

PROJECT REPORT

Of

SURGICAL ADHESIVE TAPES

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding **Surgical Adhesive tapes**.

The objective of the pre-feasibility report is primarily to facilitate potential entrepreneurs in project identification for investment and in order to serve his objective; the document covers various aspects of the project concept development, start-up, marketing, finance and management.

[We can modify the project capacity and project cost as per your requirement. We can also prepare project report on any subject as per your requirement.]



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PROJECT AT A GLANCE

- 1 Name of the Entrepreneur : xxxxxxxxxx
- 2 Constitution (legal Status) : xxxxxxxxxx
- 3 Father / Spouse Name : xxxxxxxxxx
- 4 Unit Address : xxxxxxxxxxxxxxxxxxxxxxxx
- District : xxxxxxxx
Pin: xxxxxxxx State: xxxxxxxxxx
Mobile xxxxxxxx
- 5 Product and By Product : **SURGICAL ADHESIVE TAPES**
- 6 Name of the project / business activity proposed : **SURGICAL ADHESIVE TAPES MANUFACTURING UNIT**
- 7 Cost of Project : Rs.21.5 Lakhs
- 8 Means of Finance
Term Loan Rs.14.36 Lakhs
KVIC MARGIN MONEY As per Project Eligibility
Own Capital Rs.2.15 Lakhs
Working Capital Rs.5 Lakhs
- 9 Debt Service Coverage Ratio : 1.95
- 10 Pay Back Period : 5 Years
- 11 Project Implementation Period : 5-6 Months
- 12 Break Even Point : 40%
- 13 Employment : 11 Persons
- 14 Power Requirement : 10 KW
- 15 Major Raw materials : 3 M Microporous Paper Rolls
- 16 Estimated Annual Sales Turnover (Max Utilized Capacity) : 61.22 Lakhs
- 17 Detailed Cost of Project & Means of Finance

COST OF PROJECT

(Rs. In Lakhs)

Particulars	Amount
Land	Own/Rented
Building /Shed 1200 sq ft	Own/Rented
Plant & Machinery	14.95
Furniture & Fixtures	1.00
Working Capital Requirement	5.55
Total	21.50

MEANS OF FINANCE

Particulars	Amount
Own Contribution@10%	2.15
Term Loan	14.36
Working Capital	5.00
Total	21.50

	General	Special
Beneficiary Margin Money (% of Project Cost)	10%	5%

SURGICAL ADHESIVE TAPE



INTRODUCTION

Tape refers to a wide class of products with extremely small thickness, considerable width, long length usually rolled over a hub and are utilized to hold some component or part by wrapping tape around that component.

A sub class of tape called adhesive tapes has a layer of adhesive on one or both of its sides based on its further classification, these tapes are composed of base tape of a material like paper, fabric or plastic which is responsible for overall strength of adhesive tape with glue on its surface for adhesion.

The surgical tape is a class of adhesive tape that are used to hold various other components of dressing over a wound in its required place by utilizing its adhesive which gently adheres to skin as well as dressing components.

These Tapes use a hypoallergenic adhesive along with a breathable porous material like cotton, 3M Micropore paper etc. These base tape materials allow restricted passage of air and moisture to prevent irritation and rashes.

RAW MATERIAL

- 1) Base Tape Roll (Cotton based material tape or 3M Micropore Paper)
- 2) Zinc Oxide based Adhesive

MACHINE REQUIRED

The surgical tape manufacturing is usually carried out on a single machine composed of several sub-processing and tensioning station, as it will reduce the cost of roll winding station; roll unwinding station; feed, alignment and tensioning rollers, which will be required in each individual machine for each respective station and it will also reduce the quality of product due to manual handling.

The surgical tape manufacturing requires roll unwinding, tensioning, coating, drying, roll winding, tape slitting and packaging processes, which are performed in individual sections of Adhesive Tape Making Machine.



The machine has a roll unwinding station, tape alignment and tensioning station, coating station, drying station, roll winding station and tape slitting station; these stations are in general required for any adhesive tape manufacturing.

INDUSTRY OUTLOOK / TREND

The segment of absorbent and packing gauze surgical dressings is expected to grow worldwide owing to factors such as increasing incidences of road accidents and sports related injuries. Globally raising aging population and the growing prevalence of chronic diseases. In addition, the swift healing times brought about by the usage of wound dressings make them useful during emergency care. The rising incidence of wound infections raises the sale of wound dressings, thus having a positive impact on the market.

MANUFACTURING PROCESS

The roll of base tape material is feed to tape roll unwinding section of adhesive tape making machine which simply unrolls the tape from its roll and feeds it to alignment and tensioning roller section via a set of feed rollers.

In alignment and tensioning section machine ensures that the base tape material is aligned properly so as to avert improper coating of adhesive on tape, thus the tape is feed to coating section which applies coating of Zinc Oxide based adhesive onto the base tape uniformly along its width.

