

UB Tea: Building Sustainable Chai Ecosystem

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It was a cold winter morning in December 2024 when Mr. Saji Varghese stepped out of his house in Bangalore to catch the first bus of the day to his work. The city with so much hustle and bustle, in the wee hours, looked so silent and serene. Most of the shops remained closed, and the street-side tea stalls had not yet opened. As he waited at the bus stop, he was reminded of the grumbling sound in his stomach signalling that it was time for a cup of tea. Drinking tea in the early morning made Mr. Varghese crave it, but he was not fortunate enough to find tea anywhere. This inconvenience, even though momentary, stayed with him. Over the next few days, Mr. Varghese pondered how access to tea, which was undoubtedly the most sought-after beverage, was still constrained by time, location, and informal supply. The entrepreneurial mindset made him think that if food could be ordered through the app-based delivery setups and cloud kitchens, why not tea? The genesis of his intellect kindled in his mind, and he became a researcher in his kitchen as he started experimenting with the taste of tea. Gathering information on the local preferences, Mr. Varghese developed the ginger-eliche tea and asked for the approval of everyone in his family to taste its essence. After their consent, he decided to take the same bus stop in the early morning to sell his tea. He was amazed by the overwhelming response of the customers. Drawn by the flavour and the consistency of the product, a new business idea was born. What started as an informal experiment soon turned into a viable business opportunity. Thus, the brand UB tea was born, and this transformed into a standardized preparation of tea with an app-based ordering under a cloud-kitchen model. To make this business sustainable, he reached out to his customers on a bicycle with the thermos tea cans. As the venture grew from the pilot phase into the growth trajectory, Mr. Varghese was worried about the expansion of the menu beyond a single blend. Introducing additional variants like the green tea aimed at health-conscious and urban customers was lucrative. But with each new variant, the cost, complexity, and uncertainty would also increase. In 2025, Mr. Varghese realized that his brand model needed an expansion with new variants and new markets, but the question of cost, volume, and profits still lingered in his mind and led him into deeper thoughts. The challenge before him was not merely to create a distinctive tea brand but to ensure that this venture translated into new heights with a financially viable business. With these thoughts Mr. Varghese, an English Professor and Entrepreneur, entered the CHRIST University Campus.

The Indian Tea industry

The tea Industry in India is the largest and most culturally driven business sector in the entire world. As of 2025, the tea market in India was valued at a staggering USD 11.9 billion and is expected to grow perpetually over the coming years, with forecasts of USD 15+ billion in the 2030s. The growing business of this sector is attributed to the urban demand, global exports, and health-conscious customers, Economic Times. (2025).

The contribution from the states of Assam and West Bengal together accounts for more than 80% of the annual tea production, totalling 1.2 million kg. The consumption of this mostly happens in the domestic market. There is a good export market for tea, which is shipped to Egypt, the UK, and the Middle East. The market is dominated by the consumption of black tea, which accounts for a bulk volume due to its affordability. The demand for green tea, herbal tea, and other specialty teas is a fast-growing variant driven by wellness trends and premiumization Business Standard, (2025).

About UB tea

As Mr. Varghese regularly saw the dedicated tea sellers, who navigated in the bustling streets of Bangalore. He was concerned, and that prompted him to create a business model that would not only enhance their revenues but also provide them with a platform to thrive. He embarked on a mission to establish a socio friendly business venture that would not only elevate the standards of tea offerings but also empower poor hardworking individuals. The name UB tea was derived from "ubiquitous," symbolizing tea that was omnipresent, and more intimately, as "Your Best Tea," reflecting its commitment to delivering excellence to every patron. Varghese gradually pondered over the idea of delivering the home-made tea not only to the local drinkers but also to the wholehearted tea lovers within the Christ University campus anytime and every time.

The noble initiative of Varghese to provide financial support to the needy homemakers in a most eco-friendly manner gained popularity. As the deliveries are taking place by walking mode and preparation is taken care of with warmth and affection in the kitchen premises of the homemakers, the overhead costs can be reasonably aligned with the sustainability goals.

The venture relates to Sustainable Development Goals, especially in the areas of decent work, gender empowerment, and climate change. Though the objectives of the business venture in delivering quality tea to the roadside stalls, shops, and to the crazy, impatient tea drinkers became noticeable, and at the same time, the social mission was subdued by the burning needs of reliability, taste, and price of the consumers, which keeps the order alive.

