Profile No.: 58 **NIC Code: 10791**

TEA BLENDING UNIT

1. INTRODUCTION:

Tea is the product which becomes necessity for most of Indians. Tea blending is process of bringing together teas from various sources and regions with varied level of flavor and liquor. Some regions grow tea of low level of flavor and strength and that needs to be blended with better quality of tea as per consumer's preferences. There is growing market and preference for spiced flavor tea which gives more opportunities for blending.

2. PRODUCT & ITS APPLICATION:

Tea is highly consumed product in Indian market. Most of people have tea as a routine in their daily needs. It is consumed sometimes 3-4 times a day by an average person. Tea with various varieties, flavor and juice is preferred by consumers. In small and large corporate, tea is needed for vending machines. Pre-mix tea or instant mix tea is also getting space in Indian tea market. Spiced, elaichi, ginger flavored tea is getting more demand in today's consumption. Moreover, wastages during blending process can be utilized for fertilizer and can give revenue and help environment.

3. DESIRED QUALIFICATIONS FOR PROMOTER:

Successful running this project does not require any specific qualification.

4. MARKET POTENTIAL AND MARKETING ISSUES, IF ANY:

Growing demand and preference for various liquor and flavor, tea market is becoming stronger. Export market can also fetch great revenues compared to domestic market, as people worldwide prefer Indian flavor tea because of strong flavor and juice content. Preparing spiced tea and instant mix tea can be economical compared to other countries because of cheap labor and available wide range of raw materials for tea and spices. During April-September 2016, India exported tea of USD 306.9 million and it is expected to grow at much larger pace in coming years.

5. RAW MATERIAL REQUIREMENTS:

Basic raw material required for this is various ranges of tea which include high quality of tea and ordinary tea with ranges of flavor and juice. To add more varieties in tea, other raw materials of spices, elaichi and ginger is required. This will be for forward integration where consumer will get added and complete solution for tea making. For packaging, food grade polymers, pouch materials and cardboard boxes are required.

6. MANUFACTURING PROCESS:

High quality tea and lower quality tea are mixed in a Double cane Blender. The blended tea is loaded in the pouch fill pack-seal machine. Printed pouches are also loaded in the filling machine. The filling and sealing of pouches are done by the machine. Filled up pouches are then repacked in corrugated cardboard boxes for shipping.

7. MANPOWER REQUIREMENT:

The enterprise requires 10 employees as detailed below**:**

Sr. No.	Designation of Employees	SALARY PER PERSON	Monthly Salary ₹	Number of employees required				
				Year-1	Year-2	Year-3	Year-4	Year-5
1	Operator	₹ 10,000.00	₹ 20,000.00	2	2	2	2	2
2	Un Skilled Workers	₹ 8,000.00	₹ 32,000.00	4	4	6	6	6
3	Accountant	₹ 12,000.00	₹ 12,000.00	1	1	1	1	1
4	Store Keeper	₹ 8,000.00	₹ 8,000.00	1	1	1	1	1
5	Sales Staff	₹ 12,000.00	₹ 24,000.00	2	2	2	2	2
	Total		₹ 96,000.00	10	10	12	12	12

8. IMPLEMENTATION SCHEDULE:

The project can be implemented in 7 months' time as detailed below:

Sr. No.	Activity	Time Required *(in months)*
1	Acquisition of premises	1.00
2	Construction (if applicable)	2.00
3	Procurement & installation of Plant & Machinery	2.00
4	Arrangement of Finance	1.00
5	Recruitment of required manpower	1.00
	Total time required *(some activities shall run concurrently)*	7.00

9. COST OF PROJECT:

The project shall cost ₹ 26.34 lacs as detailed below:

Sr. No.	Particulars	₹ in Lacs
1	Land	2.00
2	Building	2.00
3	Plant & Machinery	4.85
4	Furniture, other Misc. Equipments	0.50
5	Other Assets including Preliminary / Pre-operative expenses	0.49
6	Margin for Working Capital	16.50
	Total	**26.34**

10. MEANS OF FINANCE:

Bank term loans are assumed @ 60% of fixed assets. The proposed funding pattern is as under:

Sr. No.	Particulars	₹ in Lacs
1	Promoter's contribution	6.58
2	Bank Finance	19.75
	Total	**26.34**

11. WORKING CAPITAL CALCULATION:

The project requires working capital of ₹ 16.50 lacs as detailed below:

Sr. No.	Particulars	Gross Amt	Margin %	Margin Amt	Bank Finance
1	Inventories	8.25	0.25	2.06	6.19
2	Receivables	4.13	0.25	1.03	3.09
3	Overheads	4.13	100%	4.13	0.00
4	Creditors	-		0.00	0.00
	Total	16.50		7.22	9.28

12. LIST OF MACHINERY REQUIRED:

A detail of important machinery is given below:

Sr. No.	Particulars	UOM	Qtty	Rate (₹ in Lacs)	Value (₹ in Lacs)
	Plant & Machinery / equipments				
a)	***Main Machinery***				
1	Tea Blending Machine	Nos	1	₹ 1.50	₹ 1.50
2	Packing and Sealing Machine	Nos	1	₹ 2.50	₹ 2.50
3	Material Handling Equipments	Nos	1	₹ 0.50	₹ 0.50
4	Weighing Scale	Nos	1	₹ 0.20	₹ 0.20
5	Misc. Tools	LS		₹ 0.15	₹ 0.15

Sr. No.	Particulars	UOM	Qtty	Rate (₹ in Lacs)	Value (₹ in Lacs)
	sub-total Plant & Machinery				**₹ 4.85**
	Furniture / Electrical installations				
1	Office furniture and Electrification	LS	1	₹ 0.50	₹ 0.50
	sub total				**₹ 0.50**
	Other Assets				
1	preliminary and preoperative	LS		0.49	₹ 0.49
	sub-total Other Assets				**₹ 0.49**
	Total				**₹ 5.84**

13. PROFITABILITY CALCULATIONS:

Sr. No.	Particulars	UOM	Year-1	Year-2	Year-3	Year-4	Year-5
1	Capacity Utilization	%	60%	70%	80%	90%	100%
2	Sales	₹. In Lacs	64.80	75.60	86.40	97.20	108.00
3	Raw Materials & Other direct inputs	₹. In Lacs	45.65	53.26	60.87	68.48	76.09
4	Gross Margin	₹. In Lacs	19.15	22.34	25.53	28.72	31.91
5	Overheads except interest	₹. In Lacs	13.26	14.08	15.74	16.24	16.57
6	Interest @ 10 %	₹. In Lacs	1.98	1.98	1.32	0.99	0.79
7	Depreciation @ 30 %	₹. In Lacs	3.40	2.43	1.70	1.21	1.09
8	**Net Profit before tax**	₹. In Lacs	**0.52**	**3.85**	**6.77**	**10.28**	**13.46**

14. BREAKEVEN ANALYSIS:

The project shall reach cash break-even at 54.40% of projected capacity as detailed below:

Sr. No.	Particulars	UOM	Value
1	Sales at full capacity	₹. In Lacs	108.00
2	Variable costs	₹. In Lacs	76.09
3	Fixed costs incl. interest	₹. In Lacs	17.36
4	BEP = FC/(SR-VC) x 100 =	% of capacity	54.40%