

## Cocoguru Coconut Industries Private Limited

Corporate Identity No (U51909KA2010PTC055039)  
Manufacturers of Pure Coconut Oil  
Door No – 5-122/B, Kallarpe, Aryapu Village,  
Puttur, Dakshina Kannada, Karnataka – 574210

88611 32886  
[www.cocoguru.com](http://www.cocoguru.com)



Place – Puttur

Date - 19<sup>th</sup> September 2022

# Distribution Proposal

We are inviting distributors for a long-term partnership with our company, Cocoguru Coconut Industries Private Limited. The scope of this partnership is to buy our products in bulk and supply them to retailers/wholesalers/institutions in the assigned territory continuously.

## About Cocoguru

Cocoguru Coconut Industries Private Limited are manufacturers of pure coconut oil. Different varieties of coconut oil like high grade, cold press and virgin are made. They are packed in convenient small consumer packs like pouches, bottles and cans for the purpose of using as edible oil and hair oil. Manufactured in a modernised unit at Puttur, it is available at all over coastal Karnataka districts of Dakshina Kannada, Udupi, Uttara Kannada, Kasaragod and Kodagu. Products are available all over India at leading e-commerce portals like Amazon, Flipkart and PayTM mall. Company was formed with the vision to spread the benefits of coconut to people and it has come a long way with still a long way to go.

## Offerings

Coconut Oil being highly versatile, it finds different uses among various types of consumers. To address different usage, Cocoguru has a wide varieties of products/packages. Each product is a combination of different oil types, packaging materials and pack sizes.

### High Grade Coconut Oil

Copra pieces are roasted before oil extraction. Has enhanced taste and aroma of copra. Has longer shelf life.

### Cold Press Coconut Oil

Copra pieces are not roasted. It has natural taste and flavour of copra. Traditionally coconut oil was made this way.

### Lite Coconut Oil

This is a more affordable range of our coconut oil, with no compromise on purity. Suitable for fast consumption in commercial establishments.

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## Virgin Coconut Oil

Fresh coconut is used to making Virgin coconut oil. It has crystal clear appearance and long shelf life. Is considered the best form of coconut oil.

## Packaging

Coconut oil is packed in Pouches, PET Bottles, Jerry Cans, Wide Mouth Jars, HDPE Bottles and Tins. Pack sizes start from 20 ml to 15 kg.

## Proposal Summary

We are looking for distributors who

- Good relationship with retailers/wholesalers in the territory
- Have resources like sales people, delivery boys, godown, sales vans for supply
- Are financially sound to invest in our inventory and infrastructure
- Have a portfolio of branded FMCG products in their stable

While we will provide

- Marketing support for placements, addressing issues and advertising
- Fair margins for the work done
- Exclusive rights to distribute
- Another branded product to strengthen the portfolio

## Distributor scope of work

### Secondary Sales/Order collection

You will be responsible for collecting orders from retailers in your area. You can collect orders telephonically, personally, or using sales executives as you have been doing. We expect maximum coverage of shops in your area.

### Supply

All orders taken from retailers must be supplied to the shop in full and on time.

### Payment collection

Distributor may supply to shops against payment or with credit as you mutually decide. It is your responsibility to collect payment later from the shop. Company sales force can't be used for this purpose and they have no responsibility.



## **Accounting**

Distributor must maintain full books of accounts. Company recommends on having a computerized billing system. They should be made available to company officials when required. Company may ask for present stock of all SKUs, secondary sales of all SKUs for proactively managing stocks.

## **Inventory**

Distributor must have a godown with sufficient space, it must be maintained clean for stocking company's products. Stock necessary for at least 1 week's sales must be maintained in the godown. The physical stock position must be communicated weekly to company's sales person. All the SKUs marketed by the company must be available for sale.

## **Purchase**

Distributor must purchase items from the company after making full payment of order value to bank account. Minimum order value must be ₹ 50,000.

## **Manufacturer scope of work**

### **Product Introduction**

Company sales force will introduce about the product, brand and service to retailers and convince him to buy our products.

It is important that distributor also accompanies the company salesman during such introductory calls. This will help the distributor himself understand the products better, handle objections and introduce the company and its products to retailer being familiar himself.

### **Branding**

Company will carry out branding activities like advertisements after ensuring adequate placement in shops and satisfactory performance by distributor.

### **Business Development**

Company will work towards developing business in the area by opening up new outlets for the brand, persuading existing outlets to purchase more quantity, handle objections and complaints. Company will also train the distributor and his salesman about the product and selling it.

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## Pricing

Prices are inclusive of GST at prevailing rates, presently it is 5%

### Price List

- Price List will contain the retailer price and MRP of all the SKUs on sale.
- Price changes will be informed through a price list on WhatsApp
- The prices will be valid from the date on price list till the date when the new price list is released.

### Wholesale price

It is the price at which retailers/wholesalers who buy more than 10 litres, make payment on spot and is supplied along the beat.

