GP Petroleums

Revitalising heritage brand while producing novel solutions

GP Petroleums Limited wants to cement its position as the 'vocal for local' and, 'Made in India' company. By redefining the spirit of the company's founding values, Prashanth Achar, CEO is exemplifying the company's tagline, 'Passion for Growth'. In this interaction with ***Rajesh Rajgor,*** he discusses his company's recent accomplishments, product developments and medium to long-term strategy

The IPOL brand has established itself as one of the well-accepted automotive and industrial lubricants in India with a wide network of distributors and dealers in the country. The company, GP Petroleums Limited, has well-equipped manufacturing facilities with automated filling and packaging stations. It has invested in high precision quality-control and product development labs to meet the growing needs of premium lubricants. GP Petroleums has plants in India with an annual production capacity of 80,000 KL. It also has an in-house base oil storage facility of 15,000 KL, which is one of the largest in the Indian industry, ensuring consistency of quality and supply security. In the following paragraphs, CEO Prashanth Achar highlights some of the salient factors that have contributed to the company's growth over the years.

Prashanth Achar, CEO, GP Petroleums

Recent Scenario and Achievements

Our research and development work begins in the open at the client's location, rather than in the tight confines of the laboratory, as is customary. Following that, tribology takes over to create new solutions in order to keep up with the ever-changing market demands. In developing bespoke solutions, the idea is to incubate, innovate and integrate. The team has introduced future-ready solutions for the shifting ecosystem, working alongside leading additive manufacturers.

Examples are MCO oils that comply with BS VI, fully synthetic engine and gear oils, low viscosity engine oils and CK-4 oils. We were the pioneers in low polycyclic aromatic (PCA) oils in rubber process oils with supply positions at most of the major tyre makers. We created segment-specific solutions for industrial customers. Textile oil, specialty greases for the sugar industry and semi-synthetic metal working fluids are just a few examples. With five decades of a learning curve, our cutting oil offer IPOL Aqua Cut 125 has a cult status among industrial customers.

Keeping Pace with Trends

We identified our inherent strengths in our value system – PATH that stands for passion, agility, thinking big and honesty – while revitalising the heritage brand IPOL. While producing novel solutions, technology is the cornerstone of driving the 'thinking big' pillar. Under the project 'Innovation Catalysts', we have assembled a group of fertile minds from many disciplines who are given the infrastructure and space to think beyond the box. Technology advancements have paved the path for the creation of important solutions that have been well-received by customers.

Low-temperature greases, grease with a life of 2,00,000 kilometres, specialty rust preventives, fire-resistant hydraulic fluid for the mining sector, deep hole drilling and broaching oil using ester-based technology and aqueous polymer quenchant are just a few of the developments that are performing to the delight of our customers. The rapid advancement of technology necessitates the development of new tribology that is both efficient and effective. Our BS VI-compliant goods contribute to a decreased carbon impact. The tyre industry prefers our ARTEC family of rubber process oils because they are non-carcinogenic.

Manufacturing Strength

One of the fundamental features that have helped us maintain consistent supplies is our blending and storage capacity. During the lockdown we ensured that vital sectors such as the western coal fields and the sugar industry received uninterrupted supplies. We have an efficient blend factory in Vasai near Mumbai with a capacity of 80,000 KL and a modern laboratory. The factory meets the needs of the entire country as well as exports. At 15,000 KL, our base oil storage is one of the largest in the industry. We are currently operating at 65% utilisation and are well-geared to accommodate our growth agenda over the next five years.

Growth and Market Expansion

In 2021, the 5Cs Corona virus, Container shortage, Chip shortage, Commodity price escalation (base oil) and Calamities in the form of cold wave, floods, etc. were all at play, making the year extremely difficult. All of this, combined with lubricant technology advancements, has exacerbated the industry's decline. GP Petroleums has bucked these odds and achieved extraordinary results because of its 'eXelerate' strategy. The focus on de-risking the firm, responsible sales and profitable sectors, topped off with trading to maximise opportunities, kept the books in good shape.

One of the highlights of last year was our tripartite relationship with Repsol and Honda (HMSI) to develop Honda co-branded engine oils. In FY21 we increased our top-line by 23% to Rs 611 crore and bottom-line by 26% to Rs 23.6 crore. The top-line increased by 28% to Rs 535 crore in the first nine months of FY22. Regardless of the difficult circumstances, this demonstrates the team's commitment to growing and increasing investor value.

Despite the heavy headwinds, we remain optimistic about our future growth and want to be one of the industry's fastest-growing competitors. Demand from industries in the B2B sector as well as Tier II and III towns in the B2C sector is expected to increase as the year progresses. As a result of our strategic expansion, we have a significant presence in these areas and geographies. The motorcycle industry is likely to thrive as the rural economy improves.

Prashanth Achar

Distribution Network

Since 198 brands compete for shelf space, physical distribution is critical to success. For corporate success, a high-quality network that can sweep the market is important. In the B2B vertical we have a network of over 200 vintage distributors and 1,000 industrial customers, backed up by a knowledgeable team of 50 salespeople and five technical service specialists. For the past five decades, we have enjoyed the support of our distributors and customers. More than 300 distributors serve more than 10,000 stores, mechanics and workshops in our automotive segment. Our 24 COCO warehouses in India ensure a consistent supply with last-mile product delivery to distributors all over the country. We have been beefing up the team as part of our growth strategy, which may be an industry first.

Targets for FY 2023

Through the development of environmentally friendly products, we hope to further reinforce our prime and leading position among private companies in rubber process oils while aiding the thriving Indian tyre industry. One out of every 15 tyres is made with our rubber process oil. On the strength of twin brands IPOL and Repsol, the automotive division intends to grow the business tremendously. We are devoted to expanding our geographic footprint and intend to expand into new territories. The 3Rs of reach, range and retain are at the heart of the business strategy 'Lakshya'. We intend to expand our position in international markets in the future. The company's products are exported to over 12 countries and the Directorate of Foreign Trade (DFT) has granted us the STAR export house status. ◆