The tape is then passed through a drying section, which may use an air drier or air heater, so as to properly dry the applied adhesive, followed by which tape is feed to tape roll winding section of machine which simply rolls the tape back to form a large roll.

This roll is then feed to tape slitting section of machine which utilizes an appropriate cutter to simply cut the giant roll into number of tapes. These tapes are taken out of machine packaged and sent for sale.

Note: An extra section is present in some machines in which a smooth non-stick paper is applied to adhesive side of tape prior to tape roll winding section, so as to prevent stickiness due to adhesive on adhesive free side of tape.

DEMAND PROJECTION

The demand for surgical adhesive tape is mainly influenced by population growth, economic growth and expansion of the health sector.

The health sector has been given due attention by the government. Due to the favorable environment created for private investment a number of health facilities including hospitals and clinics are being established throughout the country.

Medical and health facilities registered an annual average growth of 12.00% approx. over the past four years.

PROJECTED BALANCE SHEET

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
<u>Capital Account</u>					
Opening Balance	-	2.62	4.02	5.82	8.94
Add: Additions	2.15	-	-	-	-
Add: Net Profit	1.07	2.60	4.30	6.63	8.89
Less: Drawings	0.60	1.20	2.50	3.50	6.00
Closing Balance	2.62	4.02	5.82	8.94	11.83
CC Limit	5.00	5.00	5.00	5.00	5.00
Term Loan	12.76	9.57	6.38	3.19	-
Sundry Creditors	0.27	0.44	0.50	0.57	0.65
TOTAL :	20.65	19.02	17.69	17.70	17.48
<u>APPLICATION OF FUND</u>					
Fixed Assets (Gross)	15.95	15.95	15.95	15.95	15.95
Gross Dep.	2.34	4.34	6.04	7.49	8.73
Net Fixed Assets	13.61	11.61	9.91	8.46	7.22
<u>Current Assets</u>					
Sundry Debtors	3.52	4.15	4.74	5.41	6.12
Stock in Hand	2.30	2.61	2.97	3.35	3.77
Cash and Bank	1.22	0.65	0.07	0.47	0.36
TOTAL :	20.65	19.02	17.69	17.70	17.48
	-	-	-	-	-

PROJECTED PROFITABILITY STATEMENT

PARTICULARS	I	II	III	IV	V
<u>A) SALES</u>					
Gross Sale	35.16	41.49	47.43	54.11	61.22
Total (A)	35.16	41.49	47.43	54.11	61.22
<u>B) COST OF SALES</u>					
Raw Mateiral Consumed	16.25	18.77	21.50	24.45	27.65
Electricity Expenses	1.35	1.48	1.62	1.75	1.89
Repair & Maintenance	0.07	0.08	0.09	0.11	0.12
Labour & Wages	8.98	9.87	10.86	11.95	13.14
Depreciation	2.34	2.00	1.70	1.45	1.24
Cost of Production	28.99	32.20	35.77	39.71	44.04
Add: Opening Stock /WIP	-	0.68	0.74	0.82	0.91
Less: Closing Stock /WIP	0.68	0.74	0.82	0.91	1.01
Cost of Sales (B)	28.31	32.15	35.69	39.62	43.94
C) GROSS PROFIT (A-B)	6.85	9.35	11.74	14.49	17.28
	19.48%	22.53%	24.74%	26.78%	28.22%
D) Bank Interest (Term Loan)	1.56	1.27	0.92	0.57	0.22
ii) Interest On Working Capital	0.55	0.55	0.55	0.55	0.55
E) Salary to Staff	2.97	3.27	3.59	3.95	4.35
F) Selling & Adm Expenses Exp.	0.70	1.66	2.37	2.71	3.06
TOTAL (D+E)	5.78	6.75	7.44	7.78	8.18
G) NET PROFIT	1.07	2.60	4.30	6.71	9.10
	3.0%	6.3%	9.1%	12.4%	14.9%
H) Taxation	-	-	-	0.09	0.20
I) PROFIT (After Tax)	1.07	2.60	4.30	6.63	8.89

PROJECTED CASH FLOW STATEMENT

PARTICULARS	I	II	III	IV	V
<u>SOURCES OF FUND</u>					
Own Contribution@10%	2.15	-			
Net Profit	1.07	2.60	4.30	6.71	9.10
Depreciation & Exp. W/off	2.34	2.00	1.70	1.45	1.24
Increase In Cash Credit	5.00				
Increase In Term Loan	14.36	-	-	-	-
Increase in Creditors	0.27	0.17	0.06	0.07	0.07
TOTAL :	25.18	4.76	6.06	8.23	10.41
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	15.95	-	-	-	-
Increase in Stock	2.30	0.31	0.35	0.39	0.42
Increase in Debtors	3.52	0.63	0.59	0.67	0.71
Repayment of Term Loan	1.60	3.19	3.19	3.19	3.19
Taxation	-	-	-	0.09	0.20
Drawings	0.60	1.20	2.50	3.50	6.00
TOTAL :	23.96	5.33	6.64	7.83	10.52
Opening Cash & Bank Balance	-	1.22	0.65	0.07	0.47
Add : Surplus	1.22	- 0.57	- 0.57	0.40	- 0.12
Closing Cash & Bank Balance	1.22	0.65	0.07	0.47	0.36

