



“Castrol India Limited  
4Q 2025 Earnings Conference Call”  
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**MODERATOR:** **ADFACTORS PR PRIVATE LIMITED – INVESTOR  
RELATIONS**

**Moderator:** Ladies and gentlemen, good day, and welcome to Castrol India Limited's Q4 '2025 Earnings Conference Call. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Saugata Basuray, Whole-Time Director and Interim Chief Executive Officer. Thank you, and over to you, sir.

**Saugata Basuray:** Thank you, and good afternoon, everyone. Thank you for joining us on our Fourth Quarter and Financial Year 2025 Earnings Call today. As you are aware, our reporting follows the January to December calendar year. 2025 has been a year of strong and consistent delivery for Castrol India. We had our eighth straight quarter of volume-led growth, closed the year with the highest ever revenue and gained market share in our core automotive lubricants business.

For the full year, volume grew 8% year-on-year, supported by steady demand in the personal mobility sector, our continued scale-up in the industrial business and our deeper distribution reach, particularly into rural India. Our industrial portfolio and our rural distribution delivered double-digit growth yet again, validating the choices we made over the last few years.

The performance also reflects our agile approach, which enables us to navigate market cycles. Business grew from expanding our reach, deepening our relationship with key OEMs from the automotive sector and better execution every day, in line with our mantra, stay close to customers, make smart choices and deliver with discipline.

In the fourth quarter, we saw some momentum. Revenue grew 6% year-on-year, making it our highest quarter-on-quarter revenue in nearly 2 decades, while volume grew by 8%, reflecting sustained underlying demand. However, what is important to note is that this performance came in a very volatile operating environment. As competitive intensity continues, raw material movement and currency volatility persisted through the year.

Our focus remains on disciplined execution, staying close to customers, managing costs proactively and continue to invest in building our brands, bringing new innovations into the market through new products and expanding our distribution reach.

During the year, we moved at pace on innovation, launched new products and localized close to 20 products across automotive, industrial and our specialty range. Some of the major ones include advanced Hysol and Alusol industrial products, the new Spheerol range and we upgraded our core offer in the personal mobility car space, which is Castrol MAGNATEC.

We also launched new products in the Auto Care range. We continue to strengthen our distribution and our relationship with key OEMs across automotive ecosystems. We also forged a collaboration with Triumph Motorcycles for our brand, Castrol POWER1 and signed an MOU with VinFast Auto India to support their EV aftersales at Castrol Service Centers.

Our brand building initiatives reached an unprecedented scale, touching 300-plus million consumers and trade professionals through multichannel campaigns such as the Garmi Mein Bhi

3x Protection Castrol guaranteed on our commercial vehicle oil range, along with establishing our presence across multiple major racing events.

These efforts deepen the brand's connection with consumers and trade alike. On the distribution front, we continue to expand our market reach. Our distribution network now covers more than 150,000 outlets nationwide. And the Castrol Auto Care portfolio is now available across e-commerce, modern trade and another 67,000 outlets in physical retail stores.

Service network has also grown. We now have a network of 750 Castrol Auto Service points across the country, and we reached 30,000 bike workshops and more than 11,000 multi-brand retail outlets. Rural distribution continues to scale up. We are now at over 40,000 rural outlets, and we have over 500 Rural Service Express installed in the country.

These network expansion initiatives ensure our products and services are available to consumers wherever they need it. Sustainability and community engagement remains a core part of our ethos. We introduced India's first RRBO-based engine oil. RRBO stands for Renewable Re-Refined Base Oil for BS-VI engines and co-engineered with leading OEMs. We also scaled up our community programs such as Sarathi Mitra through highways as classroom initiatives that reach truck drivers across 46 locations in Uttar Pradesh.

Now before I speak further, I will hand over to Mrinalini to take you through the financials in a bit more detail. Over to you, Mrinalini.

**Mrinalini Srinivasan:**

Thank you, Saugata, and a very good afternoon to everyone. Let me start with the full year performance first. In fiscal year '25, we delivered strong results. Our revenue from operations grew 7% year-on-year to INR5,722 crores. EBITDA for the year stood at INR1,348 crores, which represents a 5% year-on-year increase, supported by strong volume growth and operating discipline like Saugata just said.

Profit after tax reached INR950 crores, up from INR927 crores in the prior year. These gains reflect healthy operational execution and a good product mix. Despite input cost volatility during the year, we were able to manage margins through disciplined cost control, pricing and mix optimization, while continuing to invest behind brand building, distribution expansion and capability development.

Let me turn to quarter 4. Revenue stood at INR1,440 crores, which is up 6.4% year-on-year basis. And profit after tax for the quarter was at INR245 crores, which is about 8% sequentially higher than quarter 3 and it reflects the improved operating leverage as volumes came through the year. PAT was down from INR271 crores in quarter 4 '24, though, which was impacted by onetime Labour Code-related changes in this quarter.

