castrol.co.in

10 August 2026

To,

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Scrip Code: 500870

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra East,
Mumbai – 400 051

Scrip Symbol: CASTROLIND

Dear Sir/Madam,

Sub.: Transcript of audio recording of the Post Earnings Call for 2Q & 1H FY 2026.

Pursuant to Regulation 30 and 46 read with Para A Part A of Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the audio recording of the Company's post earnings call for 2Q & 1H FY 2026 with analysts/investors held on Wednesday, 5 August 2026 is enclosed. The same is also available on the website of the Company and can be accessed on the following link: https://www.castrol.com/en_in/india/home/investors/information-for-shareholders.html under Investor Call Details → 2026 → 2Q FY 2026.

Kindly take the same on record.

Thank You.

Yours faithfully,
For **Castrol India Limited**

HEMANGI YATEEN GHAG
Digitally signed by HEMANGI YATEEN GHAG
Date: 2026.08.10 14:38:26 +05'30'

Hemangi Ghag
Company Secretary & Compliance Officer

Encl.: A/a

Registered address:
Castrol India Limited
CIN: L23200MH1979PLC021359
Technopolis Knowledge Park, Mahakali Caves Road, Andheri (East), Mumbai – 400093
Tel: +91 22 7177 7111/ Fax: +91 22 6698 4101
Customer Service Toll Free No: 1800222100 / 18002098100

"Castrol India Limited

2Q & 1H Earnings Conference Call"

05 August 2026

From 12.15 p.m. to 1.00 p.m. IST

MANAGEMENT (CASTROL INDIA LIMITED):

MR. SAUGATA BASURAY – MANAGING DIRECTOR

MS. MRINALINI SRINIVASAN – WHOLE TIME DIRECTOR & CHIEF FINANCIAL OFFICER

Moderator: Ladies and gentlemen, good day, and welcome to our 2Q and 1H Earnings Conference Call of Castrol India Limited. As a reminder, all participant lines will be in the listen-only mode and there'll be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

Also please note that this conference call may contain forward-looking statements, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantee of future performance and involve risks and uncertainties that are difficult to predict.

We have with us today, Mr. Saugata Basuray, Managing Director, Castrol India Limited, and Ms. Mrinalini Srinivasan, Chief Financial Officer, Castrol India Limited. I now hand the conference over to Mr. Basuray. Thank you, and over to you, sir.

Saugata Basuray: Thank you, and good afternoon and Namaste to everyone. Thank you for joining Castrol India's analyst call for the second quarter and first half year ended 30th June 2026. As a reminder, we follow the calendar year for financial reporting. I'm joined today by my colleague Ms. Mrinalini Srinivasan, our Chief Financial Officer and Whole-time Director.

Moving into the commentary for the quarter, we delivered another strong quarter with broad-based growth across our consumer, industrial, and institutional business. And this is in context of a very volatile operating environment marked by supply disruptions and commodity cost inflation. The performance reflects disciplined execution, the strength of our brands and the portfolio that we have, effective pricing and cost management, and the agility of our global sourcing network, which has really played out in this quarter.

Our resilient supply chain and disciplined inventory planning helped us maintain uninterrupted customer supplies while balancing growth and margins. We also continue to invest behind our brands, innovate on distribution, customer relationships, and operational excellence, which strengthens both current performance as well as our long-term growth foundations.

Let me highlight 5 areas that defined the quarter; broad-based growth; our consumer, industrial, and institutional business all performed well. In personal mobility, our power brand grew ahead of the rest of the business, supporting a healthier portfolio mix and demonstrating consumers' preference for high-performance lubricants.

The industrial growth was supported by advanced solutions, reliable supplies, and an expansion in customer base. The second big theme for the quarter has been expanded reach. We maintain a national footprint of approximately 160,000 outlets. We expanded availability of our auto care range to 40,000 outlets and strengthened our service ecosystem with 34,000 independent motorcycle workshops and 16,000 car workshops.

The Castrol-branded auto service, CAS, is now 850 strong. Our rural distribution continues to expand. We are now at about 45,000 outlets, and on that, we are now at 950 rural service express, which cater to bikes. The rural business continues to grow at double digits.

