

PROJECT REPORT

Of

CHAMOMILE TEA

PURPOSE OF THE DOCUMENT

This particular pre-feasibility is regarding Chamomile tea Manufacturing unit.

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.]



Lucknow Office: Sidhivinayak Building ,
27/1/B, Gokhley Marg, Lucknow-226001

Delhi Office : Multi Disciplinary Training
Centre, Gandhi Darshan Rajghat,
New Delhi 110002

Email : info@udyami.org.in
Contact : +91 7526000333, 444, 555

PROJECT AT GLANCE

1 Name of Proprietor/Director	XXXXXXXXXX
2 Firm Name	XXXXXXXXXX
3 Registered Address	XXXXXXXXXX
4 Nature of Activity	XXXXXXXXXX
5 Category of Applicant	XXXXXXXXXX
6 Location of Unit	XXXXXXXXXX
7 Cost of Project	15.66 Rs. In Lakhs
8 Means of Finance	
i) Own Contribution	1.57 Rs. In Lakhs
ii) Term Loan	10.20 Rs. In Lakhs
iii) Working Capital	3.90 Rs. In Lakhs
9 Debt Service Coverage Ratio	3.94
10 Break Even Point	32%
11 Power Requirement	10 KW
12 Employment	9 Persons
13 Major Raw Materials	Chamomile flowers and packaging material
14 Details of Cost of Project & Means of Finance	

Cost of Project	Amount in Lacs
Particulars	Amount
Land and building	Owned/Leased
Plant & Machinery	9.33
Furniture & Fixture	-
Other Misc Assets	2.00
Working Capital Requirement	4.33
Total	15.66

Means of Finance	Amount
Particulars	Amount
Own Contribution	1.57
Term Loan	10.20
Working capital Loan	3.90
Total	15.66

1. INTRODUCTION



Often found near roads, landfills, or in cultivated fields as a weed, German Chamomile (*Matricaria chamomilla* L.) is one of the world's most important medicinal herbs. It is native to southern and eastern Europe, and also grown in Germany, Hungary, France, Russia, Croatia and Argentina. Often referred to as the 'star' of medicinal herbs, Chamomile flowers are white and yellow with a gentle taste and a scent similar to apples or honey. Its seeds require open soil to survive and the plant prefers sandy soil and full sun. Chamomile is an important source of income in Croatia, where UEBT member Jan-Spider works with 40 cooperatives. These families make a good part of their living from cultivation of Chamomile. For some of the families who have larger areas under cultivation, Chamomile can provide 50-80% of their income, while for others it might provide 20-30%. Most families in the region also grow other herbs and vegetables. Farming families have long utilised chamomile. Chamomile is well-known among the locals for its usage as an infusion for intestinal pain, colds, and improved sleep. Chamomile is harvested using special flower harvesters that resemble large combs with knives. Jan-Spider processes the Chamomile from whole flowers or slices it for tea filter bags once it is harvested. These Chamomile infusion products are mostly sold to the food industry for use in herbal teas, but they are also sold to cosmetics and pharmaceutical firms. Chamomile tea is an herbal beverage created by steeping dried chamomile flowers in water. It can be served hot or cold. It's caffeine-free by nature. Chamomile is a daisy-like flowering plant with white petals and a mustard-yellow core. There are a number of different forms of chamomile, but only two are utilised in tea: German chamomile

and Roman chamomile. Chamomile tea, one of the most popular herbal teas, has been used for medical purposes since ancient Egypt. The more intact the chamomile flowers, the higher the quality, so go for loose tea. If you open up chamomile tea in tea bags, you'll find crushed tiny bits of chamomile flowers which makes a lower quality tea.

2. PRODUCT DESCRIPTION

2.1 PRODUCT USES

Chamomile tea is a popular caffeine-free drink made from dried chamomile flowers. See how to make chamomile tea properly, step-by-step, from a certified Tea Sommelier.

2.2 MANUFACTURING PROCESS

Chamomile is a daisy relative and a member of the Asteraceae family; the joyful tiny yellow and white flowers have a striking resemblance to daisies. While most herbs are collected for their stems, leaves, or even roots, chamomile is taken for its blooms only. It's preferable to harvest it while the blossoms are fully open, before the petals begin to drop backwards.

Harvesting- Chamomile picking is a simple and soothing activity. Pinch the plant's stem immediately below the bloom head gently. Then, between the flower head and the other pinched fingers, place your forefinger and middle finger under the flower head and pop the flower head off.