Most importantly, our full year EBITDA margin, which reflects the structural health of the business remained healthy and cash from operations was robust, underpinning the quality of our earnings. From a balance sheet and cash flow perspective, the business continues to remain strong and resilient, supported by healthy cash generation and continued financial discipline.

We managed costs and working capital tightly, which supported profitability even in a high-growth environment. This disciplined approach enables shareholder value creation, and we maintained a strong balance sheet while returning cash to the investors.

In recognition of this performance, the Board has recommended a final dividend of INR5.25 per share, taking the total dividend for the year to INR8.75 per share. This reflects our commitment to consistent shareholder returns while ensuring that we retain flexibility to invest in the business.

I now hand it back to Saugata to share our outlook.

**Saugata Basuray:**

Thank you, Mrinalini. Looking ahead, we expect India's mobility landscape to evolve steadily rather than change overnight. Internal combustion engines and hybrid engines will continue to form the backbone of the market for the foreseeable future, even as new technologies gradually scale up.

Sustained economic growth and low per capita penetration of cars and bikes should continue to support the core lubricant demand in the personal mobility space. At the same time, government-led manufacturing initiatives are expected to underpin growth in the industrial segment.

That said, we remain mindful of competitive pressure, the volatility in raw material prices and currency movements. These are realities of our operating environment. We are focused on keeping an eye on them and responding as and when the environment changes. Our response is clear, strengthen the core automotive business, accelerate supply chain localization and grow in adjacencies where customers are seeking value, including services and solutions.

With our scale, distribution reach, strong brand and deep customer relationships, we believe Castrol is well poised to adapt to the shifts in the environment and continue building a resilient and future-focused business. Thank you, and I'm now happy for us to take questions. Thank you very much.

**Moderator:**

The first question is from the line of Naeem Patel from Bastion Research.

**Naeem Patel:**

Am I audible?

**Saugata Basuray:**

Yes.

**Moderator:**

Yes, you are audible. Yes.

**Naeem Patel:**

Yes. Hi. Thank you for this opportunity. So I had some questions regarding our supply side of the business. So when we use lubricant additives in our products, so are these lubricant additives sourced internally or do we source it from some external supplier?

**Saugata Basuray:**

If I could just repeat the question so I've understood it. Your question is the additives that are used in the lubricants, are these sourced internally from within Castrol or bought from vendors? Is that what you asked?

- Naeem Patel:** Yes, from one of the -- either from the big 4, is it from external or big 4 is it just from Castrol internally? Yes.
- Saugata Basuray:** So we have a variety of options across our entire range of automotive and industrial grades. There are certain additives, core molecules that we develop internally within the global Castrol system. We have technology centers, as you may be aware, across the world. And there are certain additives, which we have procured -- or which we procure from our global partners who supply specialized additives for specific applications. We do both.
- Naeem Patel:** And is there any mix like how much of it is internal or how much of it is external?
- Saugata Basuray:** Well, it depends on the product range, right? And a typical product in automotive will have multiple additives, right? So you would say a majority of that is something that we source from our strategic partners.
- Naeem Patel:** Okay. And is one of those partners, one of the big 4 lubricant additive players like Infineum, Chevron, Lubrizol or Afton?
- Saugata Basuray:** We work with all four of them in different segments.
- Naeem Patel:** And just a follow-up on that, that do we have like a long-term agreements with them? Or do we switch our mix on a quarter-to-quarter or a year-on-year basis? And if we do switch from one supplier to another for a particular period, what factors do we consider that has led us to switch from one supplier to another?
- Saugata Basuray:** So I'll give you a broad answer. Typically, this is driven by our innovation requirement. As you know, this is a brand-led business, which we are looking to deliver value to customers that they are seeking. And whatever is the best suited chemistry for that, then we go and figure out what -- which is the right molecule to put into the product to deliver that benefit. So that's the way we approach it over time.
- And there are different segments within Castrol. There is commercial vehicle cars, motorcycle, industrial, so on and so forth. And there are different suppliers who have strengths and we accordingly work with them in each of the sectors.
- Naeem Patel:** Understood. And just one final question. Do we procure from any of the Indian suppliers in this aspect? Or are they just the global vendors?
- Saugata Basuray:** We have a variety of suppliers. As you can imagine, I can't give specific name, but we have a whole variety of suppliers, global as well as local.
- Moderator:** The next question is from the line of Nitin Tiwari from PhillipCapital.
- Nitin Tiwari:** So my first question is actually a bookkeeping one. Can you give me the volume number for the quarter in million liters?
- Mrinalini Srinivasan:** Mr. Tiwari, very nice to talk to you. We engaged even last quarter. So thank you for rejoining our call. While specifics of how many million liters we don't usually share. I think what you

Saugata speak at length was that it is sustained volume growth. As we close the financial year '25, in fact, all 4 quarters, we've been able to deliver high-single-digit, 7% to 8% volume growth.