We also sharpened execution in key urban clusters to strengthen our premium passenger car portfolio business. The third theme is innovation and localization. We expanded our fully synthetic range. We introduced premium variants in Castrol Activ. It's called Castrol Activ Synthetic 10W-30 and 5W-30 visco metrics.

We upgraded GTX 5W-30 to a fully synthetic product positioning, and introduced a full synthetic under GTX 0W-20. These are all focused on modern engines. We also advanced localization in our industrial portfolio by introducing Alusol SL 61 XBB. This is a specialized coolant used for demanding industrial applications.

The third theme is brand and consumer engagement. So with Castrol Activ Fully Synthetic campaign, on the back of introduction of the products, we have reached over 150 million consumers. Our other premium brand in the motorcycle portfolio, POWER1, we have engaged with 10,000 bikers and strengthened our performance credentials for the brand, and that has played out as well in this quarter.

Safety continues to be the bedrock of our performance and the way we work. Our Paharpur plant completed 9 years, and Silvassa 3 years, without any significant recordable incident. Silvassa plant also received the NAMC Gold Award, and Castrol India received a Special Jury Award for championing sustainable procurement practices.

These actions reinforce our strategy, which is to broaden our distribution reach, focus on urban clusters to premiumize our portfolio, go deep into rural markets to tap into demand for motorcycle products, especially in agri, and build a strong services-led ecosystem, and we talked about our CAS network in that context.

We continue to see meaningful headroom for growth in rural India. At the same time, we are also building capabilities for specialized EV fluids and working closely with OEMs, while recognizing that internal combustion engines and hybrids will remain the dominant part of India's vehicle park for the next many years.

With that, I will hand over to my colleague Mrinalini to take you through the financial performance, the drivers of the quarter, and our perspective on the outlook for the rest of the year. Mrinalini, over to you.

Mrinalini Srinivasan: Thank you, Saugata, and good afternoon, everyone. For the second quarter of FY26, revenue from operations was INR1,871 crores. This is 25% up year-on-year basis and 21% sequentially. EBITDA for the quarter was INR494 crores, an increase of 41% year-on-year and 41% sequentially. Profit after tax was INR348 crores, up 43% year-on-year and 44% sequentially.

For the first half, revenue was INR3,417 crores, 17% year-on-year, and EBITDA was INR823 crores, up 25%. Profit after tax was INR590 crores, up 24%. This translates to an EBITDA margin of approximately 26% for the quarter and 24% for the first half. The performance was driven by broad-based volume growth, pricing action, portfolio premiumization, and prudent cost management.

Our global sourcing network, diversified supplier base, and disciplined inventory planning cushioned the initial impact of the supply disruptions and commodity volatility, enabling reliable customer service and strong operating leverage. We began to see the anticipated increases in cost, a bit delayed, but towards the end of the quarter.

We, therefore, expect the impact of commodity and feedstock inflation to become more visible in the third quarter. We will continue to monitor costs, pricing, customer sentiment, and demand closely, balancing near-term prudence with continued investment into our brands, distribution, innovation, and customer proposition.

The Board this quarter has declared an interim dividend of INR6.25 per share, which will be payable on or before 2nd September 2026. This reflects the resilience of our business and our ability to continue generating healthy cash flow. With this, we bring forward cash into the hands of our shareholders while maintaining our disciplined capital allocation philosophies.

Looking ahead, we remain cautious given higher inflationary pressures, uneven monsoon conditions, and continued volatility in key commodities. Our focus remains on disciplined execution, careful cost management, resilient supply, and sustained investment in long-term competencies.

Thank you, and I will hand back to Saugata for his closing remarks. Saugata, over to you.

Saugata Basuray: Thank you, Mrinalini. And with that, we are open to questions from the people on the call.

Moderator: Thank you very much. First question is from the line of Devansh Jain from Neo Wealth Management.

Devansh Jain: Hello? Am I audible?

Moderator: Yes, sir. Go ahead.

Saugata Basuray: Yes, you are.

