

Letter from the Interim CEO

DELIVERING CONSISTENTLY through INNOVATION and RESILIENCE

Dear Shareholders,

Commitment has always been at the core of Castrol India's ethos. We are a company that has lived this commitment in India since 1910. Be it customers or business associates, we are driven by our focus on solving our stakeholders' needs through continuous engagement led by innovation, and superior products and services. Castrol's legacy is rich, but our eyes are firmly set on the future. We remain focused on keeping the business competitive and relevant, while maintaining safety as a core value upon which we operate.

It has been my privilege to take on the role of Interim CEO recently from Mr Kedar Lele, whose brief but impactful tenure has generated strong momentum in your company's performance. My team and I are working to build on that strong momentum and position your company to grow in a world shaped by low-carbon energy systems and mobility.

2025: Bharat and India continue to grow, evolve and change

Our FY 2025 performance reinforced our disciplined execution and clear focus. At the same time, we maintained the agility needed to respond to a constantly evolving environment. We managed to steer volatile raw material costs and adverse currency movements with strong cost-control measures across the supply chain.

We delivered eight consecutive quarters of volume growth ahead of the market and gained market share. While our core business scaled up its distribution footprint deeper into rural India, now reaching over 40,000 customers. We also brought new innovations to the market, such as the launch of an engine oil made with RRBO in collaboration with a leading OEM, and upgrading our digital stack to reach over five lakh mechanics, 400+ distributors and over 1.5 lakh customers.

Our industrial business recorded double-digit growth while adding new customers in the cement and steel sectors. Record volumes meant a very high level of capacity utilisation at our three plants, underlining operational efficiencies.

Castrol India enters FY 2026 from a position of stability. Our volume grew by 8%. This translated into revenue growth of 7% and EBITDA growth of 5%. We continue to generate strong cash flow, which enables us to invest in new and adjacent areas to create future growth sources.

A changing market landscape is the only thing that remains constant

Global political events drove volatility in commodity prices and currencies and impacted supply chains. While the mobility sector continues to evolve, battery-powered electric vehicles (BEVs) remain a small but growing portion of new vehicle sales and are gaining ground. Similarly, hybrids are scaling up while reducing carbon intensity.

Internal combustion engines (ICE), however, continue to become more efficient and cleaner, powering the majority of the new vehicles sold in the country. We expect Hybrids and ICE technologies to remain dominant in the medium term. BEVs will continue to grow, particularly in two- and three-wheelers. Castrol is associated with leading BEV OEMs in the country, with a majority of them using Castrol EV fluids.

Rural India remains a bright spot, especially for two-wheelers. Robust agricultural activity, supported by favourable monsoon, has driven demand for tractors and small commercial vehicles. In addition, the expanding services sector and mechanisation in farming have translated to more resilient demand for energy and lubricants. But there are bigger changes at play. Digital has penetrated deep into rural India. Services are increasingly becoming a bigger source of livelihood in rural areas. This has led the rural economy to become less sensitive to the agricultural cycles.

Beyond mobility, emerging sectors are creating new opportunities. Data centres and specialised infrastructure are driving demand for advanced thermal management and cooling fluids. Our nascent thermal management fluids business continues to take shape as we engage with customers investing in data centre infrastructure.

Overall, the automotive lubricants market continues to evolve and grow. Our core business rests on two pillars: a distribution network we keep investing in, and brands people trust. Furthermore, the industrial sector continues to generate sustained demand, supported by favourable policies and an enhanced focus on domestic production. We are well positioned to tap into these evolving trends.

2026: Castrol India, part of India's future

In FY 2026, our priorities remain consistent. We will continue to strengthen our mobility and industrial businesses, deepen our rural presence, and expand across relevant geographies. Our rural strategy will be supported by fit-for-purpose products, targeted consumer engagements, and mechanic outreach to drive trials at scale.

We will continue to build adjacencies, such as auto care. Strengthening Castrol's service network remains important. It is not only a channel but also a means to build trust and long-term growth. In the industrial business, we will stay focused on application-led solutions, backed by technical expertise and closer collaboration with global OEMs.

What the strategic review delivered: Clarity and continuity

The bp group, which owns the Castrol brand globally, undertook a strategic review of its portfolio, including the global Castrol business, and announced an agreement to sell a 65% shareholding in the global Castrol lubricant business to Stonepeak, while retaining a 35% minority interest. The transaction, subject to regulatory approvals, is expected to be completed by the end of 2026.

For Castrol India, this development does not change how we operate our business. In fact, our leadership team remains focused on driving growth and improving operational performance, while maintaining the standard of governance you expect of us.

Closing reflections

I extend heartfelt gratitude for your continued trust and support. Castrol has thrived in India for over a century, built on the trust of customers, shareholders, suppliers, employees, and the community at large. We do not take this lightly.

We enter FY 2026 with a stronger foundation. We will continue to execute with discipline, operate with integrity, and focus on delivering sustainable value for our shareholders, every day and in everything we do.

Sincerely,

Saugata Basuray
Wholetime Director and Interim CEO