So I think that is what we really tried out. And the other good thing is it is a bit more diversified across all our portfolio that we play, automotive, rural, of course, and in the industrial part of the portfolio. Yes, I will perhaps at this point leave it at that.

**Nitin Tiwari:** Thanks for that, Mrinalini. But I suppose we've been sharing this number historically in the calls, like in the earlier calls since I asked this question because you've been very specific with the volume number. And it would be great if you can like give us the volume number for this quarter as well?

**Mrinalini Srinivasan:** I understand. Let me help you a little bit there. Of course, I won't get specific. It has been a good year for us, and we have seen upwards of 60 million liters in all our quarters. So we definitely are celebrating a good year's closure for us.

**Nitin Tiwari:** About 63, 64 would be a good ballpark for this quarter?

**Saugata Basuray:** It's upwards of 60 in quarter 4 of last year. And every quarter, if I may just respond, has a certain seasonality in our business because there are different times of the year where the agri business is big and certain times of the year, the automotive, the core motorcycle businesses respond and have some demand. And we anticipate that we will have similar seasonality this year, and we will hold on to our guidance of growing our volume at 1.5x to 2x the market growth rate. We expect it to grow anywhere between 3.5%, 4%.

**Nitin Tiwari:** That's fair, Saugata. I'm just referring to this quarter because you mentioned that you've grown at 8% for the year and also 8% for the quarter. So hence I asked that 63 million liter to 64 million liter a good ballpark for quarter 4 to understand the volume number?

**Saugata Basuray:** Yes, broadly ballpark. We'll keep it at that. Typically, quarter 4, quarter 1 is slightly different, but you can hold it around that range.

**Nitin Tiwari:** Okay. Sure. So -- and my second question...

**Mrinalini Srinivasan:** [Inaudible 0:15:53].

**Nitin Tiwari:** Sorry, you were saying something, Mrinalini. I -- yes. Yes, secondly, my question was...

**Mrinalini Srinivasan:** So I was just saying that your estimate is a good estimate.

**Nitin Tiwari:** My second question is with respect to your margins. So our operating profits have grown by about 5.5%, whereas volume growth has been at 8% as you indicated. So we've seen a margin compression in this year vis-a-vis previous year, right? So what are the key reasons for that? And how should we see this number going ahead?

**Mrinalini Srinivasan:** So, Nitin, you would recollect that we had given a guidance that we will operate in the EBITDA margin range of 21% to 24%. As we close the year, we are actually closing right at the top of range at 24% EBITDA margin.

**Moderator:** Ma'am, I'm sorry to interrupt you. Ma'am, I'm sorry to interrupt you. Can you please repeat because your voice broke in the middle.

**Mrinalini Srinivasan:** Okay. I'm going to repeat one more time. Is my voice better now?

**Moderator:** Yes, ma'am, much better. I would request you to speak in the same manner, ma'am, please. Thank you.

**Mrinalini Srinivasan:** I'll do. Thank you. Thank you for letting me know. So Nitin, as I was saying, we've given our guidance as operating margin, obviously, EBITDA margin in the range of 21% to 24%. And as we closed the financial year '25, we actually closed it right at the top of range, almost at the 24% mark.

So from that sense, we are very much within our guidance, and we are actually happy with that result. But you identified the mix correctly. As we grew volumes high single digits and EBITDA grew about 5%, 5.5%, there is a dilution. And we've spoken about this earlier as well.

As we expand, as we change our business mix towards the industrial side of the portfolio, we know that we cannot operate at the same level as an automotive industry does. So that level of dilution we expect we anticipate, and additionally, we have chosen to invest in the business. We are in a growth journey. So we -- you will see our fixed costs also growing, we focused on the investment buckets. And both of those have played out well for us, which is why you see the 5% return.

**Nitin Tiwari:** Thanks. That's a very elaborate one. [Inaudible 0:18:10]. So given that you mentioned your focus is shifting towards industrial, I mean, demand. So is data center, like demand something which you think is a reasonable one which can come up in the years to follow? And what's your assessment of, like, you know, potential demand from data centers in the time to come?

**Mrinalini Srinivasan:** Okay. Let me try to recap the question and then between Saugata and I, we will try to address it. I think, Nitin, your question was on data centers. Your question was do we see Castrol in data center business as a growth opportunity.

So let me take a shot at it and Saugata can build on. So it is indeed very, very small for us right now. We are at a very early part of the journey. Being a part of the global Castrol, we do benefit from the research and development, which has brought us to this place where we have a solution for cooling in data centers, very small in India today. And given the role that India will play in overall data centers for the world, more so looking forward, indeed, we do think it's a good opportunity for the future. Saugata, over to you.

**Saugata Basuray:** Yes. I'll just build on what Mrinalini was saying. I think two things. This is a market which is growing fast. It's also changing quite quickly. And fundamentally, what large data centers require is to cool the servers, which are immersed into liquid that can conduct heat, but not electricity.

