

Chairman's message

LEADING with DISCIPLINE, building ENDURING VALUE

"Growing with discipline. Delivering with consistency." is not a slogan for us. It is a simple description of how Castrol India was run through 2025.



My Dear Shareholders,

I am delighted to provide an update on your company's performance and progress during the year. The Board and the management worked closely to ensure that Castrol India remained true to its legacy as a leader in the lubricants business, while staying firmly focused on execution.

Automotive continued to be the backbone of our company. We hold a strong position with original equipment manufacturers (OEMs) and in the aftermarket, built over years of trust and performance. At the same time, as India advances towards becoming a more industrialised and consumer-led economy, newer and bigger opportunities are opening up. We are approaching these thoughtfully and intend to build on them over the near to medium term.

The year presented a familiar mix of opportunity and pressure. Demand across mobility and industry remained steady, but the environment was far from easy. Input costs were volatile, currencies worked against us, and competition stayed intense.

Instead, the focus stayed firmly on execution.

Castrol India closed the year with a solid performance. We grew volumes (establishing a new milestone), we protected margins, and strengthened our market position. This was a result of multiple, well thought-out decisions, driven by focus on maintaining financial discipline, concentrated brand investments, and a clear understanding of where we could win and where restraint was necessary. Our core automotive brands continued to outperform, commercial mobility saw broader participation across applications, and our Industrial business progressed by staying close to customer needs rather than chasing scale for its own sake.

What gives me confidence is not just what we delivered, but how we delivered it.

While the Indian lubricant market continues to evolve, it follows a non-linear trajectory. Despite new, emerging technologies, internal combustion engines will continue to dominate in the coming years. Hybrids, CNG, and electric mobility will grow, but at different speeds and in different use cases. Our strategy

reflects this reality. We are supporting today's vehicles while preparing for tomorrow's requirements, without overcorrecting or losing focus on our core strengths.

As we look ahead, our direction is clear.

Automotive lubricants remain the core foundation of the business. Around this, we are deliberately building adjacencies: **auto care, service and maintenance, and application-led industrial solutions**, where Castrol's brand, technical capability, and reach give us an advantage. This is not a shift away from who we are, but a natural extension of it. We will continue to pursue growth aggressively, with an emphasis on profitability and execution excellence.

During the year, we strengthened our organisation to address the **industrial business**. Our primary focus was on segments where our engineering and technical capabilities can deliver meaningful value towards reduced operating costs and enhanced performance. Steel, cement, and heavy engineering are some of the segments where our solutions are now being applied. In addition, our Chemical Management Solutions (CMS), a service initiative, gained significant traction, with several customers entrusting Castrol with end-to-end lubricant management on a turnkey basis.

Consistency, however, depends on capability.

Castrol India benefits from a strong leadership bench, experienced teams, and reliable manufacturing operations. Over the years, we have built an organisation that knows how to execute at scale. We are now strengthening our technical and R&D capabilities in India. A state-of-the-art Technical Centre is being established at Patalganga to provide product development and application expertise closer to our customers and to the wider Castrol organisation. This is a long-term investment, aimed at resilience and relevance rather than short-term wins.

Finally, discipline also extends beyond the balance sheet.

Our long-standing social initiatives, such as **Eklavya** for mechanics and **Sarathi Mitra** for truck drivers, continue to expand in reach and depth. These programmes reflect our 'shared future' ecosystem, beyond products and profits. Alongside this, we remain committed to responsible operations and reducing our environmental footprint in practical, measurable ways.

During the year, bp's strategic review of its global lubricants business led to an agreement to induct Stonepeak as a majority shareholder while retaining a meaningful minority interest. Subject to necessary approvals, the transaction is expected to be completed by the end of 2026. For Castrol India, this does not change how we operate:

- ✓ Our governance and strategic priorities remain firmly in place.
- ✓ The business continues as usual, with a clear focus on safety, customers, innovation and people.

Before I close, I would like to thank all our employees and our management for their hard work and commitment that helped us deliver a strong and resilient performance. Even while we had a change of leadership during the latter part of the year, our new Interim CEO, Saugata Basuray, ensured that the Castrol ship continued to sail forward smoothly. Also, I would like to thank my colleagues on the Board for their guidance, stewardship and support to me and the management.

Castrol India moves forward with confidence, not because markets are predictable, but because our approach is. We will continue to **grow with discipline and deliver with consistency**.

Warm regards,

Mr. Rakesh Makhija
Chairman

