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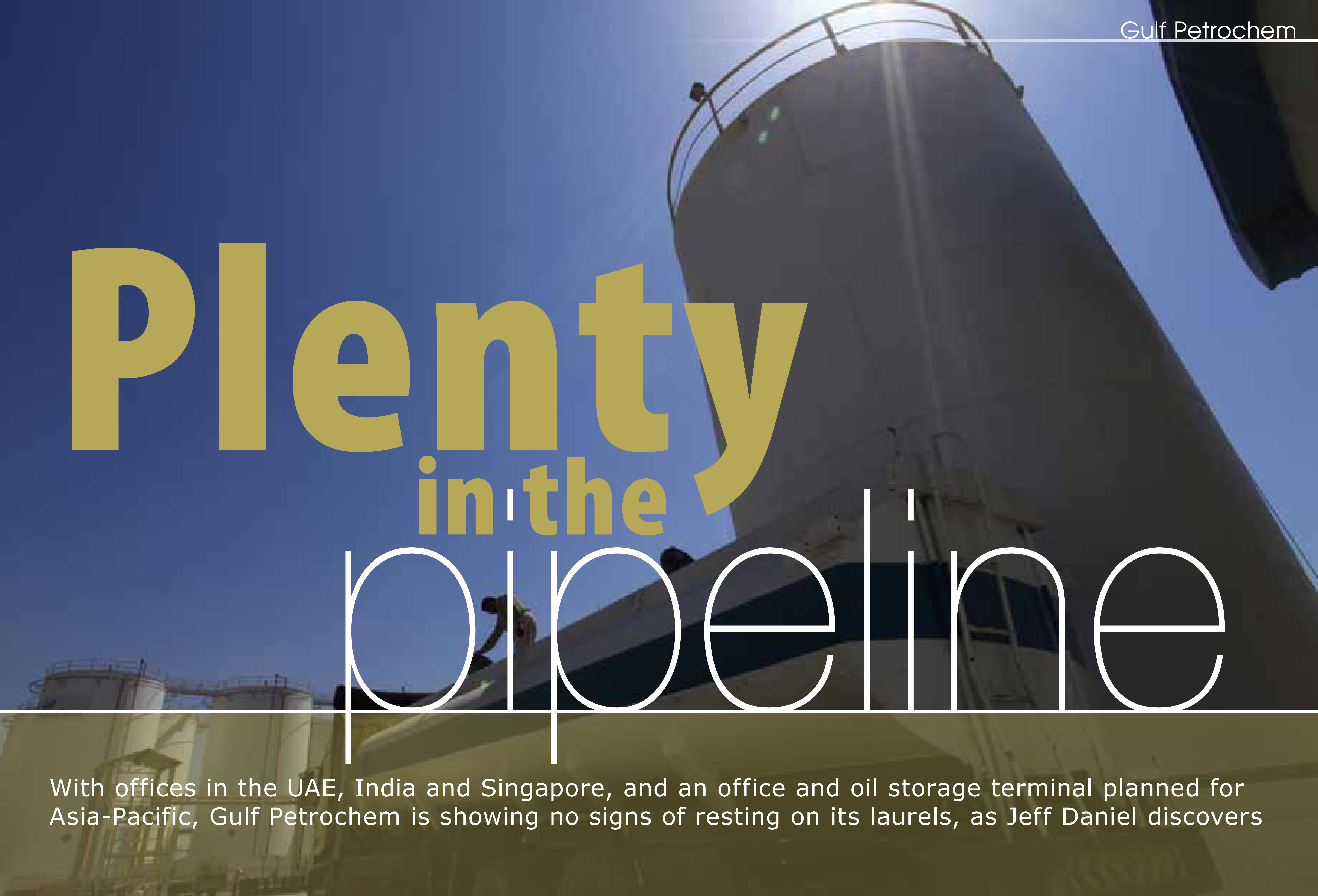
CORPORATE BROCHURE



Plenty in the pipeline

With offices in the UAE, India and Singapore, and an office and oil storage terminal planned for Asia-Pacific, Gulf Petrochem is showing no signs of resting on its laurels, as Jeff Daniel discovers

Gulf Petrochem today is a US$500 million business—and it has all been achieved in a little less than 10 years since founders Ashok Goel and Sudhir Goyel took the journey from India to the United Arab Emirates to see what kind of business they could create exporting petroleum-based oils and lubricants. The pair settled in Hamriyah Free Zone in Sharjah, along the coast from Dubai, and within a few short years Gulf Petrochem had commissioned a 200-tonne per day re-refinery.

The milestones have flown by quickly. From its first $1 million, turnover multiplied rapidly, and by 2007 it had broken the $100 million barrier. Since then, despite world recession, sales have continued to double every couple of years to their present level, with the company crossing $360 million in 2010.

There's no doubt that founders Goel and Goyel did a marvellous job of getting the business off the ground; but perhaps the best decision ever made was to appoint a professional manager. Since 2007, executive director Harshavardhan Sinha has been at the helm. His appointment marked a major shift in management philosophy which put Gulf Petrochem onto a path of sustainable growth. Sinha is an MBA graduate from XLRI—one of India's premier management teaching institutes— and he brought to Gulf Petrochem over 30 years of experience in senior management positions ranging across marketing, operations, project management, human resource management, corporate communications and general management.

"Until 2006, our growth came only from internal accruals," Sinha states. "In 2007 we decided to strengthen our banking arrangements on the working capital side as well as via capital infusion for capital growth. After that, there's been no looking back."