COMPUTATION OF PRODUCTION OF SURGICAL ADHESIVE TAPES**Item to be Manufactured SURGICAL ADHESIVE TAPES**

Manufacturing Capacity per Day		200.00	boxes of 6 pcs
No. of Working Hour		8	
No of Working Days per month		25	
No. of Working Day per annum		300	
Total Production per Annum		60,000	boxes of 6 pcs
Year		Capacity	SURGICAL ADHESIVE TAPES
		Utilisation	
I		50%	30,000
II		55%	33,000
III		60%	36,000
IV		65%	39,000
V		70%	42,000

COMPUTATION OF RAW MATERIAL

Item Name	Quantity of Raw Material	Unit	Unit Rate of	Total CostPer Annum (100%)
3M Micropore Paper	7500	Rolls	400.00	3,000,000.00
Zinc Oxide based Adhesive	Lumsum			250,000.00
Total	7,500.00			3,250,000.00
Total Raw material in Rs lacs	at 100% Capacity			32.50
Cost per Box of 6 pcs	(In Rs)			54.17
Raw Material Consumed	Capacity Utilisation	Rate	Amount (Rs.)	
I	50%	54.17	16.25	
II	55%	56.88	18.77	5% Increase in Cost
III	60%	59.72	21.50	5% Increase in Cost
IV	65%	62.70	24.45	5% Increase in Cost
V	70%	65.84	27.65	5% Increase in Cost

COMPUTATION OF CLOSING STOCK & WORKING CAPITAL

PARTICULARS	I	II	III	IV	V
Finished Goods					
(7 Days requirement)	0.68	0.74	0.82	0.91	1.01
Raw Material					
(30 Days requirement)	1.63	1.88	2.15	2.45	2.77
Closing Stock	2.30	2.61	2.97	3.35	3.77

COMPUTATION OF WORKING CAPITAL REQUIREMENT

Particulars	Amount	Margin(10%)	Net Amount
Stock in Hand	2.30		
Less:			
Sundry Creditors	0.27		
Paid Stock	2.03	0.20	1.83
Sundry Debtors	3.52	0.35	3.16
Working Capital Requirement			4.99
Margin			0.55
MPBF			5.00
Working Capital Demand			5.00

BREAK UP OF LABOUR

Particulars	Wages	No of	Total
	Per Month	Employees	Salary
Skilled Worker	10,000.00	2	20,000.00
Unskilled Worker	8,000.00	6	48,000.00
			68,000.00
Add: 10% Fringe Benefit			6,800.00
Total Labour Cost Per Month			74,800.00
Total Labour Cost for the year (In Rs. Lakhs)		8	8.98

BREAK UP OF SALARY

Particulars	Salary	No of	Total
	Per Month	Employees	Salary
Administrative Staff	7,500.00	3	22,500.00
Total Salary Per Month			22,500.00
Add: 10% Fringe Benefit			2,250.00
Total Salary for the month			24,750.00
Total Salary for the year (In Rs. Lakhs)		3	2.97

COMPUTATION OF DEPRECIATION

Description	Land	Building/shed	Plant & Machinery	Furniture	TOTAL
Rate of Depreciation			15.00%	10.00%	
Opening Balance	Own/Rented		-	-	-
Addition			14.95	1.00	15.95
	-	-	14.95	1.00	15.95
TOTAL		-	14.95	1.00	15.95
Less : Depreciation	-	-	2.24	0.10	2.34
WDV at end of 1st year	-	-	12.71	0.90	13.61
Additions During The Year	-	-	-	-	-
	-	-	12.71	0.90	13.61
Less : Depreciation	-	-	1.91	0.09	2.00
WDV at end of IIrd Year	-	-	10.80	0.81	11.61
Additions During The Year	-	-	-	-	-
	-	-	10.80	0.81	11.61
Less : Depreciation	-	-	1.62	0.08	1.70
WDV at end of IIIrd year	-	-	9.18	0.73	9.91
Additions During The Year	-	-	-	-	-
	-	-	9.18	0.73	9.91
Less : Depreciation	-	-	1.38	0.07	1.45
WDV at end of IV year	-	-	7.80	0.66	8.46
Additions During The Year	-	-	-	-	-
	-	-	7.80	0.66	8.46
Less : Depreciation	-	-	1.17	0.07	1.24
WDV at end of Vth year	-	-	6.63	0.59	7.22

