

Doc NO: 188/300831

**Sub:** Proposal for Own Brand Manufacturing ( Private Labelling ) Based on Raw Material Cost Plus Blending & Filling Charges Plus services Charges .

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## SUMMARY OF THE DOCUMENT:

We are an Organization which Markets Mineral Based Automotive & Industrial Lubricants & Raw Materials Procured from HPCL/ Lubrizol/Afton & Similar Fortune 500 Organizations only. We are looking for Organizations who wants to operate their own Lubricant Brand and get the Manufacturing and value added services outsourced. We can provide all services where the customer do not have to open their own branch or do not have to manage their own infrastructure at Mumbai. All the services shall be provided where raw material Procurement, Material Manufacturing, delivery to Customer Doorsteps.

In This model the manufacturing shall be done by the manufacturer and all the value added services shall be provided by Shield Lubricants.

We are keen to establish long term Relations where our costs shall be transparent like Raw materials Costs, Credit Cost, Service Cost and consumer can take benefits of price fluctuations due to Transparency.

We shall provide Lubricant FTIR analysis Test Reports where it can be proved that which Company Additives are used in the finished product Batch wise.

The Document contains Information as under:

### **1.Business Model : Customer Own Lubricant Brand (Private Labelling ) Cost Based Pricing Model**

- 1.1.Private labelling Model for own lubricant Brand
- 1.2.Trading Business

### **2.Proposal for supply of Shield lubricants to your esteemed organization**

- Pricing : Cost based Pricing

### **3.Shield Lubricants Introduction**

- 3.1.Brief Intro
- 3.2.Introduction to Manufacturing Facility
- 3.3.Products we market
- 3.4.Key Industrialists / Customers who are using Shield  
Lubricants

### **4.Requirements of the Customer from the company**

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- 4.4.Suitable Per annum and Per Month volume
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customer on Monthly and yearly Basis
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Product

### **5.Benefits a Purchaser can take out of the Own Brand (Private Labelling) Model**

- 5.1.Purchase cost in control of customer*
- 5.2.Long term security*
- 5.3.Understanding of the Increase and Decrease of Price and taking  
advantage of the base oil Price changes*
- 5.4.Increasing the Gross profit when the brand value is improving*

## 6. List of Services: Private labeling services.

## 7. Lubricants Manufacturing & quality Validation

7.1. **Lubricants manufacturing Process:** What are the Raw materials used in Lubricants manufactured and brief about what are the quality parameters or formulations.

7.2. **Quality Validation:** Quality Control procedures brief and detailed about quality.

**End of Index**

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# ***1. BUSINESS MODEL: CUSTOMER OWN LUBRICANT BRAND (PRIVATE LABELLING) COST BASED PRICING MODEL.***

## **1.1. Private labelling Model for own lubricant Brand:**

This is model where the brand is of the business associate and he gets the product manufacturing outsourced along with additional services, where the Brand owner sitting in his home town gets the material without maintaining any infrastructure of own at the manufacturing location.

The business associate can do trial by opting for trading based on transparency model for shield lubricants products and then shift to private labelling model.

## **1.2. Trading Business :**

This is a model where the brand is of Shield Lubricants and the purchaser does a tie up of the Pricing in a way where he knows various components of the cost to a limited level ( depends upon tie up) . The company might have some defined areas available where they want to do trading. In this model business associate do not have any commitment of the area from the company for a longer term. Both the

parties settle a volume and a product which they want to trade and they define mutual terms related to area of operation and time frame of the monopoly.

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## 2. PROPOSAL:

We want to Supply Lubricants to your esteemed organization.

After the technical assessment and approval of product by your organization, the commercial terms shall be settled with your organization.

For technical approval we are ready for the trial procedures or any other testing procedures required by your esteemed organization.

### **2.1. Pricing ( Cost Based Pricing -Option 2 )\* applicable for organizations who meets our volume requirements .**

The pricing model is used by government organizations in tenders.

They take the price of Base oil, Additives , packaging and pre-define the Job work charges and services if any e.g. Credit , Delivery etc. They do an agreement for time based along with the quantity .

In case the project appeals to you in principal, we can give detailed presentation showing saving in cost , execution of project as per government purchasing policies including quality control /supply and logistics arrangement .

