------|
| 1 | Rent | 5,000 |
| 2 | Postage and Stationary | 500 |
| 3 | Transportation charge | 10,000 |
| 4 | Maintenance Charge | 2,000 |
| 5 | Advertisement | 1,000 |
| 6 | Phone | 2,000 |
| | Total | 20,500 |

5 . Total Working Capital (Per Month)

| Sl. No | Description | Amount |
|--------|--------------|-----------------|
| 1 | Raw Material | 3,75,000 |
| 2 | Utilities | 6,000 |
| 3 | Salary | 37,000 |
| 4 | Contigent | 20,500 |
| | Total | 4,38,500 |

1. WORKING CAPITAL FOR 3 MONTHS

Working capital for 3 months = $3 \times 438500 = 13,15,500$

TOTAL CAPITAL INVESTMENT

Fixed Capital : 10,70,000

Working Capital for 3 months : 13,15,500

Total : 23,85,500

Financial Analysis

a. Cost of Production (Per Year)

| Sl. No | Description | Amount |
|--------|-------------------------------|-----------|
| 1 | Total Recurring Cost | 52,62,000 |
| 2 | Depreciation on Machine @ 10% | 85,000 |
| 3 | Depreciation on Dyes @ 25% | 37,500 |

| | | |
|---|--|------------------|
| 4 | Depreciation on Furniture @ 20% | 10,000 |
| 5 | Interest on Total Capital Investment @ 15% | 2,68,369 |
| | Total | 56,62,869 |
| | Rounded to | 56,62,900 |

b. Turnover (per year)

| Sl No | Description | Qty | Rate(Rs) | Value(Rs) |
|-------|--------------|------------|----------|------------------|
| 1 | Paper Cups | 22,000,000 | 0.3 | 66,00,000 |
| | Total | | | 66,00,000 |

c. Net Profit(Before Taxation) (Per Year)

| | |
|------------------------|-------------------|
| Turn Over | : 66,00,000 |
| Cost of Production (-) | : 56,62,900 |
| Total | : 9,37,100 |

d. Net Profit Ratio

$$\text{Net Profit Ratio} = \frac{\text{Net Profit per year}}{\text{Turnover per year}} \times 100$$

$$= 14.20\%$$

e. Rate of Return on Total Investment

$$= \frac{\text{Net Profit Per Year}}{\text{Total Investment}} \times 100$$

$$= 39.28\%$$

f. Break Even Point

Fixed Cost

| Sl. No | Description | Amount (Rs) |
|--------|-------------------|-------------|
| 1 | Rent for one Year | 60,000 |

| | | |
|---|----------------------------------|-----------------|
| 2 | Total Depreciation | 1,32,500 |
| 3 | Interest on Total investment | 2,68,369 |
| 4 | 40% of Salary and Wages | 1,77,600 |
| 5 | 40% of Utilities and Contingents | 1,27,200 |
| | Total | 7,65,669 |
| | Approximately | 7,65,700 |

$$\text{B.E.P} = \frac{\text{Fixed Cost}}{\text{Fixed Cost} + \text{Net Profit}} \times 100$$

$$= 44.96\%$$

Address of Machinery and Equipment Suppliers

1. AKR Industries
No. 36 A&B New Colony, North Street,
Mannarpuram ,Trichy. Pin-620020
2. Sri Jata Machine Tech
No. 24/1, SIDCO Industrial Estate, Kurichi Post Pollachi Main Road,
Coimbatore - 641021, Tamil Nadu.
www.papercupmachineries.in
3. Future Enterprises
No. 9 AA, Anna Nagar Podanur,
Coimbatore - 641023, Tamil Nadu.
www.futureenterprises.co.in

List of Suppliers of Raw Material

1. Sri Jata Machine Tech
No. 24/1, SIDCO Industrial Estate, Kurichi Post Pollachi Main Road,
Coimbatore - 641021, Tamil Nadu.
www.papercupmachineries.in
2. Sagun Papers
No. 100, Velayutham Road, Near LIC Building,

Sivakasi - 626123, Tamil Nadu

3. Indo China Paper And Boards

No. 54, Industrial Estate,

Sivakasi - 626123, Tamil Nadu.