Today, the business is structured into six distinct strategic business units: refining, grease manufacturing, oil storage terminals, oil trading, bunkering, and shipping & logistics.

When Gulf Petrochem first started out, a grease manufacturing facility was created to produce over 30 tonnes per day of top quality lithium base grease—a plant that was later doubled in size to 65 tonnes per day. As testimony to the quality of output, the company is the supplier of choice as contract manufacturer to multinationals such as Caltex, Castrol, Gulf Oil, BP, Shell, Sharlu and Elco's Nationalube. "Good relationships with satisfied customers have led to, and will continue to lead to, the augmentation of our customer base," says Sinha.

To provide added self sufficiency and independence, Gulf Petrochem then built its own oil storage terminal with a capacity of 35,000 cubic metres. This, along with chartered vessels, created the capacity to move bulk material inwards and cater to the bulk demands of customers.

Today, the original Hamriyah re-refinery has a sister plant. In mid-2008, a highly automated 250 tonne per day refinery was built with distillation columns capable of handeling a large spectrum of petroleum-based feedstock. The flexibility offered by this plant has given Gulf Petrochem the opportunity to enter new market segments such as solvents, naphtha, light fuel oil, gas oil, diesel, hexane, benzene and toluene. The company has recently even established itself in the bitumen market.

The addition of the dedicated oil terminal not only supported manufacturing through vessel loads of feedstock but it also added a new dimension to the competitiveness of the business by supporting trading in the same way. By blending the products it had or could source, Gulf Petrochem was able to offer customer-specific grades as well as the facilities to store and deliver them as required. At a stroke, it had reduced its own internal bottlenecks and opened a lucrative line of business in the process.

The facility has a total of 14 tanks of varying capacities adding to a total of 35,000 cubic metres. Combine this with the inbuilt capacity at Refinery II and the total oil terminal capacity in Hamriyah reaches 75,000 cubic metres. There are separate pipelines to the berth for white and black products (the industry's way of differentiating between products of different values in comparison to crude oil) and a separate line for bitumen. As well as marine transportations, the facility is equipped with a weigh bridge to enable inward and outward movement of goods by road tanker.

Gulf Petrochem is now in the process of expanding its oil terminals both in the UAE and outside. An oil terminal with a phase I capacity of 412,000 cubic metres is currently under construction at Fujairah on the other side of the UAE peninsula, at an investment of over $130 million. Completion of this stage is scheduled for the second quarter of 2012 while the master plan for the development envisages a far greater ultimate capacity of

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Vijay Tanks & Vessels (VTV) has evolved as an international company for the design and fabrication of various equipment for the oil & gas, petrochemical, fertilizer, power and steel sectors. The process equipment vertical encompasses pressure vessels, process columns, heat exchangers and reactors, and includes benchmark assignments for some of the largest process equipment ever built.

VTV is acknowledged as a major designer and constructor of storage tanks globally and is among just a handful of companies that traverse the atmospheric, pressurised and cryogenic storage value chain. VTV is proud to be associated with M/s. Gulf Petrochem and is involved in the design and construction of their forthcoming oil storage terminal at Pipavav, Gujarat, India. VTV wishes Gulf Petrochem all the best in their future endeavours.

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1.2 million cubic metres. The consultants for the project are UK-based Mott MacDonald.

Strategically, Fujairah's importance cannot be underestimated. The only major UAE port outside the Arabian Gulf, it is also the second largest bunkering port in the world after Singapore, rubbing shoulders with Houston and Rotterdam. Abu Dhabi has made a recent tranche of investments in Fujairah that are designed to fuel further growth; and if these are anything to go by, the area's strategic significance is likely only to increase. The investments include a 400 kilometre crude pipeline from Abu Dhabi to Fujairah; a 400 kilometre gas pipeline; and grain silos at the port. A refinery is also to be positioned in close proximity to Gulf Petrochem's oil terminal.

Across the Arabian Sea in Gujarat, some 500 kilometres north of Mumbai, the group is also developing an oil and gas terminal to be commissioned by quarter three of this year with an initial capacity of 260,000 cubic metres. In addition, an oil terminal in Asia-Pacific will be announced during the first half of this year.

Another very significant string to Gulf Petrochem's bow is the business of oil trading. The company presently trades in petroleum products—i.e. fuel oil, gas oil, base oil and bitumen. A team of experienced traders is presently based across the UAE, India and Singapore, bringing with them over 100 years of trading experience with major global oil traders. "Our people are our fundamental strength," says Sinha. "Satisfied employees give satisfactory results; charged employees give superlative results."

A relatively new line of business for the company is bunkering (ship refuelling), with operations now underway on the western coast of India and in the UAE. Gulf Petrochem's strategy is to create a global bunkering network to serve customers around the globe.

Shipping and logistics, meanwhile, is essentially a support division; but the company has acquired two vessels and there is talk of expanding this in the near future. There are also plans in the pipeline to add barges, to support bunkering activity.

"Broadly speaking, our growth in the future will be two-pronged: growing our trading and bunkering globally, and adding oil infrastructure—oil storage terminals, vessels and barges," Sinha states. "This does not mean that the other strategic business units will not see growth and investment. But the spearhead of our growth will be trading and oil infrastructure."

Sinha's experience in product development and marketing in petrochemicals has already proved invaluable to Gulf Petrochem, as is evidenced both by the company's growth in the years following his appointment; and in the grandeur of its plans for the future.

"With all this—Hamriyah, Fujairah, India, Asia-Pacific and North Africa—we are confident of crossing US$1 billion in top-line by 2014," Sinha concludes. www.gulfpetrochem.com

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