## 3. SHIELD LUBRICANTS INTRODUCTION

### 3.1. Brief Intro :

Shield Lubricants started its operations in year 2009 where it have its registered office at Mumbai . Shield Lubricant & Specialities Pvt.Ltd is an independent lubricants marketer , doing marketing of high value performance products such as automotive engine oils, industrial lubricants, application lubricants and specialty fluids etc in India.

The Company have its network of distributors, Dealers, customers in many States of India . The Company have grown as a successful Lubricants Brand in the past 6 years and is working to become India`s Premium Lubricants brand .

### 3.2. Introduction of Manufacturing Facility :

Manufacturing Unit is an ISO 9001:2008 certified unit , located in the Industrial estate developed by Maharashtra Industrial development corporation in Ambarnath Mumbai.



These are original pictures of the manufacturing facility .  
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The Unit have an annual production capacity of 50000 KL of Automotive and industrial Lubricants with all ultra modern equipments required to fulfill the requirements of the government departments , OEM`s and providing 3<sup>rd</sup> party manufacturing facilities to the lubricants companies .

The manufacturer offer an array of services to its customers ranging from toll-blending and packaging of lubricating oils with raw material provided by the customers to a full scale turn-key operation whereby it offer product formulations, raw material sourcing, packaging design, product storage and delivery.

### **3.3. Products We Market:**

We market,

#### **➤ Automotive Lubricants :**

- Diesel Engine Oils, Petrol Car Motor Oils, 4stroke 2Wheeler Engine Oils, Gear Oils, Greases, Transmissions Oils, Wet Hydraulic & Transmission Oils, CNG Oils, Power Steering Oils etc.

#### **➤ Industrial Lubricants :**

- Hydraulic Oils , Industrial Gear Oils, Soluble Cutting Oils, Neat Cutting Oils, Compressor Oils, Turbine Oils, Metal Working Fluids, Steam Cylinder Oils, Pneumatic Tool Oils, Sugar Mill Roller Bearing Oils, Quenching Oils, Thermic Fluids, Speciality Oils, Spindle Oils, Customised Products etc.

### **3.4. Important Industrial Customers :**

Sr.No	Customer Name	Business	Location
1	Standard Tractors and Combines Limited	Manufacturers of Combines, Tractors	Punjab
2	R.V.Akash Ganga	* Contractors for Road Construction . They have done projects Soma , L&T etc ** Suppliers of Construction machineries on lease	New Delhi
3	Praveen Contractors	Contractors for Building Construction . They have done projects Muktsar Jail ( 100 Crores), Law university( Punjab) etc.	Punjab
4	Ingersol Rand	Manufacturers and suppliers of Machines	Banglore, North India
5	Surya Roshni	Manufacturers of Electrical Items, Pipes etc.	Bahadurgarh
6	GNA	Manufacturers and suppliers for OEM`s	Punjab
7	IFB Automotive Private limited	Manufactururer of Electronics and home appliances	Faridabad

Sr. No	Customer Name	Business	Location
8	Super Screw Industries limited	Manufacturer/ Ancilliary for OEM's	Faridabad
9	Aman Bus Service	Transporters (Bus) operating under brand name Dhillon Bus Service	Punjab
10	Punjab Containers Service	Transporters . Operating all over India	Punjab
11	Dashmesh Mechanical Works	Combine, tipper Manufacturers	Punjab
12	Raj Sons Enginners & Fabricators	Tipper Manufacturers	Punjab
13	Technique Fabrications	Tipper Manufacturers	Punjab
14	Sarita Forging Private limited	Vendors for railways	Punjab
15	Sona Koya	Ancilliary for Maruti Udyog	Haryana
16	Rico	Ancilliary for Maruti Udyog	Haryana
17	Modern Automotives	Steel manufacturers. Once of INDIA'S leading manufacturer	Punjab

## 4. REQUIREMENTS OF THE CUSTOMER FROM THE COMPANY

The Point covers the points which customer wants to know about the product , Product cost, the charges of the company , the minimum volumes which customer have to purchase , the minimum charges the customer have to pay to company , the minimum order customer have to place product and pack wise , the investment required in the project.