UBTea's Distinct Offering: An Innovative Model

Building on extensive research, Varghese created a unique ginger-eliche cardamom chai blend that catered to diverse palates; this later went on to become the cornerstone of UB tea's brand identity. Varghese aimed to ensure high standard quality for his tea, regardless of the different preparations made by homemakers. Leveraging upon the enduring popularity of tea consumption in India, over the years, UB Tea endeavoured to provide not just any tea, but quality tea at affordable prices. This social impact mission was intricately linked to UB tea's unique model, which primarily relied on homemakers (partners) brewing tea in their own kitchens. This structure empowered individuals, while maintaining both quality and hygiene control through partner inspections and standardized ingredients. Notably, the homemakers received prior training on tea preparation and were provided with the necessary ingredients.

Evolution of the model: Pilot phases

Feasibility phase

Mr. Varghese fully self-funded the business idea until the end of the pilot phase. Importantly, it may be noted herein that Mr. Varghese prioritized thoroughly testing and streamlining the model before utilizing external financial resources. He believed that proving the model's efficiency and demonstrating strong profit margins would lead to a better valuation for the company and thereby enable smarter investment decisions. Finally, in May 2024, UB Tea completed its pilot phase and commenced operations. UB Tea prides itself on offering high-quality teas coupled with impeccable hygiene standards to ensure customer satisfaction. Tea was made in home kitchens by the homemakers, and delivery was completed on bicycles by the buddies available at that time. Varghese realized the demand for the hot ginger-elaichi milk tea, price points, and logistic issues. Above all the customers valued freshness in tea as and when needed.

Stability Phase: During August 2024, Varghese realized that UB tea is gradually shifting towards stabilization with simultaneous standardization in the recipes, inclination of the homemakers in enhancing the quality of the tea preparation, and pricing model compatibility. Varghese understood the growing demand for his special tea from the Christ University campus and therefore took up the assignment of special-order deliveries during meetings and formal gatherings at ₹25. He started offering a special cup of ₹25 using ceramic cups and plates. He could cover up his operational costs and break even with daily volumes of 200 ordinary and 53 special order cups. The phase appeared to be financially viable till the onset of 2025, but the rise in the demand of the tea drinkers for more varieties is imposing the challenge of managing the need strategically, keeping aside the operational adjustments.

Business model and its operations-

Varghese was running his business in a micro cloud tea network. His venture aimed to serve the local clients daily with freshly brewed homemade tea in small-sized paper cups and on-call guests with special ceramic cups. The delivery of the tea was executed by the team of homemakers by walking one kilometer only. Since there is no storefront, the clients used to place their demand for tea via phone calls and WhatsApp. The business undoubtedly seemed viable in terms of logistic costs, but it limited the scalability.

The business model has two formats for the same core product, ginger-elaichi milk tea. The daily volumes for the meeting, the local demand is offered in small paper cups of ₹ 12 each, and the special ceramic cups of ₹25 are offered to cater to the formal requirements of faculties during meetings and specific events. There exists a margin volume gap in business ventures; however, this dual structure provided him with financial sustainability.

Key activities in this business model include tea preparation, resource management, inventory management, quality control, order coordination, and delivery execution, and these together contribute to value creation in terms of responsible consumption, livelihood opportunities, and upkeeping environmentally friendly practices. The business rests on the premise of mutual trust and coordination, recipe standardization, and integration of social impact and cultural enrichment.

Market context and customer demand

UBTea's marketing strategy diverged from existing norms. Mr. Varghese aimed to create a sense in customers that they were not merely purchasing a cup of tea, but were also contributing significantly

to creating a social impact, owing to which, the company focused on being more than just a superficial brand per se, while consciously choosing to focus on people and product quality, rather than following conventional marketing strategies. In the initial days, at that time, the core team at UB Tea consisted of five members, including Mr. Varghese, along with marketing and finance personnel. Additionally, there were five buddies and five partners involved in the production and selling of the product. The buddies were initially offered a certain fixed salary to encourage them to join the brand; however, they were told that once the business picked up pace, their income would be commission-based on the number of teacups sold. The partners, on the other hand, were given a share of a certain amount of each teacup made. Mr. Varghese always envisioned building a team that believed in his motive, which would not be capital-intensive and did not require heavy machinery.