The technology that was used and used in many other places today is pure air conditioning, that is moving to immersion coolant. So opportunity is evolving. It is moving very fast. We think it

is going to be a big market out there. We have trials that are ongoing. And we will see how -- as the market stabilizes, what is the size of the opportunity. It's still at a very early stage to project.

**Nitin Tiwari:** I understand that, Saugata. But I suppose like it's an early stage in India, but can you help us with any figures that we have from Castrol Global?

**Moderator:** Mr. Tiwari, your voice is also muffled. So if you could use your handset, please.

**Nitin Tiwari:** Sure. Just give me a moment. Is this better than before?

**Moderator:** Yes.

**Nitin Tiwari:** Yes. So I was saying, Saugata, if you can help us understand from any of the figures that we can source from Castrol Global in terms of how much data center demand is Castrol Global catering to and that will help us have an understanding on the potential for demand in India?

**Saugata Basuray:** I won't be able to comment on the global demand, honestly. But what I can tell you is large demand is coming out of markets such as the US out of China, parts of Europe and India, of course. And again, as I said, you will have seen all the announcements on terawatts of data centers being created, but a lot of that is very early stage of execute. And at this stage, it's not completely clear what is the technology that is going to be used on it, right? So as I mentioned, it is something which will evolve and that's the case even globally.

**Moderator:** The next question is from the line of Sabri Hazarika from Emkay Global Financial Services.

**Sabri Hazarika:** Yes. Sir, looking at your annual volume run rate of say, around 240 million liters, 250 million liters, are you like fine with the current capacity of your plant? Or is there a thought process of like expanding capacity or something like that?

**Saugata Basuray:** Yes. Look, we have been growing very strongly as you have picked up, and we have three plants in India. We feel that at the moment we are adequately equipped to release capacity. There are always process transformation programs which are in play, and we'll be able to support the growth for the next couple of years at least.

**Sabri Hazarika:** Okay. And I think you've mentioned FY -- CY '25 capex to be somewhere at around INR130 crores, INR140 crores. So I think INR150 crores. So that is the run rate we can expect going ahead also? And CY '25 was INR150 crores or was it different?

**Mrinalini Srinivasan:** So Hazarika, let me take that question. We invest capex and really, it's a growth driver for us. We invest it in two forms. One is in our plants and building capacity for innovation like Saugata just spoke and making sure that we can enable all the new launches that he also spoke about in his speech, which is about half my capex.

I also -- we also invest capex in -- in our -- to enable our distribution growth. So in our dealer boards as well as in the market, and you know the Rural Service Express investment as well. So overall, between the two buckets, we spend about INR100 crores of capex, and that is a trend that we have -- we've demonstrated in the past.

As we look forward, we -- what we know for sure is we will invest when the investment pays out. And given our strong structural margin, we know that every time there is a growth proposal, it pays out. So capex is not a constraint for us. We have kept a healthy cash balance sheet, and we will invest wherever there is a business need.

**Sabri Hazarika:** Right. Got it. And just one small follow-up. Your dividend payout this time has been around 91%. I understand in CY '24, there was a special dividend. But is 90%, 91% the sustainable rate right now for dividend payout?

**Mrinalini Srinivasan:** Indeed, that's a good question, and I'm hoping the shareholders are happy with what's given out right now. 90% is industry-leading payout ratios, and I'm very happy that we're able to do that. Last year was the celebration of the 125th year of Castrol because of which we had -- globally because of which we had given that special dividend.

And we always look for such occasions to sort of delight our shareholders. Nonetheless, even without those special dividend, our payout -- dividend payout is usually 4.8%-4.5%. So -- and that's something we really want to sustain.

**Moderator:** We'll take the next question from the line of Lokesh from Aionion Capital.

**Lokesh:** Yes. The first question is with regard to the BP, the patent company. It recently announced that it is selling stakes, 65% to be precise, in Castrol global lubricant business. So how could this impact Indian shareholders in terms of brand licensing agreement, R&D support from BP's global centers and basically, long-term strategic direction and the new ownership?

**Saugata Basuray:** Thank you for the question. Let me try and address that. As you rightly said, the global announcement was made in December, which was subsequent to a strategic review that was also flagged early in the year. So at the parent level, BP has signaled that they will form a joint venture with an investor, where BP will remain a 35% shareholder and the investor will take 65%.

I must caution that this is all subject to regulatory approval and we expect the transaction at some point to close toward the end of the year. As and when that happens, there would be -- if there are any regulatory related disclosures to be made, the new shareholders will do that.

To your question on what may or may not impact, very early, it's business as usual for us over here. And Castrol and India particularly remain a very big market for Castrol globally. And we are focused on executing on our plan. And we think that those are the matrices which have created that kind of value for our shareholders, including the ones who have invested.