Devansh Jain: Hi sir. I wanted to know when can we expect the open offer to conclude? There are so many approvals that are pending. So, what is the expected timeline?

Mrinalini Srinivasan: Maybe let me take that, Devansh, if I got your name correct. For the rest of the audience, Devansh is referring to the transaction which is currently underway. BP announced as a part of its strategic review that they would divest 65% share of the global Castrol company, and Stonepeak emerged as the lead bidder.

The transaction currently is progressing well, and Stonepeak is in the process of getting the right licenses and operating methods across the entire country, across the entire world, which is many countries. Such deals take time, and we'll have to wait for the first deal closure statement to come as per compliance. As soon as the deal is closed, you will expect a notification from the company to SEBI as well as to the shareholders. Following that, there are certain timelines that are prescribed after which the open offer will go live.

Devansh Jain: Any expectations on the timelines?

Mrinalini Srinivasan: No, Mr. Jain. As I said, the deal is rather large, and it goes beyond India. It goes to many other markets in many other countries. I think we will have to wait for the deal closure to happen and a formal communication to come your way.

Devansh Jain: Okay. Thank you.

Moderator: Thank you very much. Next question is from the line of Dhaval Popat from Choice International Limited. Please go ahead.

Dhaval Popat: Yes, hi. Thank for the opportunity. As far as the overall revenue growth is concerned, there is strong growth. But then, is it possible for you to break down on volume or pricing? I understand you have guided for 2x market growth. So is it safe to assume that there would be 8% volume growth, or there was broadly volume growth and lesser pricing growth? That's my first question.

And second question on Silvassa plant. There have been a flood-like situation, and some of the other manufacturers have reported some kind of damage. So just wanted to understand the utilization levels at Silvassa plant for Castrol. These are my first two questions. Thank you.

Saugata Basuray: Right. Okay. So, I'll answer your question, and then maybe Mrinalini might want to join. On the second question first, which is on Silvassa plant, yes, you're right. Earlier in July, which is after the close of second quarter, there were a couple of days where there was very heavy rainfall in Silvassa. We had ceased operation of our plant at that point in time, in the interest of safety.

But I'm pleased to say that the plant is fully back up. We have a business continuity plan which kicked in, and operating levels of the plant are at the same peak level as it was in quarter 2 and earlier this year. So, as of now, no impact on the plant. So that's on your second question.

Your first question, I think broad-based growth, we maintain the range of 2x the market growth. We are in that range. Different parts of our portfolio have grown at different levels. In the quarter, which is the April to June quarter, we have taken pricing action, which are in low double digit.

And with that, there are 2 price increases that we have implemented this year, January to June, in context of the supply chain volatility as well as inflation that we are seeing. So, there is a broad-based volume growth across our 3 businesses. In the consumer business, a lot of it coming from our rural operations and premiumization of the portfolio now in urban clusters. That is for the consumer business.

In the industrial and institutional business, we continue to expand our portfolio as well as increase the number of customers. That is not just about this quarter. We've been doing that for the last couple of years. So that enabled the volume growth, and the pricing action kicked in on top. That is purely to make sure that we manage our margins well.

Dhaval Popat: That's helpful. That's it. Thank you.

Saugata Basuray: Thank you.

Moderator: Thank you. Next question is from the line of Vipul Kumar Shah from Sumangal Investments. Please go ahead.

Vipul Kumar Shah: Hi, thanks for the opportunity and congratulations for very good set of numbers. So, what was the volume this quarter? And can you give volume for sequential quarter and same quarter last year?

Mrinalini Srinivasan: Mr. Shah, thank you for the question. I think this is similar to what Dhaval also just asked. We don't follow segmental reporting if specifics are avoidable. But as Saugata said, lubricant industry grows 3%, 4%, and our endeavor always is to grow ahead of the industry. We've been able to do that broad-based across segments. We play in automotive across the 3 spaces as well as in industrial. So, volume growth is broad-based, is where we will leave it. Specifics on volumes we don't really share.

Vipul Kumar Shah: In previous call, you always shared the volume number in million liters. So, you have stopped that practice now?

