



Machine-building Cluster of the Republic of Tatarstan

1

Investment project “Construction of Corrugating Paper Factory”



Project Concept



Construction of a paper mill for production of corrugated paper from waste paper with a capacity of 250 tons/day.



It is planned to build and launch a paper mill with a capacity of 250 tons/day. Main products: high-quality fluting and liner with a density from 105 to 180 g/m². The demand for these products exceeds supply, has no seasonality.



Waste paper and auxiliary chemistry will be used as the main raw material.

Competitors

Name	Competition scale	Goals in struggle for markets	Goals in struggle for a competitive position	Strengths	Weakness
"Cardboard and Paper Mill" OOO, Tuimazy	federal	to capture and hold own market segment	to strengthen and expand the existing position	low price	quality
"People's Enterprise Naberezhnye Chelny Cardboard and Paper Mill named after S.P. Titov" ZAO	federal	to play the lead in market	to strengthen and expand the existing position	excellent reputation, well-developed image	high price, no free volumes
"Mariysky Pulp and Paper Mill", the city of Volzhsk	federal	to save positions	to increase volumes at the expense of regular customers	price and quality ratio, stable prices	no free volumes
"PCBK (Perm Pulp and Paper Company", Perm	federal	to secure a footing in market	to hold positions	quality	very high price, advance payment required 2 months prior to delivery
"Sokolsky Plywood Mill" OOO, Murygino town	federal	to expand the sales	to increase in sales of region	low price	unstable product quality, low productivity

Main advantages



Chinese manufacturers of equipment were selected to significantly reduce the price threshold for entering this business in terms of quality not inferior to that of Europe.



Selected scheme and equipment will allow to use cheaper waste raw materials for production. In China, waste paper is worse than in Russia and Europe, so the use of their experience also has a competitive advantage.



Two land plots for construction are located on the territory of the "Razvitie" industrial park with cheap energy resources in the required amount (electricity, steam, water). Tariffs are 2-3 times lower than at other similar enterprises



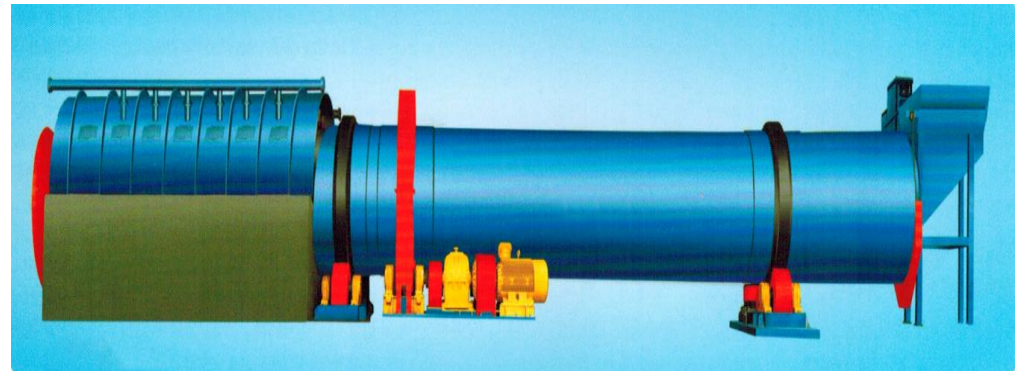
Tax advantages of PDA (priority development area). Profit tax 5%, Pension Fund of Russia + Social Insurance Fund 7.6%, other 0%, except for VAT. This saves 72 million rubles a year.



Lack of high competition in the territory of the Russian Federation.

Project Uniqueness

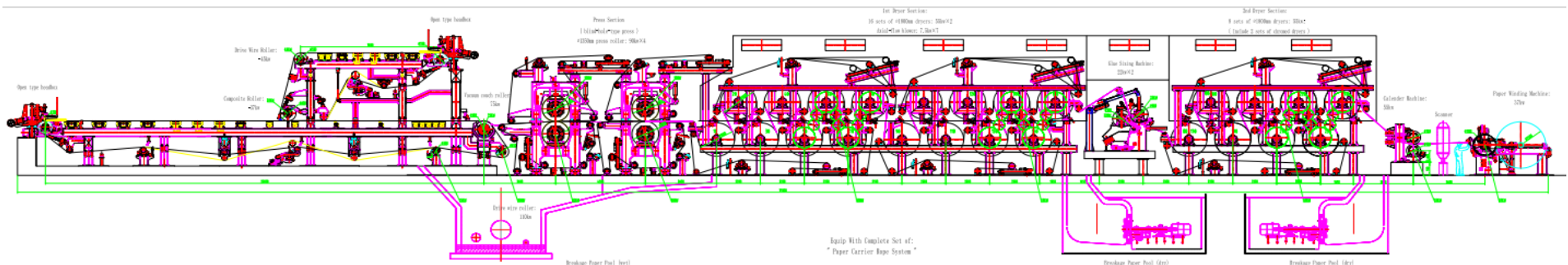
1. Use of drum hydropulper, allowing the use of any type of waste raw materials. **Reduces the energy cost** and load on cleaning the mass from impurities in the subsequent process stages.



2. Application of inclined screens instead of traditionally used rotating thickeners and disc filters for thickening the mass. Simplifies construction and **reduces energy costs**. Inclined screens have no drives and any rotating elements.

Project Uniqueness

3. One-story version of the paper machine, instead of the traditionally used in Russia two-story version, **reduces the cost of construction and installation work** and simplifies the control over the technological process.



4. Use of unique architectural and planning solutions in design of the plant allows reducing the length of technological pipelines, **improving the logistics** of the process flow managing.



Investments required

Total investments- 550 million rubles

50 million rubles – initiator of the project

500 million rubles– investor funds

Expenditure	Amount, thousand rubles
Fixed assets acquisition	499 420
Replenishment of working capital	900
Logistic and commissioning costs	25 420
Unexpected expenses	18 262
Funded for land lease assignment and foundation construction	6 000

Proposed profitability

Revenue– 280 million rubles/month

Expenditures– 165 million rubles/month

Profit– 115 million rubles/month

IRR 166,1%

Conditions for investor

**Share in business 49% (dividing into portfolios is possible).
Prior to payback, dividends will be distributed 90/10 in
favor of the investor.
(return on investment in the first year)**



Possible risks

Instability of dollar rate. Solution: to transfer to RMB calculations

**Due to the lack of funding, the launch date of the plant may be shifted.
Solution: equipment leasing.**

Personnel risks.

Solution: provision of better conditions at the expense of funds for unforeseen expenses

Solution: availability of established contacts in the pulp and paper industry.

**Increase in the cost of waste paper (introduction of VAT and other risks)
Solution: Increasing the cost of production (there is a stock), VAT refund.**

Our contacts



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