**Lokesh:** Yes. Thanks for the reply, sir. And the second one is with regard to EV fluids. We have been talking about EV fluids for a few quarters now. Can you give us any like quantitative update with regard to OEM approvals received in India in the last 12 months or the current run rate of EV fluid sales and the kind of margin expansion that we see with EV compared to ICE products?

**Saugata Basuray:** Right. Okay. So look, the demand for EV fluid is directly proportional to the number of EVs being sold in a year, right? And you would know from publicly available information that the

number of 2-wheeler EVs is roughly 10% of the total new vehicles sold in each year and in cars, that's about 5% to 6%, okay?

The good news is that we have access to the best technology on the EV fluid front, which is developed by our global team. We have a center of excellence in Europe on EV fluids. And in India, as things stand today, about 70% of the OEMs, especially in cars, they have approved Castrol products and are used in a lot of the vehicles over there. But again, the population is quite small. So therefore, it is not a material part of our business today, but we are prepared and ready to cater to the demand as that business scales up.

**Lokesh:** Yes, I get it, sir. But just a bit on that, how would we see the margin expansion that we see? How -- is there any like higher margins with the EV fluid sales compared to ICE?

**Saugata Basuray:** So there are certain segments in which the EV margins are better. Like when you say ICE, there are a whole range of products that we sell, starting from commercial vehicle engine oil, we have grease, gear oil and then we have the high-end synthetic products that go into cars. Those margins are higher. On an aggregate basis, I would say the EV margins would be at the same range as if you have a core automotive business.

**Moderator:** We'll take the next question from the line of Vijay Pandey from Nuvama.

**Vijay Pandey:** Sir, sorry, the -- this is first time I'm coming to the con call. So I may not be well-versed with much details about previous calls. I wanted to understand how are we -- what is our expectation because of the upcoming EV growth? So how do we see the transition between the -- from that? So how much impact will it be on our numbers going forward in midterm as well as in the long run?

And in the case of -- because of the increase in PHEV and hybrid sales, does that also carry lower contribution for our -- like does PHEV and hybrids have a lower sales, per unit sales for Castrol or is it at similar level as compared to ICE? So that would be my first question, sir.

**Saugata Basuray:** Right. Okay. So I -- if I'll rephrase or I'll recap the question you mentioned, because the voice was not very clear. to make sure that I've got it. You're asking what is going to be the impact of the transition into EVs in mobility space in the medium and long-term? And does hybrid also have an impact on demand for lubricants? Is that -- are those your two questions?

**Vijay Pandey:** Yes, exactly.

**Saugata Basuray:** Okay. Thank you. Got it. So the first thing I would say is, look, we believe that the transition to low-carbon mobility is going to have multiple pathways for that. What do I mean by that? I mean that there are efficiencies to be had in the existing ICE powertrains, which is already happening and the regulations that are making those engines much more efficient.

Then there are multi-fuel engines, which are being introduced in the market. So you have a lot of manufacturers now selling vehicles, which are either on CNG and even some people are experimenting in heavy commercial vehicles with LNG. And then you have hybrids and EVs.

And all of these are happening in service of efficiency and bringing down the carbon intensity in mobility space. So the second point I would make is the penetration level of personal mobility, especially in India, is quite low today when you compare to middle income and developed markets, right?

So the headroom for growth on motorcycles and cars remains very robust, and we can see that in terms of the growth that you see in new vehicle sales registered last year. So there are about 4.5 million cars being sold in the country, and there's another 18 million to 20 million 2-wheelers being sold in the country.

The contribution of pure EVs within that today is still small, okay? But the contribution of multi-fuel or alternate fuel vehicles, CNG, LPG, LNG, all of that is growing. All of them, along with hybrids require lubricants. And we have products -- in fact, for hybrids, we have a new range of product called HYSPEC and all of those are available.

Our estimate is in the medium term in India, hybrids and ICE will remain in the backbone of the market. And as and when EVs do scale up, we have tie-ups with all leading OEMs in 2-wheelers and in cars, and we will cater to that demand, too. I hope that answers your question.

**Vijay Pandey:** Yes, partially. So does the EV also...

**Moderator:** Mr. Pandey, I'm sorry to interrupt you. There is a lot of background noise at your end, sir. I would request you to move to a quieter place and also please, your handset to ask questions, so that we have more clarity on your questions. Thank you. You may please proceed.

**Vijay Pandey:** Is it okay now?

**Moderator:** Yes, sir, much better. Please continue.

**Vijay Pandey:** Yes. So I wanted to check -- so does the EV also require -- like say, requirement of lubricants and CVs should be lower than the requirements of lubricants in ICE and hybrids. Is this understanding correct?

**Saugata Basuray:** On a per unit basis, the EV require less -- is likely to require less number of liters of product. The application of lubricants, the application of fluids and EVs can be in two places that -- and it's evolving. There are certain batteries that require immersion coolant technology where the coolant enables faster charge and better discharge rate for the batteries and therefore, prolonged life of the battery, and that is a high-value product.