Mrinalini Srinivasan: I think it's prudent in the interest of shareholder that we continue with the practice. We have always maintained the same practice. You have the full P&L disclosures, et cetera, are with you to go through. But specific volume numbers, we have not declared in the past.

Vipul Kumar Shah: Okay. And was there any inventory gain in this quarter?

Mrinalini Srinivasan: Can you repeat that again? Inventory gain?

Vipul Kumar Shah: Inventory gain.

Mrinalini Srinivasan: Okay. So, indeed, the one fact is that cost increases are delayed into the P&L. Not all the cost increases have been incurred into Q2 itself. Some of it will flow into 3Q, as I said earlier. Inventory, specifically that we were carrying from the earlier peak period, we do consume them in the quarter, and correspondingly, we have some part of our volume coming in at a lower consumption cost.

This is normal for any business course, and that's what we've also benefited from. What I can say is that even excluding these one-time benefits of the inventory, we have grown profitability healthy in this quarter.

Moderator: Thank you. Vipul Kumar, I will request to come back for a follow-up. Next question is from the line of Rajesh Toshniwala from Family Office. Please go ahead.

Rajesh Toshniwala: Congratulations on this excellent set of numbers. I just had a query, like this upcoming sector wherein for data centers and hyperscalers, a lot of products are being developed by the lubricant industry. Is Castrol India also looking into it? Or are they already into this stream? And if yes, what kind of revenue and relevant numbers can be shared for the shareholders?

Saugata Basuray: Thank you for your question. Yes, there is work happening on the front of developing data centers in India, and we have in the past also touched upon it. We have a team that looks into it. The products are ready, and globally, we do participate in the data center thermal cooling space. We have various trials that have been ongoing. This is a B2B business, and at the moment, it is not a material part of the business.

Rajesh Toshniwala: Okay. I see. Thank you.

Saugata Basuray: Thank you.

Moderator: Thank you. Next question is from the line of Aditya Shah from Vikram Advisory. Please go ahead.

Aditya Shah: Sir, could you highlight your dividend policy, which is as of now? And regarding the second question, which is on data centers. So, out of the 2 technologies currently available, what I know is immersion cooling and direct-to-chip. Which one are you more focused on in India? And what is the update about the trial runs you mentioned in the previous conference call that were onboarding for these data center things?

Saugata Basuray: So, let me tackle your second question, and then Mrinalini, address the first question on dividend. So, the technology is a choice by the OEMs who are setting up data centers for the developers. So therefore, whoever is setting it up, whether they're looking for direct-to-chip or they're looking at immersion coolant, there are products available for that.

I think we'll have to wait and watch in India how or which technology emerges eventually as a predominant technology, but early to say at the moment. And we are positioned to participate in both. Some of the trials that we talked about have resulted in some business, but many of these are long-range trials.

And the last bit I would say is while there has a lot of announcements of development of data centers, we have to see for a lot of them to convert into operational data centers, eventually when they'll start consuming cooling solutions.

Aditya Shah: So that could be at least 2 years out?

Saugata Basuray: Difficult for me to say, because we are just tracking it, but as it emerges, we'll be there to participate.

Aditya Shah: Okay. What would be the competition like within the lubricants that we give for data centers? Any competition in India?

Saugata Basuray: Sir, can I just interrupt you? You have asked 2 questions, so if I may just request for Lini to respond to your first question.

Aditya Shah: Sure. Okay.

Mrinalini Srinivasan: Mr. Shah, thank you for your question. Our dividend policy is on the website, so please do go have a look, but let me give you a broad framework. For the past many years, we've followed windows to split our dividend into one interim and one final. And usually, we're a cash-generating business, and we like to reward our shareholders with a healthy dividend payout. While we don't have a call pay number, you would see that our dividend yields are usually in the range of around 5% when I accumulate the interim and final dividend.

Additionally, in case of events, you would have seen over the last 10 years, a couple of times we've also given a special dividend to reward our shareholders. So that, for example, the 125 years of Castrol globally. We had done that a couple of years ago. So that's the broad framework. We manage our cash and reward our shareholders. I'm sure you've seen also that we have issued an interim dividend currently, and framework, we've advanced cash into the interim window rather than the final window.

