

# Sample Project Report For Paper Cup Machine



## INDEX

<b>SL.NO</b>	<b>DESCRIPTION</b>	<b>P.NO</b>
1	Introduction	3
2	Market potential	4
3	Manufacturing process	6
4	Flow sheet diagram	7
5	About the promoter	8
6	Basis and Presumption	9
7	Inspection and quality control	9
8	Production Capacity	10
9	Pollution control	10
10	Financial aspects - Fixed capital	11
11	Recurring expenditure	12
13	Working capital assessments	14
14	Other financial aspects	15
19	Break-even analysis	17
20	Profitability Statement	18

# MANUFACTURE OF PAPER PRODUCTS

## (PAPER CUPS)

### **1. INTRODUCTION:**

Disposable food service products were initially developed to enhance public health by improving practices in the food service industry. This requirement when combined with the environmental threat faced by us at the turn of the 20th Century and need of strong efforts in order to conserve the environment gave birth to the concept 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.

Available in a wide variety of designs, textures, colors and sizes, disposable paper cups are gorgeous, stylish and eloquent. Adding premium aura wherever used, these cups are made with utmost care to detail and are a unique addition to any table setting.

Hence, the future of the proposed unit for manufacturing paper cups is very vibrant and will be a gesture towards supporting the usage of Eco-friendly products.

## **2. MARKET POTENTIAL**

It is necessary to recognize that in a globalize economic environment the business outlook for any paper product will depend on the global demand supply balance for that product. For Paper Cups there is production less capacity at a global level which was built up over the last decade or so in response to a boom in global growth and increased levels of awareness of eco-friendly products. The growth of the manufacturing sector will be largely influenced by the growth consumption.

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, the per capita 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 indigeneously available and the manufacturing process is also simple.

**“SONA IMPEX”** has decided to market their PAPER CUPS to IT companies, Educational Institutions Canteens, Industrial Canteens, Restaurants, Fast Foods, Catering People, Tea Shops, Paper Product Dealers and Super Markets.

**“SONA IMPEX”** has made marketing survey and potential for our product and had a very good response. We have the regular market for our manufacturing capacity. In future **“SONA IMPEX”** will increase the capacity to meet the demand of our product. So it will not be a difficult to find market for paper cups in this growing paper product industry.

The increasing demand is being vast, thrust for the development of this industry is very big. **“SONA IMPEX”** will assimilate novel and innovative methods to improve its competitiveness for its growth and contribute to the country.

In conclusion, I would like to stress that present status of the industry is in very good scope and this industry will provide ample employment opportunities to the underprivileged of our society.

Therefore to sum up the setting up of **“SONA IMPEX”** manufacturing unit is predictable and feasible for its marketing aspects.

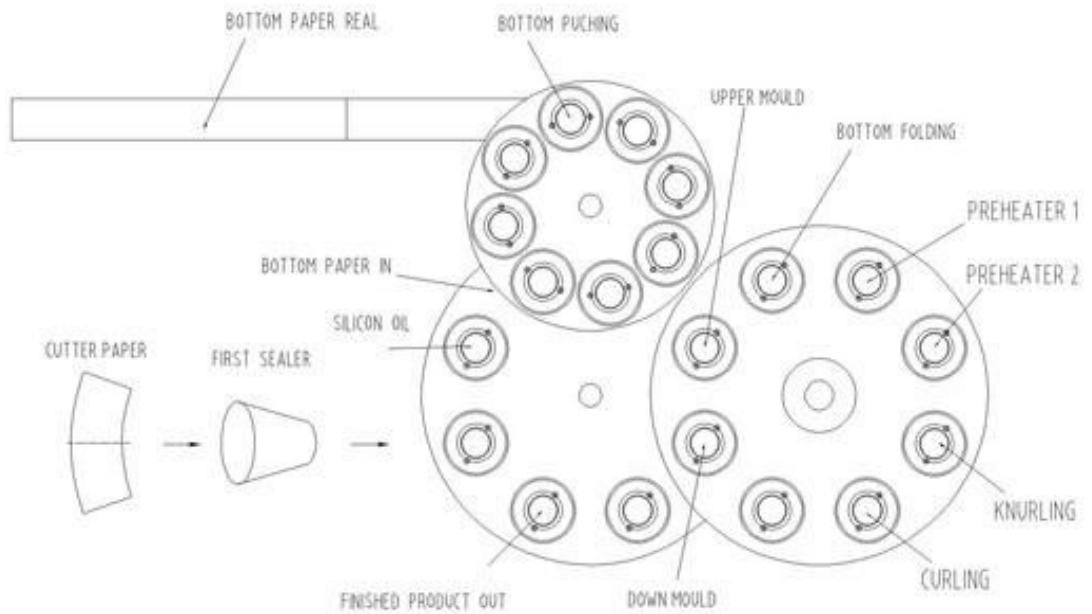
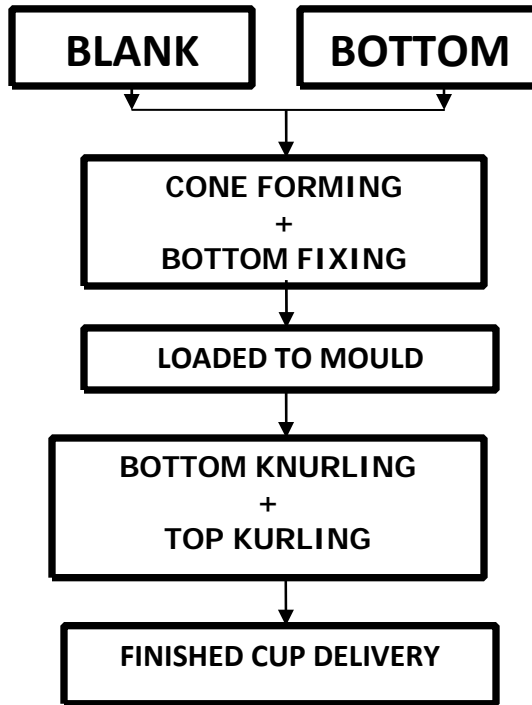
### **3. MANUFACTURING PROCESS OF PAPER CUPS:**