Pressures: Operational & Strategic

As time passed, Varghese realized that UB tea is slowly penetrating into the system, not only by quenching the thirst of the faculty and the students but also tightening the networking gaps among the tea drinkers. More than the local clients, the Christ University campus is gradually expecting some newer varieties of flavored tea, as today everyone is situationally a prey of health issues. Varghese received the request to serve some masala tea, lemon tea, and herbal tea, slightly derailed from the regular chores. These varieties would escalate the per cup ingredient cost from ₹3.00 to ₹3.50-₹4.50 in addition to a decent increment in preparation time. Apart from the per cup cost, Varghese also started pondering on the possibility of volume fluctuation, as preparation time is increasing, the total number of regular cups might have a moderate fall to bridge the spike in the demand for the various special teas from Christ University campus. The potential for special tea orders may rise from 53 cups to 65 cups every day, and at the same time, counter fall can be in the regular tea can be from 200 daily cups to 180 cups. As special tea demands procurement of genuine herbs, preservation of inventory with adequate hygiene and safety, making sufficient provisions for better infrastructure, hassle-free, quick delivery, future UB tea ventures might experience undulations in their journey. He also contemplated that elongated preparation time in making newer varieties of tea can pose a challenge to the uninterrupted availability of the cheap, skilled labour force in the local market and can be a hurdle in reaching desired profitability. Varghese also realized that, even without adding to the product line, contingency can knock at the door with any change in material costs, imbalance in the availability of unskilled labour, or movement in daily sales volume, and these can impact the future contribution margin and break-even point of UB tea. Managing the future constraints with the existing resources would not be seamless. Varghese started thinking whether he needs to seek advice from any professional.

Moral Crossroads

As UB tea moved into the growth phase, Varghese found himself at a crossroads where he was faced with the dilemma of expanding the product line as well as the business model. The pilot phase success of UB tea had only one variant which helped balance the customer appeal and the costs. However, the proposal of introducing multiple variants along with an institutional sales model within CHRIST University made Varghese think about the growing need to maintain the contribution margins, the break-even threshold, and the operational challenges.

Varghese realized that shifting the gears from individual consumers to a semi-institutional business model would help in forecasting predictable demand, recurring orders, and increase in brand viability within a controlled environment. But there was a flip side to this, where he realized that institutional buyers could be price sensitive and less receptive to premium pricing. This would eventually lead to lower margins, even though there may be an increase in volume of sales. Additionally, serving multiple departments could lead to logistical challenges related to scheduling and delivery coordination, all of which could lead to inefficiencies and wastage.

The Way forward

The viable way forward for UB teas lies in the alignment of strategic viable business models with financial sustainability. Varghese realized that the growth can be achieved by allowing high volume, with new variants that would increase the demand and support the fixed costs. He kept thinking of how the new variant, if introduced as a premium brand in the institutional setup, would increase the demand and maintain the costs. The above diversification decisions pondered him as he discussed the same with his students to seek the answers for stabilizing the cost, volume, and profitability of the new variants in the institutional model.

References

Economic Times. (2025). Guwahati Tea Auction Centre sets a new record, sells tea with Rs 3,850 crore in FY25.

Business Standard. (2025). Tea industry seeks minimum sustainable price amid imports, price fall.

Financial snapshot

Exhibit 1: Cost sheet for the Pilot Phase 1 and 2

Particulars	Regular Tea [Paper-cup] (₹ per unit)	Special Tea [Ceramic-cup] (₹ per unit)	Remarks
Direct Material			
Tea powder	0.80	0.80	Standardized quantity/cup
Milk	1.20	1.20	Taste determinant
Sugar	0.40	0.40	Subject to preference
Ginger& Elaichi	0.30	0.30	Flavor identity factor
Share of fuel	0.30	0.30	Variable utility cost/cup
Total cost of preparation (a)	3.0	3.0	Core cost of Production
Serving & Packaging Cost			
Paper Cups/ Ceramic cups, saucer usage cost	2.00	4.00	Asset use & replacement cycle
Consumables/Washing & Cleaning & Breakage provisions	1.00	2.50	Hygiene issues & provision for losses
Handling & Service labor	-	1.50	Additional support
Total Serving cost (b)	3.00	8.00	High cost due to service quality and expectations
Total cost (c=a+b)	6.00	11.00	Preparation cost Service cost
Selling Price (d)	12.00	25.00	Determined price point

Exhibit 2: Current sales and revenue structure

Product type	Selling Price per cup (₹)	Average cups per day	Total daily revenue (₹)	Estimated Monthly Revenue (₹)
Regular tea [Paper cup]	12	200	2400	72000
Special Tea [Ceramic cup]	25	53	1325	39750
Total		253 cups	3725	111750

Exhibits 3: Glimpses of Service