Aditya Shah: Okay. So is it safe to assume that you probably intend to pay out around 80% to 90% of your earnings as dividends, roughly?

Mrinalini Srinivasan: Intentionally, we've not given a percentage in our policy, because I think what we really are guided by is our capital allocation framework, wherein if we have an alternate use case of the cash, we would potentially maybe deviate from the percentage that you mentioned. But like you said, past 3 years, we've been in that range.

Moderator: Thank you. Aditya, I'll request to come back for a follow-up question. Next question is from the line of Kirtan Mehta from Baroda BNP Paribas. Please go ahead.

Kirtan Mehta: Thank you for the opportunity. First question is on the pricing side. You mentioned that we have taken sort of pricing action, 2 price increases between January to June and in the low double-digit. We heard from your competitor that probably they've been able to sort of take around 4 price increases between March to July, even after the end of the quarter as well.

So question in this regard is normally Castrol has been the one which has been leading the price increase in the Indian industry. Is their structure changing? Or is it that the competition is catching up with some of the discounts reverting and then sort of increasing the price at this point of time?

The second question was about the impact of the price increase that you can -- if at all the industry has taken a higher price increase, do you see a risk to volume growth as we go ahead? Would there be downtrading? How have been the experience in the past, if you can narrate on the same?

Saugata Basuray: Okay. So, let me answer your 2 questions. I think we are guided by our pricing actions by 2 things. One is our outlook on raw material prices / cost, and the second is our direction on maintaining our EBITDA margin at 21% to 24%. These are the 2 parameters within which we run the business.

Based on that, we have modeled what would be an ideal pricing scenario this year, and we have executed those price actions late in 1Q, and then again in 2Q. As things stand today, the pricing actions we've implemented have been sufficient to offset the raw material increases coming from quarter 2, and we expect some of the raw material increases to also sustain and spill over into Q3, right?

External environments remain very volatile. If the volatility increases or if facts change, then we stand prepared to take whatever other pricing action is required. But we are guided by our raw material cost profile as well as our outlook on that more than anything else. In the past, whenever such environmental changes have required us to take pricing action, we've also doubled down on activating the consumers and investing in the brand, which we continue to do right now.

In the short term, there may be volatility and there might be some sort of trade-offs happening. But we are guided by, again, a history of about a decade when we have taken these kind of pricing actions in a very volatile environment. And generally, the business comes back to a 21% to 24% EBITDA, and we also sort of continue with a certain volume growth rate. So we feel that in the short term, there might be a volatility, but in the medium and long term, we are pretty certain in terms of the directional travel of the business.

Kirtan Mehta: Thank you, sir. Thanks for the color.

Moderator: Thank you. Next question is from the line of Nitin Borecha from Securin Investments. Please go ahead.

Nitin Borecha: Hello? Am I audible?

Moderator: Yes, sir, go ahead.

Nitin Borecha: Yes. So, my question is on the opening remarks, you mentioned the impact of the commodity will be more visible in the Q3, right? So, does that mean that the low-cost inventory which we have will be visible in the Q3? So, this kind of realization will continue in Q3 also?

Mrinalini Srinivasan: Mr. Borecha, if I understood your question correctly, you're trying to understand the quarterly profile of our costs. You heard me say that the macro environment had stepped up back in April, March. Its full impact of that did not for 2Q calls. We started because we carry older inventory at softer prices.

Nitin Borecha: Exactly. That's my question, ma'am. Sorry to interrupt, but I am trying to understand, do we have that low-cost inventory, which will be visible in Q3 also?

Mrinalini Srinivasan: No, Mr. Borecha. I think we pride ourselves on a very lean inventory profile. So, we do churn our inventory fast, and that's why we are already planning for the inventory that we will use in 3Q to be that which has been bought towards the end of second quarter.

Nitin Borecha: Okay. So, Ma'am, just a follow-on on this. If you can mention what is our inventory days we kept? What kind of inventories do we kept in terms of days for this volatility scenario?

Mrinalini Srinivasan: Something also in the entire...

Nitin Borecha: Ma'am, actually, your voice is breaking in between.