And there are certain cases where the EV transmission fluids have dielectric coolants in that, whereby it cools the motor, the transmission at the same time, it removes heat but does not conduct electricity. So the application or use cases change, and these are differentiated products and therefore, not something which we can compare clearly with the lubricants that are going into ICE engines.

**Vijay Pandey:** Okay. Perfect. And so, if I consider 2030, so how do you see our product mix changing between autos and industrial? And within autos, the hybrid, ICE and EVs? If you can just comment on that actually would be pretty helpful?

**Saugata Basuray:** So your question to -- up to 2030, the contribution change between automotive and industrial and within automotive, the contribution change. Is that your question?

**Vijay Pandey:** Yes. Yes.

**Saugata Basuray:** Okay. So today, predominantly, our business has been automotive, but we have informed all our investors a couple of years back that we want to scale up in industrial and the industrial business has delivered double-digit volume growth. Our core business has delivered single-digit, high-single-digit growth.

I anticipate that profile of growth from the industrial segment will continue, okay? So therefore, over time, going up to 2030, which is just about 6 years -- about 4 years away, the contribution of the industrial business on the volume side is going to be higher than what it was and what it is in -- what it was in 2025.

Within the core lubricants business, we see growth coming through in all 3, that is the commercial vehicle, cars and bikes. Different parts of the country are growing differentially. So our 2-wheeler business, motorcycle business has been -- is growing very strongly, driven by our reach into rural India, where based on media reports, you will see that anywhere between 1 and 2 or 1 in 3 new 2-wheelers are being sold in rural India. And that's why we have invested heavily in terms of increasing our distribution role in the last few years.

That is bearing results. We anticipate that will continue, and that's what is going to drive our motorcycle category growth, where we have leading -- we are the market leader with a brand called Castrol Activ. In cars, it's a big city play. Again, we are leading in the market with a brand MAGNATEC and GTX. We anticipate that is going to grow faster in terms of percentage growth compared to 2-wheelers because -- just because the penetration level of cars is quite low.

In the core commercial vehicle business is resilient, low single-digit growth, which is linked to growth of freight. There, we anticipate the business to move beyond the diesel, as I mentioned earlier, the multi-fuel vehicles going in the market. So we'll have products which can be used or which are used in powertrains that use CNG in commercial vehicles.

We also have products that are used for last-mile mobility, your sub-1 ton delivery vehicles that you see in cities. And that will contribute to the growth in commercial vehicles, but those are going to grow at low-single-digit.

**Moderator:** The next question is from the line of Dhaval Popat from Choice International Limited.

**Dhaval Popat:** Congratulations on the results and thank you for the opportunity to ask question. My question is on base oil. So I see a recent announcement where there has been partnership with HPCL and it has been trying to revive the used engine oil for base oil. So I understand 50% to 55% of base oil is currently imported. And so can this percentage go down going forward?

And how much incremental base oil can be procured from this partnership? My question is primarily to do with your gross profit, so more you get it domestically, the lower the impact of FX and higher profits. So how do you see your base oil being procured locally? That's my first question.

**Mrinalini Srinivasan:** Maybe, Dhaval, let me take that. Firstly, welcome back. I remember speaking with you last time as well. So you are right, we do import about slightly more than half of our base oil is imported and the rest is bought locally. And that is a trend I believe we would like to continue because as we buy locally, we save a little bit on freight and it's better cost for us.

It's also better response like the lower inventory, lower lead time. So it's the right strategy. That being said, I heard your underlying question within that was, does it really protect us from the foreign exchange fluctuations. There, infinitely, it doesn't, because at the end of the day, base oil is a commodity, and it does -- it is really back to the dollar price that is a globally tracked metric.

So while we save a little bit on cost, what we don't really protect ourselves is on foreign exchange fluctuation, which is why our discipline on cost saving, on pricing and on hedging is very important, and we continue to focus on those strategies. Did you have any other question, Dhaval, related to this? The HPCL MOU. So let me hand over to Saugata, and he can talk about that.

**Saugata Basuray:** Yes. I think on the HPCL piece, Dhaval, that is an MOU that we have signed with HPCL to explore -- the two companies coming together to explore what can -- what we can do to help and develop a base oil RRBO ecosystem in India. So one of the big challenges that we have determined, which is coming in the way of a very vibrant RRBO ecosystem in India is the challenge on collection and last-mile collection.

And given the reach of Castrol and HPCL and different segment, we are exploring what could be ways of working together to try and get that going. And that in itself should then help at some stage to develop an RRBO industry in India. So that's at a very early stage of scoping out.

**Dhaval Popat:** Okay. That helps. And I understand you domestically procure base oil from PSUs and IOC are coming up with more refineries for more output of base oil. So is there already some contracts in place? Are you guys already talking to them regarding procuring domestically? Or can you shed some colour on that?