Withering- Good qualities are spread out on laths wrapped with jute, wire, or nylon netting and let to wither in the sun. For the withering process, normal quality is spread out over big sieves. Huge ventilators force air through the leaf layers from below. During the withering process, the humidity of the still thick, unmalleable flowers is lowered by 30%.

Cleaning- Remove all of the flower heads that are in full bloom and leave behind any that are just budding.

Drying- Allow the flowers to dry in a dark, warm, and dry environment for 1-2 weeks in a single layer on paper towels or cheese cloth. You may also use a dehydrator on the lowest setting to dry them.

Packaging- When the flowers are dry and cool, store them in a sealed glass jar for up to 6 months. They can still be used after 6 months, but the flavor is less intense. It can also be packaged by putting the dried flowers in small pouches used as tea bags.

3 PROJECT COMPONENTS

3.1 Land & Building

The land required for this manufacturing unit will be approx. around 1000 square feet. Land Purchase and Building Civil Work Cost have not been considered as part of the cost of project. It is expected that the premises will be on rental and approximate rentals assumed of the same will be Rs.20,000 per month.

- Workshop Area- This area includes the setup and foundation space for all equipment's, work floor area, etc. Total workshop area is approx.500 Sqft.
- Inventory Area- This area includes the storage space for all the raw materials and finished goods. Total inventory area is approx. 300 Sqft.
- Office Area – This space includes staff working region, their accommodation space. Total workshop area is approx. 100 Sqft. This may be considered above the ground floor.
- Parking Space, Electric Mounting Space, and Others. This could be approx. 100 Sqft.

Land and building requirement may vary depending on the size of project.

3.2 Plant & Machinery

- **Dryer Machine:** To achieve the moisture level of dried tea, the tea drying machine decreases moisture content from flower buds. Tea may be given a nice scent by completing the process with the use of a tea drier.



- **Grading Machine:** Tea grader is a technical machine helps to identify the defects of buds according to size, shape, and color.



- **Packaging Machine-** A packing machine takes a group of items and packs them together for shipping. There are many styles of case packing that are available based on the type of product that is being packaged. There are several types of packing machines that are available.



Machine	Quantity	Price
Dryer Machine	1	2,00,000
Grading Machine	1	2,33,000
Packaging Machine	1	5,00,000
TOTAL		9,33,000

Note: Total Machinery cost shall be Rs 9.33 lakhs (Approx.) including GST and Transportation Cost.

4 LICENSE & APPROVALS

Basic registration required in this project:

- MSME Udyam registration
- GST registration
- NOC for fire safety board and from Pollution Control Board
- Trade License
- FSSAI
- Choice of a Brand Name of the product and secure the name with Trademark if required.

Projected Profitability

<u>PROJECTED PROFITABILITY STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
Capacity Utilisation %	50%	55%	60%	65%	70%
<u>SALES</u>					
Gross Sale					
Chamomile Tea	82.65	98.50	112.87	128.37	145.18
Total	82.65	98.50	112.87	128.37	145.18
<u>COST OF SALES</u>					
Raw Material Consumed	63.00	72.77	83.38	94.89	107.35
Electricity Expenses	0.96	1.06	1.15	1.25	1.34
Depreciation	1.70	1.44	1.23	1.04	0.89
Wages & labour	4.98	5.38	5.65	6.21	6.83
Repair & maintenance	0.41	1.18	1.35	1.86	2.18
Packaging	0.99	1.18	1.35	1.54	1.74
Cost of Production	72.04	83.01	94.11	106.79	120.34
Add: Opening Stock	-	2.40	2.77	3.14	3.56
Less: Closing Stock	2.40	2.77	3.14	3.56	4.01
Cost of Sales	69.64	82.64	93.74	106.37	119.88
GROSS PROFIT	13.01	15.86	19.13	22.00	25.30
	15.74%	16.10%	16.95%	17.14%	17.43%
Salary to Staff	3.24	3.56	4.46	4.54	5.23
Interest on Term Loan	1.00	0.88	0.63	0.38	0.14
Interest on working Capital	0.43	0.43	0.43	0.43	0.43
Rent	2.40	2.76	3.17	3.65	4.20
Selling & Administrative Exp.	0.91	0.99	1.35	1.93	1.45
TOTAL	7.98	8.62	10.05	10.93	11.44
NET PROFIT	5.03	7.24	9.08	11.07	13.86
	6.08%	7.35%	8.05%	8.62%	9.55%
Taxation	0.01	0.47	0.85	0.65	1.52
PROFIT (After Tax)	5.02	6.77	8.23	10.42	12.34