Mrinalini Srinivasan: Okay, I'm going to try again. Do you hear me better now?

Nitin Borecha: Yes, ma'am, better.

Mrinalini Srinivasan: Yes. I was just saying that inventory that we carry is a result of our supply chain physical structure. And our raw material profile -- supplier profile is very diversified. We do buy a lot of our inventory locally, almost about half.

And half of our inventory is also bought from international suppliers, which means that lead time in both those cases will be very different, and hence the inventory that we carry on our books will also be different.

So, difficult to give a specific answer. But yes, in this volatile time, we have relooked at that. We do plan our inventory very closely to minimize any impact of these surges that we saw in this quarter. And hopefully, we can talk about that when next quarter is over.

Nitin Borecha: Okay. And the last one follow-up on this, ma'am. Can you quantify the impact of this inventory gain in last quarter in absolute number?

Mrinalini Srinivasan: I would stay away from specifics, Mr. Borecha, but you know that our results actually give a lot of details. If you go through the financials, you may be able to spot them. But I would stay away from specifics.

Nitin Borecha: Okay, ma'am. Thank you.

Moderator: Thank you very much. Next question is from the line of Keshav from Kotak Securities. Please go ahead.

Keshav: So, I just wanted to understand, you said that there will be margin pressures in Q3 as well, but I'm assuming you have taken 2 price hikes. One in January to March quarter, and then the low double-digit price hike in 2Q. So, isn't that price hike enough to, like, offset the RM cost increase?

Because, as I understand, after June, the prices of diesel has also declined. So, isn't those two price hikes sufficient to offset the cost? Or is there something which I'm missing here?

Moderator: Keshav, sorry to interrupt, but your audio is not clear. Can you repeat your question once again a bit louder?

Keshav: I just wanted to understand that, RM, the two price hikes which the company has taken in last 2 quarters, sufficient to offset the increase in RM cost for the third quarter, because as I understand, third quarter, the prices have cooled off the raw material prices. So just wanted to understand on the margin outlook for 3Q?

Saugata Basuray: Right. Okay. Thank you for the question. I'll attempt to answer that. Maybe Mr. Mrinalini will add to it. We have taken the 2 pricing bills with a certain scenario built in on inventory models for quarter 2, but for the rest of the year. There's also an element of foreign exchange in that, right?

So as things stand today, the pricing that we have taken has modeled whatever you are seeing by and large in quarter 3. That being said, environment remains very volatile and its changing as you would have seen in the last couple of weeks. So, we [inaudible 0:30:06] but the absolute cost will remain.

Moderator: Sir, sorry to interrupt, we are losing your audio.

Saugata Basuray: Let me try again. Are you able to hear me all right?

Moderator: Yes, sir. Now it's better.

Saugata Basuray: Okay. So, as I was saying that there are 2 aspects to the cost inflation. There is the raw material price, which is base oil predominantly, and there's also foreign exchange. We have modeled a certain cost of goods for quarter 2, as well as for the second half of the year, based on which we've taken certain pricing actions.

Having said that, the environment remains very volatile, and at this point in time, the stance that we've taken is, if the cost of raw materials and/or foreign exchange further sort of moves adversely, then we stand ready to take pricing action. That's one part of the equation.

But separately, we have also done a lot in the last quarter, to bring down structural costs in our raw material as well as some of our other areas where we have intervened. So we are also tackling all our cost lines to be as efficient as possible so that we also balance our pricing actions with our ambition to grow our market share.

Keshav: Sure. Thanks. That is it. Thank you.

Saugata Basuray: Thank you.

Moderator: Next question is from the line of Nirmal from Aditya Birla. Please go ahead.

Nirmal: Hello. Thank you for taking my question. Sir, you mentioned that we are present in both the cooling technologies that are used in data centers. If you can, for our understanding, explain how are these 2 cooling technologies different? And how does our product add value here? And also, if you can share a bit about the competition in this space. Thank you.

Saugata Basuray: Look, at a very high level, the 2 cooling technologies are different in the sense that there's an immersion cooling approach where an entire server blade is immersed into a fluid, a chamber holding a fluid, and that dissipates heat while it doesn't allow for electrical conductance, and therefore, that's how the computer works.

