PROJECT PROFILE

ON

BABY FEEDING BOTTLES
(150 ml & 250 ml)

PREPARED BY

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1. Introduction:

The conventional baby feeding bottle consists of a bottle to which a plastic or rubber teat is detachably connected by a coupling means, usually threads formed on the top of the bottle and a correspondingly threaded collar. For ease of cleaning, the body of the bottle is formed from glass or a heat- sterilisable plastic. Baby feeding bottles are specially designed to ensure minimum feeding effort by infants. The one-way valve prevents flooding and overwhelming the baby. Feed bottles with wide necked design are stable and easier to hold, making filling and cleaning easy. Clear markings on the bottle ensure accurate measurement.

2. Market:

3. Raw Material:

Polycarbonate (PC) is popularly used for manufacturing baby feeding bottles and highly preferable in the market because of its light weight, unbreakable and heat resistance quality. Polycarbonate (PC) plastic is one of the safest and best materials used to make baby bottles. While there are other options available on the market Viz, Polypropylene (PP) and Glass.

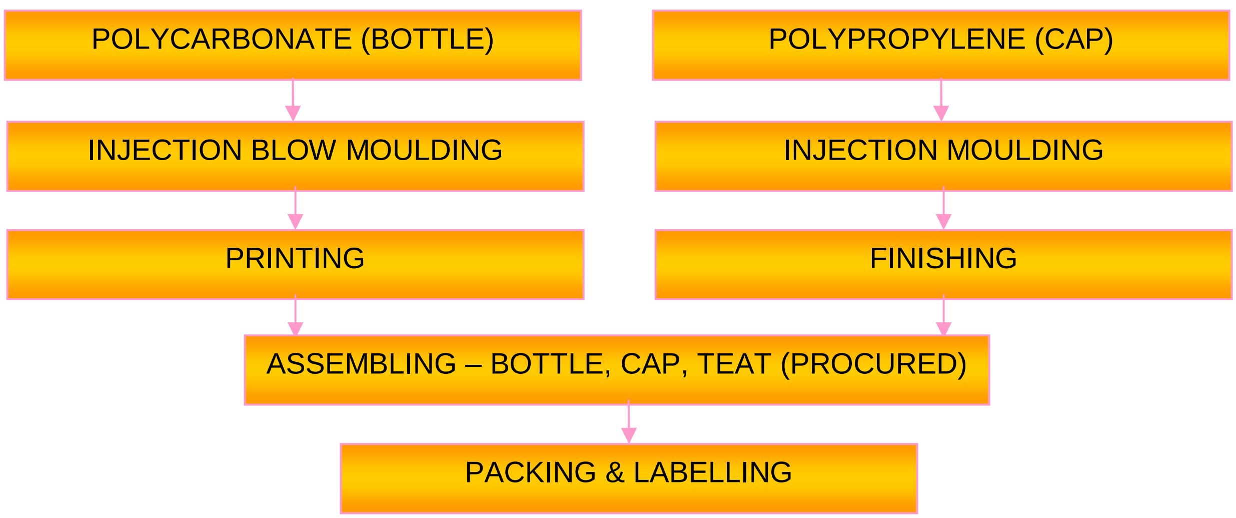
4. Manufacturing Process& Technology

Baby Feeding Bottles have the following parts:

- Bottle
- Cap
- Teat (or Nipple)

The bottle is made of Polycarbonate and is manufactured by Injection Blow Moulding and the cap is made of Polypropylene and is made by Injection Moulding. Silicone nipples for the bottle can be procured from reputed suppliers.

The process of manufacturing baby feeding bottles and caps can be seen in the following process flow diagram:



5. Technology:

The technology/Machinery required for manufacturing of the Baby Feeding Bottles are blow moulding machine, Injection moulding machine, color mixer, chilling machine, scrap grinder and printing machine.

6. **Investment:**

The investment for setting up a Adhesive plastic tape manufacturing Plant works out to **Rs. 2.15 Crores** and the break up of the cost is tabulated below.

The land requirement will be around 1.0 acres. The Preliminary & Pre-operative expense works out to Rs 0.19 crores. Plant & Machinery including installation, erecting & transportation charges are of 0.53 Crores. Buildings and civil works are estimated to be 0.98 Crores. Contingencies @ 5% have been considered in the project cost. Margin money for working capital is estimated to be 0.06 Crores.

Table 1: Project Cost

S.No.	Description	Cost (Rs in Crores)
1	Land & Site Development	0.10
2	Buildings & Civil works	0.98
3	Plant & Machinery including erc., ins.,& trans	0.53
4	Misc. Fixed Assets	0.10
5	Contingency @5%	0.09
6	Electricity Deposits	0.10
7	Preliminary & Pre-operative Expenses	0.19
8	Margin Money for Working capital	0.06
	Total Project Cost	**2.15**

Means of Finance

The project is proposed to finance with a debt equity ratio of 1.53:1 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	0.85
2	Term Loan	1.30
	Total	**2.15**

7. Profitability Assumptions:

Basic assumptions of the Baby Feeding Bottles manufacturing unit are given in the table below:

- Product mix considered are baby feeding bottles with a capacity of 150 ml and 250 ml
- The installed capacity is considered at 240 bottles/hr of 150 ml capacity and 200 bottles/hr of 250 ml capacity
- No. of Working days is considered at 150 with 2 operating shifts per day and 8 hours/shift
- The unit can work at 70% capacity for the first year and can increase by 2% there on.
- The manpower requirement is considered at 35 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	2.55	2.63	2.70	2.77	2.85
2	Total Expenditure	1.53	1.57	1.62	1.66	1.70
3	PBIDT	1.02	1.05	1.08	1.11	1.14
4	PBT	0.77	0.83	0.90	0.96	1.03
5	PAT	0.48	0.52	0.57	0.61	0.66
6	Cash Accruals	0.55	0.60	0.64	0.68	0.73
7	BEP @ Operating capacity	37.47%	33.92%	30.58%	28.22%	24.54%
8	Debt Equity Ratio	1.22	0.92	0.61	0.31	0.00
9	DSCR (Gross)	1.76	1.95	2.17	2.38	2.79
10	Average DSCR	2.16				
11	DSCR (Net)	2.25	2.42	2.59	2.73	2.92
12	Average DSCR	2.58				
13	IRR (%)	32.57%				

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