### Premium price

Distributors may charge a premium to wholesale price when

- Credit is given to retailers
- Quantity less than 10 litres is supplied
- Supply is done outside the normal beat in case of urgency

### Distributor margin

Distribution margin is calculated on markup method on retailer supply price

Distributor margin varies across regions based on consumption pattern

- Coastal region – 3.5%
- Malnad region – 5%
- National – 8%

Accordingly, the selling price and MRP will change.

### MRP

- MRP is set at a certain premium to wholesale price
- Premium ranges from 20% to 25% on pouches
- Premium ranges from 25% to 30% on rigid packing products like bottles and cans
- This enables retailers to enjoy a fair margin of say 10-15% on their purchase price
- Also give a small discount to consumers on MRP
- It also accommodates fluctuations that happens in coconut oil prices

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- MRPs cannot be set very high as it will enable exploitation of consumers by intermediaries.

## Price Changes

Prices are subject to fluctuations due to change in rates of copra in commodities market.

- MRPs may not change for small change in wholesale prices
- If prices are decreased, distributor will be compensated by passing credit note for the stock held to the extent of price decrease
- If prices are increased and distributor has not made payment for it, company will issue a debit note for the payment outstanding to the extent of price increase

## Competitor

- It will be higher than all local products. Price will not be our selling proposition.

## Guidelines, Terms and Conditions

### Inventory Guidelines

- Generating demand is such a difficult task. But on receiving the order from retailer and not having the stock to supply is very painful. So, distributors are recommended to stock for 1 week sales and all SKUs. Supplying once a week is fine but more frequently will be difficult to super stockist and transporter and they will have a minimum order quantity for supply.
- Oil packed in Carton Boxes should not be kept directly one above another, it should be interlocked for better strength and to retain the shape of box. Boxes should not be kept on a damp floor. SKUs should be arranged so that they are easily accessible and countable. Old stock must be sold before selling new stock.
- Damages must be returned as soon as possible and as frequently as possible to minimise losses on damage. A separate container must be maintained for keeping damaged packets of coconut oil.

### Receipt confirmation

On receipt, distributor must check for quantity as in Invoice. In case of any difference, super stockist must be informed in the presence of transporter. Also, the bill must be checked for rate, value and taxes. In case of any difference, the same must be informed to super stockist.

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### **Damages/Expiry**

Damages due to manufacturing defect like leakage in sealing will be replaced. However, damages due to rat bite, ants, mishandling will not be taken back. Products that are past expiry date will be taken back. For return, the items have to be given back to super stockist and he will issue a credit note or send a replacement.

### **Areas**

If you have been offered exclusive distribution to your area, then other distributors are not allowed to supply in your area. Similarly, you are not allowed to supply to another distributor's area. However, if a customer in your area is not served by you, we may ask another distributor to serve that customer.

### **Other brands**

If you have taken up exclusive distribution of Cocoguru for your area. Then you are not allowed to sell another brand of coconut oil.

### **Closing Up**

A notice of 15 days must be served before stopping distribution and it must be communicated to Sales Officer. Any pending stock will be taken back at prevailing rates.

### **Minimum Order Quantity**

Minimum order value should be above ₹ 50,000 to get supply at distributor price. For smaller quantity, extra transportation cost must be borne by distributor.

### **Termination**

If distributor's performance in terms of sales, supply, pricing, co-operation with company is found unsatisfactory, company is liable to terminate the distributorship given and appoint another distributor.

### **Expenses**

Expenses incurred by distributor to perform duties within his scope should be compensated by distributor margin on selling. Company is not liable to bear those expenses.



## **Frequently Asked Questions (FAQs)**

### **Your brand is costlier compared to others in our market**

Yes, our brand is costlier compared to most others in the market. However, you will find demand if we can help them understand the value of our brand. Anyway, our executives will make the initial placement and train you on explaining the benefits of our product.

### **Your margins are lesser compared to other products I am selling**

Margins will appear to be less when you calculate it as percentage of selling price, but we should consider the following

- Higher sales value per litre means more absolute margin per litre
- Fast movement in the market as coconut oil is an essential commodity
- Higher margins during price fluctuations with absolutely no risk
- Flexibility to charge higher prices when additional service is given

### **Yours is a new brand for this market, won't it be difficult to sell?**

Through our experience, we have learnt that it may be difficult to sell initially but once sold, consumers will come back and ask for it because they are satisfied. Our executives with you will do the hard work of placing the products in the shops initially. Through our persistent efforts we can build a strong brand in a short period of time.

### **Why don't you give credit?**

We are supplying directly from company. Companies almost always don't give credits. Because of cash and carry model, the cash discounts are already incorporated into prices. Nature of relationship stays strong when cash and carry model continues.

### **We can supply only if your executives collect orders and payment**

Our executives are there for only initial placement and subsequent follow ups, not for routine order collection. Collecting payments is only in your scope. Our executives manage not only you but also a few other distributors in his territory.