And in the other case, the architecture is such that the chip directly -- the heat is taken out of chip directly with the way the frame has been designed, and there are liquids which flow beneath that, which are then recirculated, and they remove heat. That's at a very high level. I'm not the technical expert, but that's how the 2 technologies work.

We have products that apply for both. From a competitor set, there are lubricant companies which operate in this space. There are also other chemical companies that operate with fluids in that space. I hope that answers your question.

Nirmal: Yes, sir. Thank you for the answer.

Saugata Basuray: Thank you.

Moderator: Thank you very much. Next question is from the line of Arya Patel from Emkay Global. Please go ahead.

Arya Patel: Yes, hi. Thank you for the opportunity and congratulations on a great set of numbers. So I just had one question. So, I see there's a loss of around INR66 crores in the OCI. Can I know what it's pertaining to?

Mrinalini Srinivasan: Mr. Patel, it's not a loss as such. It is a revaluation of our investment into Ki Mobility. You would recall that the company had made this investment close to about 4 years ago. And our accounting policy guides us that we must revalue this asset every 6 months, and the method of revaluation is really based on external markets.

So we use similar competitive companies, and we do a revaluation of our asset. To that extent, external companies have gone through a very volatile season, and hence as a result, our valuations are impacted. We have done the job of really reflecting that valuation into our balance sheet, and that's the impact that you see here.

We'll continue to do this even in the following quarters. And I do expect this revaluation of the asset to keep moving up and down, depending on how the external competitive companies perform.

Arya Patel: Got it. Thank you for the answer. That's it. Thank you so much.

Moderator: Thank you. Next follow-up question is from the line of Dhaval Popat from Choice International. Please go ahead.

Dhaval Popat: Thank you for the opportunity again. So I just wanted to understand your current mix in B2C and B2B business and whether you're planning either to grow more on B2C or either on the front of B2B, more from a strategy perspective?

Second, cost sourcing mix as of, I remember last time you said 55% is sourced domestically. Is that correct, or are you sourcing 45%? Is there some change in sourcing that you have done that would have also led to increase in margins?

Saugata Basuray: Okay. Thank you Dhaval for the question. I think the guidance on 55%, 45% broadly remains. Having said that, given this year has been very volatile, we are first focused on making sure products are made available to our customers, and we keep the market supplied with the products.

So therefore, we take tactical calls during the quarter to keep our availability at the level at which we want. Broadly, the 45%, 55% will remain the way it is. Within a quarter, it might move around a bit. And then there has been a lot of volatility also in terms of availability of products, and we have taken action to offset that.

On your first question on B2B, B2C. Our B2C business, which is the Castrol branded business that you see widely distributed in the market through retail stores, that is something that we look at independently. It's not either/or. The B2B business for us is the business that works closely with institutional partners such as OEMs, Tata Motors, Maruti, and so on, so forth.

On the second, we will be guided by the growth of these OEMs. As they grow, we'll participate in that growth. Separate from that, on our B2C business, we have seen that in rural India, there's a lot of opportunity to grow as mobility kicks in over there with more disposable income.

In urban India, there is a big opportunity to premiumize the portfolio, because more people are buying premium cars, and therefore, we have divided the country into those clusters, where we participate with our entire portfolio in rural India to tap into emerging consumers, and we participate with a premium portfolio in parts of urban India, where we participate in the new premium vehicles that are coming in.

Our industrial business, which we may not have referred to, but is an important part of our growth agenda, has been growing at high double digits for the last couple of years, and we think with the tailwind and manufacturing, that will continue as well.

Dhaval Popat: Is it possible for you to just give a split? I understand this is a follow-up, but how would you split your overall revenue coming from, on percentage basis, if you can provide any color?

Saugata Basuray: So, I'll pass on that question to my colleague, Mrinalini. She'll respond to that.

Mrinalini Srinivasan: Hi. Dhaval. We are talking again. Industrial business, as you would remember in the past, we've spoken about it, has contributed about 15% of our overall business. It is growing faster than the rest of the company, and hence that percentage slowly will increase, but it is still in that ballpark range.