### 4.1. Suitable Product Quality and Services

**Question: Will the Manufacturer be able to provide quality product and quality services?**

**Answer:** The Company is committed to provide the product quality and service as compared with the leading MNC /Indian Companies. There are many methods which can be used to ensure the quality . The Details of

these methods are provided quality assurance systems .

#### **4.2.Suitable Product Range :**

**Question: Will the manufacturer provide product range which will fulfill the market requirements?**

**Answer:** SL is already catering in industrial and automotive lubricants segments since 2010 to meet the requirements of the market.

The customer can provide feedback about the requirements of the products by him.

#### **4.3.Suitable Pricing :**

**Question: Will the manufacturer provide suitable price which will fulfill the market requirements?**

**Answer:** The Pricing will be calculated based on Base Oil Cost Plus Additives Cost Plus Actual Blending and Filling Costs Plus Actual Expenses of Services Plus Pre Defined Job Work Margin. Based on these charges the costs can be assumed as the lowest costs which are possible of the product as per the National and International standards.

The company can share an estimated pricing of the products with the customer for understanding about the suitability of the pricing.

The customer can update the products whose pricing he requires .

#### **4.4.Suitable Per annum and Per Month volume :**

**Question: What is minimum Manufacturing volume requirements by the company Organisation?**

**Answer:** The Minimum volume required for PM and PA shall be discussed in next level.

#### **4.5. Minimum Commitment of the payments to be made to the company by customer on Monthly and yearly Basis:**

**Question: What are minimum Blending & Filling Charges, Expenses and margins of the company in private labeling and transparency models?**

**Answer:** The Minimum charges of Blending & Filling Charges, Expenses and margins Per Month will be discussed over phone by the representative of the company. The customer shall pay these charges even if he gets lesser volumes manufactured.

#### **4.6. Investment which customer wants to do:**

In above models the Company shall not be doing any investment on credit or stocks in any of the above given models.

**Question: What is the minimum requirement of investment in these models ?**

**Answer:** The investment in Stocks depends upon number of Products and No of SKU`s we maintain.

#### **4.7. Suitability of the Minimum Quantity of the Blending and Filling per Product**

**Question: What is the Minimum Quantity of order to be placed Product wise and Pack wise in each order?**

**Answer:** This suitability can be discussed after we complete the above mentioned basic requirements.

You are requested to study the above and then e mail the queries or discuss the queries with company representative over phone and also discuss further steps to execute the project.

## ***BENEFITS A PURCHASER CAN TAKE OUT OF THE PRIVATE LABELLING:***

### **5.1. Purchase cost in control of customer:**

The purchase cost is defined as a breakup of Raw Material Plus taxes Plus expenses Plus margin of the company. The cost components is not dependent on brand value. It is dependent on the formula used to calculate cost so it is in control of *customer* and company can not alter it.

### **5.2. Long term security:**

The efforts done by the customer on establishing a brand remains for a long term or very long term with the customer. This is most important benefit with these models and the same is legally enforceable by both the parties.

### **5.3. Understanding of the Increase and Decrease of Price and taking advantage of the base oil Price changes :**

The base oil component varies from 85% to 98% of the product cost. These days base oil changes are very dynamic. So if we have an estimate of the changes then we can plan the purchases and take advantage by doing storage of extra base oil or reducing the inventory of finished goods when base oil prices are decreasing.

### **5.4. Increasing the Gross profit when the brand value is improving :**

As the company increases the network and volume in India, the brand value shall improve in India. As it happens the margin of the *customer* can be improved. So with the above two models we can increase our Gross Profit.

## **6. LIST OF SERVICES: PRIVATE LABELLING COST BASED PRICING MODEL**

### **List of Services: Private Labelling Project**

**6.1. Consultancy Services: The Consulting Services will be chargeable item wise. Few of the services are in development stage.**

**6.1.1. Product Vendors Information:** The vendors Related to Mould, Packaging, Base Oil, Additives, etc.

**6.1.2. Service Vendors Information:** The vendors related to Website, Trade Marks, labels Designing, Sales Tax Advise, Excise Advice, Weights and Measurements advice etc.

**Details of the Consulting services:** Names of the Vendors, Suggestion for vendor Selection as per the Volume requirement of the purchaser, Charges of the vendors, Services by the vendors, Quality assurance of the Vendors.

