

PROJECT PROFILE

ON

ADHESIVE TAPES

PREPARED BY



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1. Introduction:

Adhesive Tapes are widely used for packaging, Labeling, electrical insulation, Stationery, Sealing and general purpose applications. These tapes are based on many kinds of pressure sensitive adhesives where in adhesive is applied on one side. They can be easily put on any surface very conveniently by applying slight pressure either mechanically or manually.

Each and every industry will come across the adhesive tapes for the purpose of packaging. So the major part of the application of the adhesive tapes is occupied by the packaging industry and the other applications of these adhesive tapes are stationery and households.

2. Market:

The world market for adhesive tapes is projected to expand at an annual pace of over 6% through the year 2004 to almost 25 billion square meters valued at \$20.5 billion. Adhesive tapes will continue to account for over two-thirds of aggregate sales. Tapes will make further inroads at the expense of competitive carton sealing media such as glues and mechanical fasteners. Rising corrugated box sales will also bode favorably for Adhesive tape demand. Among the other tape types, the best opportunities exist for technical and specialty tapes, such as the double-sided adhesive tapes increasingly utilized in fastening and bonding applications in industries such as building construction, motor vehicle assembly, electronics and telecommunications etc.

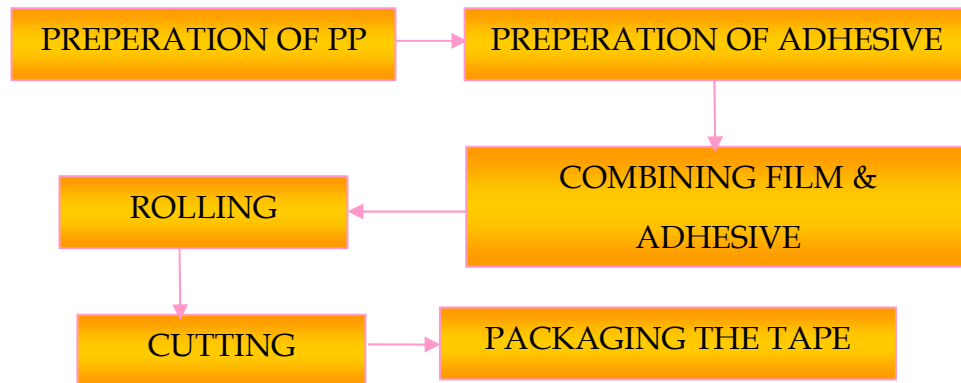
3. Raw Material:

The raw materials required for making of Adhesive Plastic Tapes are polypropylene (PP) and Adhesive.

4. Manufacturing Process & Technology

The flat piece of easily portable and multi-layered adhesive tape is formed by compressing the adhesive tape roll having circular shape or other shapes. The adhesive tape roll is compressed and cohered during the compressing step. A stiff interfacial layer, for example, having adhesion by adhering two innermost adhesive surfaces, by providing a stronger adhesion material, by inserting a stiff and solid material, or a stiff and solid material coated with a strong adhesion material, is applied to the symmetry plane of the adhesive tape during the compressing step. The preferential material of the high adhesion material is a cyanoacrylate adhesive or an epoxy adhesive.

The process of manufacturing Adhesive plastic tapes can be seen in the following process flow diagram:



5. Technology:

The technology/Machinery required for manufacturing of the Adhesive plastic tape are Extruder, Coating Machine, Slitting machine (1500 mm and 500 mm), Core Cutting Machine, Chilling Unit and Scrap Grinder

6. Investment:

The investment for setting up a Adhesive plastic tape manufacturing Plant works out to **Rs. 2.58 Crores** and the break up of the cost is tabulated below.

The land requirement will be around 2.0 acres. The Preliminary & Pre-operative expense works out to Rs 0.15 crores. Plant & Machinery including installation, erecting & transportation charges are of 0.93 Crores. Buildings and civil works are estimated to be 0.93 Crores. Contingencies @ 5% have been considered in the project cost. Margin money for working capital is estimated to be 0.12 Crores.

Table 1: Project Cost

S.No.	Description	Cost (Rs in Crores)
1	Land & Site Development	0.15
2	Buildings & Civil works	0.93
3	Plant & Machinery including ert., ins.,& trans	0.93
4	Misc. Fixed Assets	0.10
5	Contingency @5%	0.10
6	Electricity Deposits	0.10
7	Preliminary & Pre-operative Expenses	0.15
8	Margin Money for Working capital	0.12
Total Project Cost		2.58

Means of Finance

The project is proposed to finance with a debt equity ratio of 1.94:1 and the means of finance is as follows:

Table 2: Means of Finance

S.No.	Sources of Funds	Cost (Rs in Crores)
1	Share Capital - Equity	0.88
2	Term Loan	1.70
	Total	2.58

7. Profitability Assumptions:

Basic assumptions of the Adhesive Plastic Tape manufacturing unit are given in the table below:

- The installed capacity is considered at 120 Kg/hr
- No. of Working days is considered at 270 with 2 operating shifts per day and 8 hours/shift
- The unit can work at 60% capacity for the first year and can increase by 3-4% there on.
- The manpower requirement is considered at 37 personnel for various level viz. casual labour, Technical & Supervisory staff and administrative staff.

8. Key Financial indicators:

The returns are adequate enough to repay the term loan in 5 years. The key financial indicators are tabulated below.

(Rs. in Crores)

S No	Particulars	Year 1	Year 2	Year 3	Year 4	Year 5
1	Sales	4.67	4.90	5.13	5.37	5.60
2	Total Expenditure	3.59	3.77	3.94	4.12	4.30
3	PBIDT	1.07	1.13	1.19	1.24	1.30
4	PBT	0.72	0.83	0.93	1.04	1.14
5	PAT	0.48	0.55	0.61	0.68	0.75
6	Cash Accruals	0.82	0.92	1.03	1.13	1.23
7	BEP @ Operating capacity	45.84%	41.00%	36.62%	32.65%	29.12%
8	Debt Equity Ratio	1.54	1.15	0.77	0.38	0.00
9	DSCR (Gross)	1.46	1.64	1.86	2.12	2.45
10	Average DSCR	1.85				
11	DSCR (Net)	1.75	1.96	2.16	2.36	2.56
12	Average DSCR	2.16				
13	IRR (%)	30.52%				