Within automotive, what we do with our institutional sales and aftermarket, I think that split is perhaps not relevant, but I assume that your interest is more to know how industrial is doing.

Dhaval Popat: No, just 15% of gross industrial. B2B and B2C, which one would -- I understand B2C is obviously high or about 50% higher than B2B business?

Saugata Basuray: Yes, broadly, I think the volume would be there, margins are quite different.

Dhaval Popat: Okay. Thank you.

Moderator: Thank you. Next question is from the line of Muskan Patel from JK Investments. Please go ahead.

Muskan Patel: Hello, team. Congratulations on good set of numbers. I just was wondering and wanted to know that are there any major capex plans or strategic investments that are planned over the medium term?

Mrinalini Srinivasan: Hi, Muskan. Thank you for the question. You've heard us talk about this in the past. We do spend our capital, either in our manufacturing units to make sure that they have the latest standards of health and safety or for capacity expansion, et cetera, and we spend our capital in market to make sure that we have the right level of visibility for our dealers as well as the workshops.

So that continues to be in the range as we always declare for the year that we spend about INR100 crores, almost about half amidst both of them. To your second part of question, are there any strategic investments, et cetera, being considered? We always do that. It is a part of our regular journey. We do many investments. There's nothing to share at this moment, but we will be sharing as and when we are ready.

Muskan Patel: I see. That sounds wonderful. Thank you.

Moderator: Thank you. Next question is from the line of Jagdishwar from Japa Investments. Please go ahead.

Jagdishwar: Good afternoon sir. I have two questions. I believe Castrol is transitioning itself into full synthetic or semi-synthetic kind of lubricant across categories. So, when does it start? I mean, when does the transition become full or is it more gradual?

Because if we see category 3 base oil, there is a shortage, and the price increase, I think it has become 2x or 3x. So how do you see the situation over the next one to two years? Second question is with respect to E20 fuel, do you see it triggers increase in more synthetic lubricant for India? Thank you so much.

Saugata Basuray: Thank you, sir for you question. Both very important and interesting questions. Let me tackle the first one, which is on the high grading of our portfolio in the cars business, and we have done it for bikes as well, where we introduced fully synthetic products. So this is not new in terms of what Castrol does.

We are always there to introduce the latest offering to consumers, and that is what you're seeing. At what pace this takes off and converts the entire or changes the entire portfolio into fully synthetic will be determined by consumer uptake and how the vehicle technology evolves over time, right?

So I don't see that becoming a biggest part of our portfolio in the next 2 years, but we are introducing products which are world-class and making it available to Indian consumers, and then we will invest behind the brand to premiumize our portfolio and create more opportunities, reasons for them to buy our premium products. That's the first part, answering the first part of your question. I think the subtext to it, which is in terms of group 3 base oil, yes, its elevated, and it is being impacted by the Middle East crisis.

Again, as I mentioned to somebody a short while back, our pricing actions are determined by our guidance of EBITDA of 21% to 24%. So if the raw material prices go up, then we will take pricing actions to compensate for that. At the same time, we remain very focused on driving operational efficiency through our supply chain to bring down our operating costs. So we'll do. We'll look at pricing as well as cost management. Your second point was about. If you don't mind, what was it?

Jagdishwar: E20.

Saugata Basuray: Was on E20. So that's, as you know, as most people would know right now, it's a fuel choice, right? Therefore, engines that have been not optimized for E20, there would be implications for them. That does not impact the lubricant specifically being used in those engines.

And we'll have to wait and watch to understand how the OEMs respond to it and how does the whole ecosystem of transporting and dispensing biofuels works out in the country. I would also add a quick one, which is most of our brands in the passenger car business are already compliant with the requirements of operating with an E20 fuel into the engine.

Jagdishwar: Thank you so much. That was quite useful.

Moderator: Thank you very much. Ladies and gentlemen, we are at time. This brings the conference call to an end. On behalf of Castrol India Limited, I thank you for joining this call. You may now disconnect your lines. Wish you a good day ahead. Thank you all.