Projected Balance Sheet

<u>PROJECTED BALANCE SHEET</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>Liabilities</u>					
Capital					
Opening balance		2.79	4.76	6.89	9.12
<i>Add:- Own Capital</i>	1.57				
Add:- Retained Profit	5.02	6.77	8.23	10.42	12.34
Less:- Drawings	3.80	4.80	6.10	8.20	10.10
Closing Balance	2.79	4.76	6.89	9.12	11.36
Term Loan	9.06	6.80	4.53	2.27	-
Working Capital Limit	3.90	3.90	3.90	3.90	3.90
Sundry Creditors	1.47	1.70	1.95	2.21	2.50
Provisions & Other Liability	0.40	0.48	0.58	0.80	0.96
TOTAL :	17.62	17.63	17.84	18.29	18.72
<u>Assets</u>					
Fixed Assets (Gross)					
Gross Dep.	1.70	3.14	4.37	5.42	6.30
Net Fixed Assets	9.63	8.19	6.96	5.91	5.03
Current Assets					
Sundry Debtors	1.93	2.30	2.63	3.00	3.39
Stock in Hand	3.87	4.46	5.08	5.77	6.52
Cash and Bank	0.19	0.18	0.17	0.11	0.19
Loans & Advances /Other Current Assets	2.00	2.50	3.00	3.50	3.60
TOTAL :	17.62	17.63	17.84	18.29	18.72

Projected Cash Flow Statement

<u>PROJECTED CASH FLOW STATEMENT</u>					(in Lacs)
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
<u>SOURCES OF FUND</u>					
Own Margin	1.57				
Net Profit	5.03	7.24	9.08	11.07	13.86
Depreciation & Exp. W/off	1.70	1.44	1.23	1.04	0.89
Increase in Cash Credit	3.90	-	-	-	-
Increase In Term Loan	10.20	-	-	-	-
Increase in Creditors	1.47	0.23	0.25	0.27	0.29
Increase in Provisions & Oth liabilities	0.40	0.08	0.10	0.22	0.16
	-				
TOTAL :	24.26	8.99	10.65	12.60	15.20
<u>APPLICATION OF FUND</u>					
Increase in Fixed Assets	11.33				
Increase in Stock	3.87	0.59	0.62	0.69	0.74
Increase in Debtors	1.93	0.37	0.34	0.36	0.39
Repayment of Term Loan	1.13	2.27	2.27	2.27	2.27
Loans & Advances /Other Current Assets	2.00	0.50	0.50	0.50	0.10
Drawings	3.80	4.80	6.10	8.20	10.10
Taxation	0.01	0.47	0.85	0.65	1.52
TOTAL :	24.07	9.00	10.67	12.66	15.12
Opening Cash & Bank Balance	-	0.19	0.18	0.17	0.11
Add : Surplus	0.19	(0.00)	(0.01)	(0.06)	0.08
Closing Cash & Bank Balance	0.19	0.18	0.17	0.11	0.19

DSCR

<u>CALCULATION OF D.S.C.R</u>					
PARTICULARS	1st year	2nd year	3rd year	4th year	5th year
CASH ACCRUALS	6.72	8.22	9.46	11.47	13.23
Interest on Term Loan	1.00	0.88	0.63	0.38	0.14
Total	7.72	9.10	10.09	11.85	13.37
REPAYMENT					
Instalment of Term Loan	1.13	2.27	2.27	2.27	2.27
Interest on Term Loan	1.00	0.88	0.63	0.38	0.14
Total	2.14	3.15	2.90	2.65	2.40
DEBT SERVICE COVERAGE RATIO	3.62	2.89	3.48	4.47	5.57
AVERAGE D.S.C.R.					3.94

Repayment schedule

REPAYMENT SCHEDULE OF TERM LOAN							
						Interest	11.00%
Year	Particulars	Amount	Addition	Total	Interest	Repayment	Closing Balance
1st	Opening Balance						
	1st month	-	10.20	10.20	-	-	10.20
	2nd month	10.20	-	10.20	0.09	-	10.20
	3rd month	10.20	-	10.20	0.09	-	10.20
	4th month	10.20	-	10.20	0.09		10.20
	5th month	10.20	-	10.20	0.09		10.20
	6th month	10.20	-	10.20	0.09		10.20
	7th month	10.20	-	10.20	0.09	0.19	10.01
	8th month	10.01	-	10.01	0.09	0.19	9.82
	9th month	9.82	-	9.82	0.09	0.19	9.63
	10th month	9.63	-	9.63	0.09	0.19	9.44
	11th month	9.44	-	9.44	0.09	0.19	9.25
	12th month	9.25	-	9.25	0.08	0.19	9.06
					1.00	1.13	
2nd	Opening Balance						
	1st month	9.06	-	9.06	0.08	0.19	8.88
	2nd month	8.88	-	8.88	0.08	0.19	8.69
	3rd month	8.69	-	8.69	0.08	0.19	8.50
	4th month	8.50	-	8.50	0.08	0.19	8.31
	5th month	8.31	-	8.31	0.08	0.19	8.12
	6th month	8.12	-	8.12	0.07	0.19	7.93