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 side-wall 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, rouletting, curling rim and so on mechanisms, which are the important parts in finishing paper cup.

#### 4. FLOW SHEET DIAGRAM



## **5. About the Promoter**

Name :

Father's Name :

DOB :

Sex :

Permanent Address :

Marital Status :

Nationality :

Languages Known :

Educational Qualification :

Work Experience :



## **6. BASIS AND PRESUMPTION OF THE PROJECT:**

- i. The process of manufacture is on the basis of double shift of eight + 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 12.5% considered in the project
- iv. The Promoter contribution will be 10% of the total project cost. However it may be vary for women entrepreneurs.
- v. Subsidy and other concessions may be applicable as per the MSME Act of Tamilnadu 2006.
- vi. The capacity of the plant 40,000 nos. of paper cups per day on the double shift basis.

## **7. INSPECTION AND QUALITY CONTROL:**

“SONA IMPEX” 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, as we know that the satisfaction of the customers is the foundation of any business.

## **8. PRODUCTION CAPACITY PER ANNUM :**

Quantity: 40,000 nos. of paper cups per day

1,20,00,000 nos. of paper cups per annum (300 days)

## **9. 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.

## 10. FINANCIAL ASPECTS

### 10.1. FIXED CAPITAL :

#### Machinery and Equipment :

S.NO	DESCRIPTION		Rate (RS)
1	Automatic Paper Cup Forming Machine	1 nos.	6,00,000
2	Office equipment ( Computer, Table Chair etc.,)		50,000
		TOTAL	<b>6,50,000</b>

## 11. RECURRING EXPENDITURE (PER MONTH ):

### (A) Raw Material Per Month:

Rs.

S.N	DESCRIPTION	QTY	RATE	AMOUNT
1	Printed Blank - Side Wall	2,500 kgs.	75.00	1,87,500
2	Bottom Reel Paper	800 kgs.	72.00	57,600
3	PP cover & Carton Boxes	As required	-	10,000
	<b>Total (A)</b>			<b>2,55,100</b>

### (b) Salaries & Wages Per Month :

Rs.

S.No	DESIGNATION	NO	SALARY	Amount
1	Production cum Marketing Manager (Proprietor)	1	7,500	7,500
2	Machine Operators	2	5,000	10,000
3	Checking & Packaging Women	2	3,000	6,000
4	Office Assistant	1	3,000	3,000
	<b>Total</b>			26,500
	Perquisites 15 %			3,975
	<b>Total (B)</b>			<b>30,475</b>

**C) Utilities Per Month :**

Rs.

<b>S.N</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	Power 5 HP 750 Units @ Rs. 5 per Unit	3,750
2	Machine Oil, grease & other consumables	1,000
	<b>Total (C)</b>	<b>4,750</b>

**(D) Other Expenses Per Month :**

Rs.