REPAYMENT SCHEDULE OF TERM LOAN

11.0%

Year	Particulars	Amount	Addition	Total	Interest	Repayment	CI Balance
I	Opening Balance						
	Ist Quarter	14.36	-	14.36	0.39	-	14.36
	IInd Quarter	14.36	-	14.36	0.39	-	14.36
	IIIRD Quarter	14.36	-	14.36	0.39	0.80	13.56
	Ivth Quarter	13.56	-	13.56	0.37	0.80	12.76
					1.56	1.60	
II	Opening Balance						
	Ist Quarter	12.76	-	12.76	0.35	0.80	11.96
	IInd Quarter	11.96	-	11.96	0.33	0.80	11.17
	IIIRD Quarter	11.17	-	11.17	0.31	0.80	10.37
	Ivth Quarter	10.37		10.37	0.29	0.80	9.57
					1.27	3.19	
III	Opening Balance						
	Ist Quarter	9.57	-	9.57	0.26	0.80	8.77
	IInd Quarter	8.77	-	8.77	0.24	0.80	7.98
	IIIRD Quarter	7.98	-	7.98	0.22	0.80	7.18
	Ivth Quarter	7.18		7.18	0.20	0.80	6.38
					0.92	3.19	
IV	Opening Balance						
	Ist Quarter	6.38	-	6.38	0.18	0.80	5.58
	IInd Quarter	5.58	-	5.58	0.15	0.80	4.79
	IIIRD Quarter	4.79	-	4.79	0.13	0.80	3.99
	Ivth Quarter	3.99		3.99	0.11	0.80	3.19
					0.57	3.19	
V	Opening Balance						
	Ist Quarter	3.19	-	3.19	0.09	0.80	2.39
	IInd Quarter	2.39	-	2.39	0.07	0.80	1.60
	IIIRD Quarter	1.60	-	1.60	0.04	0.80	0.80
	Ivth Quarter	0.80		0.80	0.02	0.80	0.00
					0.22	3.19	

Door to Door Period 60 Months
Moratorium Period 6 Months
Repayment Period 54 Months

CALCULATION OF D.S.C.R

PARTICULARS	I	II	III	IV	V
CASH ACCRUALS	3.41	4.59	6.00	8.08	10.13
Interest on Term Loan	1.56	1.27	0.92	0.57	0.22
Total	4.97	5.87	6.92	8.65	10.35
REPAYMENT					
Repayment of Term Loan	1.60	3.19	3.19	3.19	3.19
Interest on Term Loan	1.56	1.27	0.92	0.57	0.22
Total	3.15	4.46	4.11	3.76	3.41
DEBT SERVICE COVERAGE RATIO	1.58	1.31	1.68	2.30	3.04
AVERAGE D.S.C.R.			1.95		

COMPUTATION OF SALE

Particulars	I	II	III	IV	V
Op Stock	-	700.00	770.00	840.00	910.00
Production	30,000.00	33,000.00	36,000.00	39,000.00	42,000.00
	30,000.00	33,700.00	36,770.00	39,840.00	42,910.00
Less : Closing Stock(7 Days)	700.00	770.00	840.00	910.00	980.00
Net Sale	29,300.00	32,930.00	35,930.00	38,930.00	41,930.00
Sale Price per box	120.00	126.00	132.00	139.00	146.00
Sale (in Lacs)	35.16	41.49	47.43	54.11	61.22

COMPUTATION OF ELECTRICITY**(A) POWER CONNECTION**

Total Working Hour per day	Hours	8	
Electric Load Required	KW	10	
Electricity Charges	per unit	7.50	
Total Working Days		300	
Electricity Charges			1.80
Add : Minimim Charges (@ 10%)			

(B) DG set

No. of Working Days		300	days
No of Working Hours		0.5	Hour per day
Total no of Hour		150	
Diesel Consumption per Hour		8	
Total Consumption of Diesel		1,200	
Cost of Diesel		65.00	Rs. /Ltr
Total cost of Diesel		0.78	
Add : Lube Cost @15%		0.12	
Total		0.90	
Total cost of Power & Fuel at 100%			2.70

Year	Capacity	Amount (in Lacs)
I	50%	1.35
II	55%	1.48
III	60%	1.62
IV	65%	1.75
V	70%	1.89

PLANT & MACHINERY

PARTICULARS	QTY.	RATE	AMOUNT IN RS.
Roll Unwinder	1	290000	290,000.00
Roll Tensioning Machine	1	180000	180,000.00
Coating Machine	1	65000	65,000.00
Drying Machine	1	145000	145,000.00
Roll Winding Machine	1	465000	465,000.00
Slitting Tape machine	1	350000	350,000.00
Total Cost			1,495,000.00

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