

## **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. PRODUCTS AND ITS APPLICATION**

This paper cups are being used of drinking Tea and Cool Drinks. The paper cup finds extensive use in Railways, Functions, Festivals, Hotels, Meetings, household appliances, and domestic applications. Our product ranges from 50 ml to 250 ml, this cup manufacturing unit will be set-up as a small-scale unit.

Now our people and government have the awareness to control the pollution and all are engaged to use the eco-friendly products. Each plastic cup can take 50-80 years to decompose and that are ruining the nature as well human lifetime.

As there is a good production of instead of plastic cups, weight less as well as easy to carry all vendors, mainly no environment pollution, increase the demand of paper cups, user customer are to be encouraged in the modern days.

### **3. DESIRED QUALIFICATION FOR PROMOTER**

Bachelor of Science in Paper Science and Engineering or Master Degree in Paper Engineering

### **4. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY**

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.

## **5. RAW MATERIAL REQUIREMENTS**

- Printed PE Paper
- Bottom Reel
- Packing Material

## **6. MANUFACTURING PROCESS**

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:

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

## 7. MANPOWER REQUIREMENT

Sr. No.	Particulars	Nos	Salary
1	Production manager	1	12000
2	Sales Manager	1	8000
3	Accountant	1	10000
4	Store Keeper	1	8000
5	Skilled worker	2	16000
6	Unskilled Worker	4	16000
7	Watchman	1	6000
	Total	11	76000

## 8. IMPLEMENTATION SCHEDULE

Sr. No.	Particulars	Time Period
1	The Time requirement for preparation of Project report	Two months
2	Time requirement for selection of Site	One month
3	Time required for registration as Small Scale Unit	One Week
4	Time required for acquiring the loan Machinery procurement, erection and commissioning	Three Months
5	Recruitment of labourer etc.	One month
6	Trial runs	Three Months

## 9. COST OF PROJECT

Sr. No.	Particulars	Rs. In lakhs
1	Land and Building	35.00
2	Plant and Machinery	10.50
3	Miscellaneous Assets	3.50
4	P & P Expenses	2.50
5	Contingencies @ 10% on land and building and plant and machinery	4.55
6	Working capital margin	5.10
		61.15

## 10. MEANS OF FINANCE

Sr. No.	Particulars	Rs. (lakhs)
1	Promoter's contribution	18.345
2	Bank Finance	42.805
		61.15

## 11. WORKING CAPITAL CALCULATION

Sr. No.	Particulars	Rs. lakhs	Stock Period days	Promoter Margin	Margin Amt.	Bank Finance
1	Salaries and wages	0.76	30	1	0.76	-
2	Raw material and packaging material	2.91	30	0.5	1.455	1.455
3	Utilities	0.32	30	0.5	0.16	0.16
4	Debtors	6.82	30	0.4	2.728	4.092
	Total	10.81			5.103	

## 12. LIST OF MACHINERY REQUIRED

Sr. No.	Particulars	Rs. lakhs
1	Paper Cups making machine	8.50
2	Moulds, dies.	2.00
	Total	10.50

## 13. PROFITABILITY CALCULATIONS

Sr. No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
(A)	Sales Realization per annum	5733000	6552000	7371000	7371000	7371000
(B)	Cost of Production					
1	Raw material per annum	2450000	2800000	3150000	3150000	3150000
2	Utilities	270200	308800	347400	347400	347400
3	Salaries	912000	984960	1057920	1130880	1203840

Sr. No.	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
4	Repairs and maintenance	180000	200000	220000	240000	260000
5	Selling expenses (2% on sales value)	114660	131040	147420	147420	147420
6	Administrative Expenses (other expenses)	200000	220000	240000	260000	280000
	Total	4126860	4644800	5162740	5275700	5388660
<b>(C)</b>	Profit before interest & depreciation	1606140	1907200	2208260	2095300	1982340
	depreciation	682500	682500	682500	682500	682500
	Profit Before term loan and tax	923640	1224700	1525760	1412800	1299840
	Interest on term loan (11%)	447312.25	376684	282513	188342	94171
	Profit before tax	476327.75	848016	1243247	1224458	1205669
	Tax (30%)	142898.325	254404.8	372974.1	367337.4	361700.7
	Total Profit	333429.425	593611.2	870272.9	857120.6	843968.3

#### 14. BREAKEVEN ANALYSIS

Fixed Cost (FC):	Rs. In lakhs
Wages & Salaries	9.12
Repairs & Maintenance	2.7
Depreciation	6.825
Admin. & General expenses	2
Interest on Term Loan	4.47
Total	<b>25.115</b>

Fixed Cost: 25.115

Profit After Tax: 3.33

$$\text{BEP} = \text{FC} \times 100 / \text{FC} + \text{P}$$

$$25.115 / 28.44 \times 70 / 100 \times 100$$

**61.81%**