	7th month	7.93	-	7.93	0.07	0.19	7.74
	8th month	7.74	-	7.74	0.07	0.19	7.55
	9th month	7.55	-	7.55	0.07	0.19	7.36
	10th month	7.36	-	7.36	0.07	0.19	7.18
	11th month	7.18	-	7.18	0.07	0.19	6.99
	12th month	6.99	-	6.99	0.06	0.19	6.80
					0.88	2.27	
3rd	Opening Balance						
	1st month	6.80	-	6.80	0.06	0.19	6.61
	2nd month	6.61	-	6.61	0.06	0.19	6.42
	3rd month	6.42	-	6.42	0.06	0.19	6.23
	4th month	6.23	-	6.23	0.06	0.19	6.04
	5th month	6.04	-	6.04	0.06	0.19	5.85
	6th month	5.85	-	5.85	0.05	0.19	5.67
	7th month	5.67	-	5.67	0.05	0.19	5.48
	8th month	5.48	-	5.48	0.05	0.19	5.29
	9th month	5.29	-	5.29	0.05	0.19	5.10
	10th month	5.10	-	5.10	0.05	0.19	4.91
	11th month	4.91	-	4.91	0.05	0.19	4.72
	12th month	4.72	-	4.72	0.04	0.19	4.53
					0.63	2.27	
4th	Opening Balance						
	1st month	4.53	-	4.53	0.04	0.19	4.34
	2nd month	4.34	-	4.34	0.04	0.19	4.15
	3rd month	4.15	-	4.15	0.04	0.19	3.97

	4th month	3.97	-	3.97	0.04	0.19	3.78
	5th month	3.78	-	3.78	0.03	0.19	3.59
	6th month	3.59	-	3.59	0.03	0.19	3.40
	7th month	3.40	-	3.40	0.03	0.19	3.21
	8th month	3.21	-	3.21	0.03	0.19	3.02
	9th month	3.02	-	3.02	0.03	0.19	2.83
	10th month	2.83	-	2.83	0.03	0.19	2.64
	11th month	2.64	-	2.64	0.02	0.19	2.45
	12th month	2.45	-	2.45	0.02	0.19	2.27
					0.38	2.27	
5th	Opening Balance						
	1st month	2.27	-	2.27	0.02	0.19	2.08
	2nd month	2.08	-	2.08	0.02	0.19	1.89
	3rd month	1.89	-	1.89	0.02	0.19	1.70
	4th month	1.70	-	1.70	0.02	0.19	1.51
	5th month	1.51	-	1.51	0.01	0.19	1.32
	6th month	1.32	-	1.32	0.01	0.19	1.13
	7th month	1.13	-	1.13	0.01	0.19	0.94
	8th month	0.94	-	0.94	0.01	0.19	0.76
	9th month	0.76	-	0.76	0.01	0.19	0.57
	10th month	0.57	-	0.57	0.01	0.19	0.38
	11th month	0.38	-	0.38	0.00	0.19	0.19
	12th month	0.19	-	0.19	0.00	0.19	-
					0.14	2.27	
	DOOR TO DOOR MORATORIUM PERIOD	60		MONTHS			
	REPAYMENT PERIOD	6		MONTHS			
		54		MONTHS			

DISCLAIMER

The views expressed in this Project Report are advisory in nature. SAMADHAN assume no financial liability to anyone using the content for any purpose. All the materials and content contained in Project report is for educational purpose and reflect the views of the industry which are drawn from various research material sources from internet, experts, suppliers and various other sources. The actual cost of the project or industry will have to be taken on case to case basis considering specific requirement of the project, capacity and type of plant and other specific factors/cost directly related to the implementation of project. It is intended for general guidance only and must not be considered a substitute for a competent legal advice provided by a licensed industry professional. SAMADHAN hereby disclaims any and all liability to any party for any direct, indirect, implied, punitive, special, incidental or other consequential damages arising directly or indirectly from any use of the Project Report Content, which is provided as is, and without warranties.