**I. Mould designing:** Guidance on mould design, mould vendor, mould cost, mould storage, mould handling.

**II. Base Oils:** Types of base oils , cost of base oils, procurement process, minimum quantity to be procured as per seller etc.

- III.**Additives**: which additives to be procured from which vendor, how to minimise the cost of the additives, how to prepare a formulation , how to test a formulation that product will perform , how to go for mass production, etc.
- IV.**Packaging**: what are the quality parameters of the packaging.
- V.**Guidance on registration of the brand** : how to select name, how to register name, how much time it takes to register name , technicalities in the brand registration, brand registration related to start of the production and launch of brand in market.
- VI.**Guidance on web site**: designing, maintenance of website.
- VII.**Designs : flex, hoarding, painting** : guidance on the designing, cost optimisation , brand saving etc.
- VIII.**Product names**: how to select product names , when to upgrade product name , how to upgrade product names etc.
- IX.**Products launch stages** : guidance on initial products to be launched, how to change product names , how to upgrade product specs , when products to be discontinued, which products names to be copyright protected through trade marks, cost of trade marks related to product names and designs protection etc.
- X.**Pricing** : How to define DLP, MRP percentage from manufacturing Cost , when base oil costs increase when and how to increase pricing in market etc.
- XI.**Costs**: guidance on excise cost optimisation, guidance on transport cost optimisation , guidance on packaging cost optimisation, guidance on storage cost optimisation, guidance on Qty . Optimisation of base oil & additives ,guidance on filling cost optimisation etc.

**XII. Mechanic schemes:** guidance on coupons schemes, guidance on reimbursement of coupon schemes , guidance on launching of the coupon schemes, guidance on launching of the mechanic loyalty schemes etc.

**XIII. Retailer, Consumer, Mechanic, Canopies Meetings:** How to conduct the meets, how much to spend on which meetings, benefits the meetings etc.

**XIV. Training of the Sales Team:** Sales team training related to launch , marketing , Branding , quality complaint handling , presentations , sales call , mechanics handling etc.

**XV. Product Quality Complaint handling :** How to handle the quality complaint , how to retain the dealer & mechanic and customer, how to ensure that company branding does not gets effected, how to ensure that quality complaint helps to grow the company on short and long term etc.

## **6.2. Vendor Execution Services: The services will be chargeable.**

Few of the services are in development stage.

Getting the selection and Agreement done with the Vendor of raw materials and the purchaser of shield lubricants.

## **6.4. Project Execution services: The services will be chargeable Few of the services are in development stage.**

a) Procurement of Raw Material i.e. Placement of orders and organising

transport till plant.

- b) Investment on Raw material like base oil, additives, packaging.
- c) Quality and Quantity Check of Raw Materials .
- d) Warehousing of Raw Materials, Finished Goods.
- e) Manufacturing of the Finished Product .
- f) Providing Product Quality Test Reports
- g) Transportation of finished products from plant to warehouse.
- h) Unloading of Raw Material & Loading of Finished Goods.
- i) Administration support from back office.
- j) Transportation of Finished products from Plant to Customer end .

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## ***7 LUBRICANTS MANUFACTURING & QUALITY VALIDATION***

### **7.1. Lubricants manufacturing Process**

**The various components required to produce any kind of Lubricants are as under:**

- 1)Base Oil
- 2)Additives
- 3)Packing Material

We procure Products at S.No 1 to 2 from **Renowned/ Fortune 500 MNC's Government agencies/Govt. Manufacturers/PSU's**. Base Oil is procured primarily from HPCL and additives primarily from Lubrizol, Afton, Indian additives. This can be verified by our past record in our own accounting books since 2009.

Lubricants manufactured by all PSU, MNC e.g. IOCL, Castrol, Mobil , Indian companies follow primarily the formulations of BIS . Sometimes they generate their own formulations.

There is 80 to 95% percent base oil and 5 to 20% additives in lubricant.



#### **7.4.Quality Control:**

The Manufacturing Facility have set up modern Laboratory to test the raw material and finished goods. However as per requirement of technical experts of your Departments, it can set up more lab testing equipments as required from time to time .

The detailed write up on quality validation is given in the attached document for your reference. **Document ( Quality Control )**.