**Saugata Basuray:** Yes. So we -- as you rightly picked up, we source base oil domestically from the PSUs. And there has new -- there's a new base oil plant that IOC has commissioned with Group III. So we are in conversation with them. And as and when that scales up and as requirements creep up, we always look at what is the most efficient way to source our base oil. And we are quite agile and tactical in terms of making choices as and when opportunities open up to bring efficiency.

**Moderator:** The next question is from the line of Mandira A from Investo.

- Mandira A.:** So I have a couple of questions. Could you please share the current revenue mix between B2B and B2C segment? And additionally, what is the product mix breakdown within automotive segment, specifically from -- on PCMO and MCO category?
- Mrinalini Srinivasan:** Let me give it a shot, Mandira. The industry is still heavily retail focused. So I would say almost about -- out of my automotive sales, 65%, 70% still is in the retail segment. Balance would be, let's say, in franchisee workshops, etcetera. I think your second part of the question was about industrial versus automotive. Is that correct?
- Mandira A.:** Yes.
- Mrinalini Srinivasan:** Yes. So I think Saugata alluded to this earlier. Automotive is a big part of our business today. Industrial is still relatively small at about 12, 13%, but growing very fast, and we expect that share to go up.
- Mandira A.:** Okay. Additionally, what was the advertisement and promotion spend as a percentage of revenue for most recent quarter?
- Mrinalini Srinivasan:** So you'll see these in our published financial results. We maintain it actually at a healthy 2%, 3%. As of the financial year '25, we closed at 3% of revenue into advertising and sales promotion.
- Mandira A.:** Great. In the recent commentary, you mentioned continuing to strengthen the relationship with key OEMs. So which new automotive OEM have you tied up with?
- Saugata Basuray:** We just -- so we continue to work with the largest OEMs in the country, which is again in the public domain. We work with the Tatas, both commercial vehicle and passenger cars. We have been one of the early partners of Maruti Suzuki when it commenced operations in the country.
- We work with 2-wheeler OEMs as well as with some of the EVs, which we talked about. So Tata Passenger Electric Car and likes. So the point that we made on the announcement, we continue to invest in strengthening that relationship. For example, on the off-road side, we work with JCB and we keep -- we develop products which specifically meet their requirement, and that is what we have invested in.
- So that -- those are the relationships that we continue to nurture. We also made an announcement a few months back that we had signed an MOU with VinFast as they enter the country and help them meet their requirement for aftersales service for the EV cars.
- Moderator:** We'll take the next question from the line of Vipulkumar Anopchand Shah from Sumangal Investments.
- Vipulkumar Shah:** I was disconnected from the call for 5, 10 minutes. So I don't know whether my question has been answered or not. So can you give the split between automotive and industrial? And within automotive, what is the subsegments like 2-wheeler, 4-wheeler and commercial vehicles?
- Saugata Basuray:** Mr. Vipul, good afternoon. Indeed, your question was picked up just before by Mrinalini. So I'll reiterate what I'd said earlier. Our automotive business is the largest part of our portfolio

historically and remains so. Industry is around 10% to 12%, growing faster than automotive. So automotive is growing in high-single-digit, industry growing in double digits. So the ratios will change.

Within automotive, we have a pretty diversified business. So we have a sizable commercial vehicle business, which goes into trucks and agri. We have a market-leading position in motorcycles with Castrol Activ. We're the largest operators in that segment. And we have also got a market-leading position in cars. And therefore, across all three, we are material players, and that contributes to a very diversified and resilient business in automotive.

**Vipulkumar Shah:** So what is your overall market share and how it has moved over, say, last 2 years?

**Saugata Basuray:** So market share has gone up in the automotive side. So if you look at Nielsen, which is a third-party provider of market share. In the automotive space, our market share has gone up by 50 bps at the end of the year, and it is in the early 20s. And this is at an overall automotive level, covering commercial vehicle, cars and 2-wheelers.

**Moderator:** The next question is from the line of Harsh, an Individual Investor.

**Harsh:** Yes. So I was asking, we get a volume-based discount for the volume that we sell from our parent in the December quarter, right?

**Saugata Basuray:** We get volume-based discount from our suppliers of base oil and that -- those are some of those contracts are global. So it comes from the suppliers.

**Harsh:** Okay. And it's in December quarter. So did we get that in this quarter? And I just wanted to understand because usually, we see a margin hike in the December quarter, whereas this quarter -- I just wanted to understand what happened. Did the [4X, 8R, that hike that we get?

**Mrinalini Srinivasan:** Maybe let me take that, Harsh. I, in fact, alluded to this in -- earlier in the commentary as well. I'll just answer this question from an EBITDA standpoint. Average for the year, I closed at about 24% EBITDA, whereas if you see Q4 margins were healthier at 26%, and that's actually the primary reason for the quarter 4 EBITDA margins being high. And you will see this as a trend in every year because indeed these base oil rebates come to us at the end of the calendar year.