<b>S.N</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
1	Rent	5,000
2	Marketing expenses & Advertisement	3,000
3	Postage and stationery	250
4	Repairs and maintenance	500
5	Traveling and transportation	1,000
6	Insurance	250
7	Telephone & Mobile	2,000
8	Packing Materials	500
	<b>Total (D)</b>	<b>12,500</b>

**12. RECURRING EXPENDITURE PER MONTH:**

$$a + b + c + d = \text{Rs. } 3,02,825/-$$

Recurring Expenditure for three months = **Rs. 9,08,475/-**

### 13. WORKING CAPITAL ASSESSMENT

<b>S.N</b>	<b>DESCRIPTION</b>	<b>AMOUNT (Rs)</b>
1	Raw Material  (Required for one month)	2,55,100
2	Work in progress  (Required for one month)	43,750
3	Finished Good  (Required for 15 days)	1,50,000
4	Bill receivable  (Required for 15 days )	2,00,000
	<b>TOTAL</b>	<b>6,48,850</b>
	<b>Say</b>	<b>6,50,000</b>

## 14. FINANCIAL ASPECTS

### 14. a. Total Project Cost

a. Plant & Machinery	6,50,000
b. Working capital	<u>6,50,000</u>
<b>Total</b>	<b><u>13,00,000</u></b>

### 14.b Means of Finance

	Rs
Total Project cost	13,00,000
Promoter contribution 10%	<u>1,30,000</u>
<b>Total</b>	<b>11,70,000</b>

**Finance required from the Bank 11,70,000/-**

### 14.c. Cost of Production Per Annum :

Rs.

S.N	DESCRIPTION	AMOUNT
1	Total recurring cost	36,33,900
2	Interest on Bank Loan @12.5%	1,46,250
3	Total Depreciation on Machinery & Stabilizer @15%	90,000
4	Total Depreciation on furnitures and other equipments @ 20%	5,000
	<b>TOTAL</b>	<b>38,75,150</b>

### 15. Turnover Per Annum :

By sale of 1,20,00,000 nos. of Paper Cups  
of sizes ranging 150 ml & 210 ml : (average)  
@ Rs. 0.39 Rs. **46,80,000/-**

### 16. Profit Per Annum :

$$\begin{array}{rcl} \text{Turnover} & - & \text{Cost of Production} \\ 46,80,000 & - & 38,75,150 \\ & = & \mathbf{8,04,850/-} \end{array}$$

$$\begin{array}{rcl} \mathbf{17.} \quad \% \text{ of profit on sales} & = & \frac{\text{Profit/annum} \times 100}{\text{Turnover}} \\ & = & \frac{8,04,850 \times 100}{46,80,000} \\ & = & \mathbf{17.2\%} \end{array}$$

$$\begin{array}{rcl} \mathbf{18.} \quad \text{Rate of Return} & = & \frac{\text{Profit/annum} * 100}{\text{Total Capital investment}} \\ & = & \frac{8,04,850 \times 100}{13,00,000} \\ & = & \mathbf{61.91\%} \end{array}$$



**19. Break Even Analysis:**

(1) Fixed expenditure per annum:	Rs
Interest on Loan	1,46,250
Total Depreciation	95,000
40% of salary and wages	1,46,280
40% of other expenses & Utilities	82,800
	=====
	4,70,330
	=====

(2) Profit per annum = Rs. = **8,04,850/-**

Break Even Point =  $\frac{\text{Fixed Cost/annum} * 100}{\text{fixed cost/annum} + \text{Profit/annum}}$

$$= \frac{4,70,330 * 100}{1275180}$$

$$= \mathbf{36.88\%}$$

## 20. Profitability Statement

(Rs. In Lakhs)

S.No	Year	1	2	3	4	5	6
	Capacity Utilization	65%	70%	75%	80%	85%	90%
1.	Turnover	46.80	49.14	51.59	54.17	56.88	59.72
2.	Raw materials	30.61	32.14	33.74	35.43	37.20	39.06
3.	Manpower	3.65	3.83	4.02	4.22	4.43	4.65
4.	Utilities	0.57	0.59	0.62	0.65	0.69	0.72
5.	Other expenses	1.50	1.57	1.65	1.73	1.82	1.91
6.	Depreciation	0.94	0.83	0.73	0.64	0.57	0.51
7.	Total Interest	1.70	1.48	1.16	0.86	0.54	0.51
8.	Repayment of loan	1.24	2.48	2.48	2.48	2.48	2.56
9.	Total (2 to 8)	40.21	42.92	44.40	46.01	47.73	49.92
10.	Profit before tax	6.59	6.22	7.19	8.16	9.15	9.80
11.	Provision for tax	1.50	2.00	2.50	3.00	3.50	4.00
12.	Profit after tax	5.09	4.22	4.69	5.16	5.65	5.80
13.	Less depreciation	0.94	0.83	0.73	0.64	0.57	0.51
14.	Cash accrual	4.15	3.39	3.96	4.52	5.08	5.29