

## MOSQUITO NET

### Introduction:

Mosquito net is considered as an essential item for human living. It is a protective item used by people to ward off mosquito bites during sleep with people become more health and hygiene conscious, mosquito nets have found preference over mosquito repellent which is a chemical preparation and is hazardous to health in the long run.

### The product:

Mosquito net is an essential item of the bedding used by people to protect themselves from mosquito bites during sleep. Though other protective items like mosquito repellent coils and mats, ointments are available yet people prefer mosquito nets as there are no side effects as may be present in the chemically prepared item. Hence, the demand for mosquito nets is always on the increase. With the introduction of nylon nets, the preference for cotton nets is decreasing as nylon nets have more durability, are easier and lighter to wash with better air circulation.

### Market potential:

Mosquito net is an essential item for human use. Its demand is not seasonal but exists throughout the year. Apart from domestic consumption, there is demand in hotels, hospitals and the defence sector, who are bulk purchasers of the item through rate contracts.

### Raw Materials & its availability:

The raw materials required for the unit is Nylon Net which is available in the market. It can be procured in bulk from the wholesaler at a reduced price. Other accessories required are lining cloth, cotton tape and sewing threads which are readily available in the market.

### Suggested Location:

The unit may be located in any urban area preferably near to the market place.

### Production Process:

The manufacture of Nylon net is very simple. A piece of net is cut in rectangular size varying in size whether it is a double or a single net. Another piece is stitched with cotton tape and lining making it into a rectangular tent to fit the bed.

### Plant capacity:

Production per day at rated capacity	:	50 nets/day
Capacity utilization	:	100%
Average daily production envisaged	:	50 Nets
Working days/year	:	300
Annual production	:	15,000 nets.

### Raw materials:

<u>Item</u>	<u>Qty.</u>	<u>Amount (Rs)</u>
1. Nylon net	150000 mtr. @ Rs 20/mtr	30,00,000
2. Cotton tap, sewing thread, lining cloth etc.	Lining with 37500 mtrs cotton tape +threads (LS)	3,75,000
3. Packing materials	L.S.	<u>12,000</u>
	<b>Total</b>	<b>Rs 33,87,000</b>

**Machinery:**

The major equipment required are –

<u>Description</u>	<u>Qty.</u>	<u>Amount (Rs)</u>
Sewing machine 103K complete set with all fittings	5 Nos. @ Rs 8,000/-	40,000/-
Scissor, Scale, Tape and accessories	L.S.	<u>5,000/-</u>
<b>Total</b>		<b>45,000/-</b>

**Infrastructure:**

The major infrastructural requirement are –

Covered area	:	750 sq.ft.
Power	:	2 KW
Water	:	500 ltrs/day

**Total Capital Requirement:**

The total capital requirement including fixed capital and working capital is estimated at Rs 6,34,621 as follows. Of this, the project cost comprising fixed capital and margin money on working capital is Rs 2,64,369 lakhs.

**A. Fixed Capital:**

	(Rs in lakh)
Land building	Rented
Machinery	45,000
Miscellaneous fixed assets	15,000
Preliminary and pre-operative expenses	<u>5,000</u>
<b>Total (A)</b>	<b>65,000</b>
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**C. Working Capital:****D.**

Raw materials & Packing material	15 days	1,69,350
Finished goods	15 days	1,72,685
Working expenses	1 month	21,336
Receivables	15 days	<u>2,06,250</u>
<b>Total (B)</b>		<b>5,69,621</b>
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**Total (A)+(B) 6,34,621**

Note: Working capital may be financed as:

Bank Finance	.....	Rs 3,70,254
Margin Money	.....	<u>Rs 1,99,367</u>
		<b>Rs 5,69,621</b>
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**Capital Cost of Project:**

Fixed capital	:	Rs 65,000
Margin Money for Working Capital	:	Rs <u>1,99,367</u>
		Rs.2,64,367
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**Means of Finance:**

Promoter's contribution (35%)	Rs 92,528
Term Loan (65%)	<u>Rs 1,71,839</u>
	<b>Rs 2,64,367</b>
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**Operating Expenses:**

The annual operating expenses are estimated at Rs 39,16,648 as given below:

		<b>(Rs in lakhs)</b>
1.	Raw materials:	33,75,000
2.	Packing materials	12,000
3.	Utilities	15,360
4.	Wages & Salaries	1,98,000
5.	Rent, Insurance	18,000
6.	Other overheads	15,,000
7.	Selling expenses @ 5% on annual sales	2,06,250
8.	Interest on term loan@ 12.50%	21,480
9.	Interest on Bank Finance for Working Capital@13.25%	49,058
10.	Depreciation @10% on machinery__	<u>6,500</u>
		<b>39,16,648</b>
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**Sales Realization:**

Sl.No.	Particulars	No.	Rate (Rs)	Value (Rs)
1.	Mosquito nets	15000 p.a. @ Rs 275/-	275/-	41,25,000
<b>TOTAL</b>				<b>41,25,000</b>

**Profitability :**

Based on the sales realization of Rs 41,25,000 and the operating expenses, the profit would be Rs 39,16,648 the profit at rated capacity utilization would be Rs 2,08,352 per year. This works out to a return on investment of 33%. The plant will break even at 60% of the rated capacity.

**Highlight:**

The major highlights of the project are as follows:

Total capital requirement	:	Rs	6,34,621
Promoter's contribution	:	Rs	92,528
Annual sales realization (70% cap.)	:	Rs	41,25,000
Annual operating expenses (70% cap.)	:	Rs	39,16,648
Annual profit (pre-tax)	:	Rs	2,08,852
Pre-tax Return on Sales	:		5%
Break Even Point	:		60%
No.of persons employed	:		8

**Suppliers of Machinery**

All machineries and equipment are available in the local market.