**Harsh:** Okay. Fair enough. And my other question was when do we take our annual price hikes? And what sort of price hikes can we expect in the next year?

**Saugata Basuray:** So we look at the market. We benchmark ourselves to our key competitors, and we have a certain price range within which we operate. At the same time, we are very mindful of the cost inflation currency movements.

So as and when there are opportunities where we see we are bringing new innovations in the market or we see the cost inflation going beyond the range that we operate in, we take pricing action. And that's what we have done. That is the approach we have taken for the last several years, and we'll continue to remain in that way.

**Harsh:** Okay. So it's not a fixed time thing. It's as and when we see something pop up, we react accordingly.

**Saugata Basuray:** No.

**Harsh:** So -- okay, fine.

**Saugata Basuray:** Yes, it's not a fixed time.

**Moderator:** The next question is from the line of Keshav from Kotak.

**Keshav:** I just had one question. What is the reason for more than 200 bps decline on Y-o-Y EBITDA margin? So last year, if I can see the EBITDA margin was closer to 27.8% in 4Q. And this year, it is around 25.5%. So what's the reason for that?

**Mrinalini Srinivasan:** Let me take that, Keshav. Thank you for the question. Indeed, you have spotted the trend right. It is on a percentage margin basis, it is lower versus same quarter last year. And I think the reasons are a few of the factors that we have discussed in the call. For example, structurally, we know that we are -- we are growing faster in the industrial business versus the automotive business, and that will have a certain play on the margin.

Secondly, because I'm sure you are also very well aware, the foreign exchange exposure to dollar to dollar -- euro has been very, very steep in the fourth quarter. So from a macroeconomic-led standpoint, we did have an input cost inflation. And like Saugata just said, we don't take knee-jerk reaction. So we have a structural intervention in play to address such macroeconomic trends.

And those structural interventions take some time to see -- to hit the market. And hence, Q4 saw a little bit of dilution behind those macroeconomic trends as well. And then -- so overall, nonetheless, like I just shared with the previous question also, we landed at 26% of the -- as an EBITDA margin, which is still beyond our guidance of 21% to 24%. So I think we are still in a very healthy zone.

**Moderator:** The next question is from the line of Viraj Yatish Mithani from Jupiter Financial.

**Viraj Yatish Mithani:** My question is regarding data centers, the coolant used in data centers. Can you give some colour on that when this business will become -- will be starting and what kind of growth we anticipate in this?

**Saugata Basuray:** I think the growth percentage is not the main criteria because the business is very small today. So, it will rapidly grow on a very small base. When will it become material is a bit difficult to project at an early stage because the data centers that have all been announced are still at an early stage of execution. So, we will have to see how that space evolves into data centers being established.

And then there is also a technology change that is happening. The early data centers are being cooled conventionally with conditioning. The new data centers in search of efficiency and scale are looking for immersion coolant where they dip the servers inside fluids, immersion coolant fluids as we call them, which are dielectric. And that is where these products are sold.

So, there is one element which is to understand how far the new data centers are executed and put on the ground. And the second bit is to understand how many of them and how quickly -- and helps people scale up and run data centers efficiently. So we'll need a bit more time to quantify to understand how big that opportunity could be.

**Viraj Yatish Mithani:** I think it's 4, 5 years away, right?

**Saugata Basuray:** Could be. Could be. Could be sooner than that, too.

**Moderator:** The next question is from the line of Jay Shah, an Individual Investor.

**Jay Shah:** Sir, in previous con call, we have mentioned around the pilot study being done with the data center players for the liquid cooling technology. Can you give some -- any further update on the same?

**Saugata Basuray:** Yes, I can tell you that there are those pilots that are happening in India. Our global technology center of developing data center fluids is in the UK and we have a team which is looking into it, and they're working with certain large hyperscalers in India to develop that.

We also have a tech center in India in Patalganga, which further optimizes some of these products to make them suitable for use in India. And we continue to work with some of the people who have announced data center projects for India. So those pilots are still on.

**Jay Shah:** Would it be possible for you to name them? And when can we expect the commercialization of the same?

**Saugata Basuray:** Well, you can understand, I can't name them. It is their business, so that won't be appropriate for us. All I can say is that we are working very closely on the tech front to help them solve for removing heat, which enables them to operate data centers more efficiently.

And that is where our technology comes into play, both the global technology center in the UK as well as the work that our technologists in Patalganga, which is near Mumbai, do to optimize the products for Indian environmental conditions. So as and when those -- some of those arrangements close and those data centers are scaled up, we would make the necessary disclosures and announcements.

**Moderator:** Thank you. Ladies and gentlemen, we are at time. This brings us to the end of the call. On behalf of Castrol India Limited, thank you for joining us, and you may now disconnect your lines. Wish you a good day ahead. Thank you.