

Super Papers Private Limited: preparation of operating budgets

Bhoomi Ruchit Mehta and Sandip Trada

It was the last week of December 2021 with a cold morning and a light breeze in Dhrangadhra city of Gujarat state. Super Papers Private Limited (SPPL), a kraft paper manufacturing company, had its factory and corporate office in the industrial area of the city. Ms Sakshi Sharma, newly recruited cost controller of SPPL, was sitting in her cabin and was looking around the new place while waiting for her meeting with Mr Jay Dixit, founder and managing director of SPPL. Ms Sharma was in her late 20s and had recently moved to the city owing to her joining SPPL. She was about to get her first assignment in the meeting. She was both excited and nervous about it. She wanted to set an excellent first impression. Her thoughts were interrupted when a peon came in and called her for the meeting. Ms Sharma went to meet Mr Dixit in his cabin.

Mr Dixit welcomed her and congratulated her for joining SPPL. He initially briefed her about the SPPL. He talked about how efficiently he had managed it single-handedly during the last year after Mr Jeet Bansal, co-founder of SPPL, had left the company. He informed her about the company's turnover and operating profit, which had increased by around 34% to INR 670m and 22% to INR 125m, respectively, for the year ended on March 2021 ([Exhibit 1](#)). Mr Dixit further informed her about his goal of resource optimization to improve operational efficiency. However, he too was aware that it was a long journey and it would take time to achieve it. His current focus was, therefore, to analyze its cost items. He asked Ms Sharma's opinion on it. Ms Sharma explained the importance of setting the operating budgets for an effective cost analysis. Mr Dixit agreed with her and decided to set up a target for major costs at the initial stage. He asked her to prepare monthly operating budgets both in terms of quantity and monetary terms for the next quarter January to March 2022.

After the meeting, Ms Sharma came back to her cabin. She was in dilemma about the context in which the budgets should be prepared as Mr Dixit had not clarified the base and format for budget preparation. Further, the information was scattered and was only available to different departments. Nevertheless, she commenced the assignment with a thorough evaluation of the industry and the company.

Kraft paper industry in India

Kraft paper is commonly used for the production of boxes or cartons that are used for the packaging of finished products. Therefore, the clients of kraft paper are organizations that manufacture boxes. Kraft paper can be manufactured using different raw materials such as wood, agricultural materials or waste paper. The production process of kraft paper depends upon the type of raw material used in manufacturing. In India, owing to the ample availability of waste papers and their low consumption, kraft paper manufacturing using waste paper has increased. This waste paper includes corrugation-cutting waste, corrugation box waste, bobbin waste, old newsprint, etc. In India, the raw material is

Bhoomi Ruchit Mehta is based at the Department of Management, Institute of Management, Nirma University, Ahmedabad, India. Sandip Trada is based at the Department of, Institute of Management, Nirma University, Ahmedabad, India.

The authors would like to thank the managing director of the company and all the key employees for giving their time and information for the case.

Disclaimer. This case is written solely for educational purposes and is not intended to represent successful or unsuccessful managerial decision-making. The authors may have disguised names; financial and other recognizable information to protect confidentiality.