

Arabian Petroleum To Expand Automotive Lubricant Business

Just after a year of entering into the automotive lubricant business, Mumbai-based Arabian Petroleum Ltd is close to achieving two major breakthroughs.

By Sharad Matade

56 | AutoPartsAsia | SEPTEMBER 2017

Arabian Petroleum, which sells its automotive lubricant under Arzol brand, has ventured into a technical collaboration with a company, which has presence in 60 countries globally. "Under the agreement, the multinational company will provide its technology and some additives for the technology to us to produce high-end automotive lubricant products that will be at par with any global brand. The new technology-based products, which will be churned out from our plant soon, will serve the entire range, from diesel to gasoline, CNG and renewable energy fuel segments" Hemant Mehta, Managing Director, Arabian Petroleum, told *AutoParts Asia*. He did not want to disclose the name of the technology provider.

Arabian Petroleum produces two-wheeler four-stroke oils, passenger car motor oils, commercial vehicle and mixed fleet engine oils, gear and transmission oils, coolants, brake fluids and greases.

The company's main target is to have commercial approvals from the major OEs for their our products in the next two years. It is already in the process of getting commercial approval for

its engine oils from Volvo. "We have submitted the necessary papers to Volvo, and we hope, within a month or two, we will get the approval from that company," he said.

The automotive lubricant business contributes 25 percent to the company's total revenue. "We are aiming at increasing that to 50 percent by 2020," added Mehta. Arabian Petroleum has been into industrial lubricants for over a decade. As it had the required infrastructure, technologies and raw material sources, it started production of automotive lubricant products in 2015. The current automotive lubricant production capacity is 1000 kl a month. Arabian Petroleum will look for additional development at its Ambemath plant to double production capacity by 2020.

"In order to compete with the established and well-known brands, we have been focusing on qualitative products. We offer a drain interval of up to 80,000 km in the heavy-duty vehicles. The same offer is also given in our greases and coolant products. Such offers differentiate us from other brands," he said.


Quality raw materials and a rigorous

quality check process ensure the quality of the company's products. "We use group II and III base oils based on formulations and source additives from the best suppliers globally. Apart from this, the stringent quality check processes make sure of the desired quality and consistency," Mehta said.

As it is competing in a price-driven market with well established brands, the company is operating on lower profit margins to expand its footprint in the market. "But we offer better margins to our channel partners," he said.

Arabian Petroleum has 250 dealers and distributors across India. By next year it plans to have 700. "We have doubled the budget allocation to increase manpower and for the promotion of the automotive lubricant business," he said. The company will leverage its industrial products distribution network to expand automotive lubricants globally. It has 14 export destinations including Central and South America, Africa and South East Asian countries.

The company has already started preparations for the upcoming BS-VI. "We are constantly working on our different formulations to make our products low sulphated ash, phosphorus-sulphur for the upcoming BS-VI," Mehta said.

Arabian Petroleum spends two percent of the total revenue annually on R&D. According to Mehta, another main challenge is to serve diversified markets, designing a wide range of products, with GST removing unorganised players from the market. 



Hemant Mehta

