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Sub: Proposal for Shield Lubricants Distribution Based on Raw Material Cost Plus Blending & Filling Charges Plus services Charges .

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 as Distributor for some lubricant Brand.

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.

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1. BUSINESS MODEL : SHIELD LUBRICANTS COST BASED PRICING MODEL .

1.1. Transparency agreement Model for Shield Lubricants Products :

In this model , Company will provide the business associate its entire product by sharing its cost price with adding some incidental charges and margin. Every product consists of following components like Base oil, Additives, Packaging, blending filling charges & incidental Expenses incurred on behalf of business associates (As detailed in list of services) and Margin. After adding all the components and adding all the levied taxes to give the final cost of the product to the business associate . In this Transparency model Industrial and Automotive business associates will be treated as independent identity. However, a business associate can have both the distribution as per his investment.

The business associate can do trial by opting for trading and then shift to transparency agreement..

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.

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.

➤ **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 3rd 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,

oAutomotive Lubricants :

- o 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.

oIndustrial 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 Muksar 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. BUSINESS ASSOCIATE FROM THE COMPANY

The Point covers the points which business associate wants to know about the product , Product cost, the charges of the company , the minimum volumes which business associate have to purchase , the minimum charges the business associate have to pay to company , the minimum order business associate 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 business associate 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 business associate shall pay these charges even if he gets lesser volumes manufactured

4.6. Investment which business associate 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.

5. BENEFITS A PURCHASER CAN TAKE OUT OF THE TRANSPARENCY MODELS :

5.1. Purchase cost in control of business associate:

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 business associate and company can not alter it.

5.2. Long term security :

The efforts done by the business associate on establishing a brand remains for a long term or very long term with the business associate . 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 business associate can be improved. So with the above two models we can increase our Gross Profit

6. LIST OF SERVICES : SHIELD LUBRICANTS COST BASED PRICING

- 6.1. Ready Product range for Shield Lubricants Automotive and industrial Products
- 6.2. Option of Readily available stocks or stocks availability on order basis.
- 6.3. Option of Quality Test reports as per standard Procedure or specialised Quality test Reports as per Requirement of the Purchaser.
- 6.4. Option to do area of operation agreement as per suitability of the purchaser within the maximum guidelines for same.
- 6.5. Options of providing marketing Supports on paid basis.
- 6.6. Options of providing Branding Items on paid Basis.
- 6.7. Options of Providing Marketing Consultancy on paid basis.
- 6.8. Options of providing new product development support
- 6.9. Options of providing new packing development support.
- 6.10. Options to operate in Tenders Business Pan India in different organisations

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.



7.2. 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)**.