

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

In compliance with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we present a concise overview of our business performance, market trends, and outlook.

## Strategic global ownership update

In December 2025, bp plc announced its agreement to sell a 65% shareholding in Castrol's global lubricants business to Stonepeak, at an enterprise value of approximately USD 10 billion. Under the terms of the agreement, bp will retain a 35% minority interest in the business. The deal underscores continued confidence in Castrol's long-term potential while supporting bp's wider strategic priorities. The transaction is expected to be completed by the end of 2026, subject to necessary approvals.

For Castrol India, the strategic review and its outcome do not alter day-to-day operations, market presence, or customer commitments. The business will continue to operate with the same leadership team, governance framework, and strategic priorities, including a focus on safety, operational excellence, customer relevance, and people development. Any further changes will be implemented in line with regulatory requirements.

## Industry overview

India remained among the world's top three lubricant markets in 2025, accounting for approximately 10% of global lubricant demand and 21% of Asia-Pacific demand.<sup>1</sup> The long-term outlook stayed favourable, supported by sustained industrialisation, growth in vehicle parc, multi-fluid hybrid and evolving patterns of demand.

The Indian lubricant industry is broadly segmented into **automotive**, **industrial**, and **marine** applications, with the industrial (54%) and automotive (45%) segments accounting for the largest share of demand.<sup>1</sup>

High volume of two-wheelers and commercial vehicles underpin demand in the automotive segment. Whereas engine oils, greases, gear oils, and coolants form the core product categories.

Further, regulatory developments, including BS-VI norms, accelerated premiumisation, with rising adoption of synthetic and low-viscosity lubricants. While original equipment manufacturer (OEM) tie-ups and technology enhancements influenced product usage patterns.<sup>1</sup>

In the **industrial segment**, lubricant demand was supported by ongoing industrialisation, particularly across steel, power, cement, and general manufacturing. Lubricants such as hydraulic fluids, metalworking fluids, and process oils remained critical for operational efficiency and maintenance.<sup>2</sup> India's data centre sector also grew notably, with its power demand seeing ~28%<sup>3</sup> surge. This led to an increase in demand for advanced cooling systems and better HVACs, with data centres piloting deployments of immersion cooling to improve efficiency.

Similarly, India's expansive coastline and growing maritime trade continued to support demand for marine and energy lubricants. Although smaller in scale, the segment is supported by port-led infrastructure development and increasing maritime activity. Hence, it continued to remain relevant.

Overall, India's lubricant industry evolved alongside these market dynamics. **Castrol India** continued to hold a leading position in the automotive retail segment and remained a trusted supplier of industrial specialty fluids.

## Mobility trends

### Emerging trends

- Electric vehicles (EVs):** Adoption of electric vehicles continues to increase, particularly across the two and three-wheeler segments. However, this growth is at a slower pace than originally projected. In 2025, EVs accounted for 4.1% of new car sales (3.9 million) and 6.2% of new two-wheeler sales (19.2 million) during the year.<sup>1</sup> The EV segment growth is driving demand for specialised fluids such as battery coolants and EV gear oils. Although reliance on internal combustion engines (ICEs) is expected to remain strong until 2040, hybrid vehicles are likely to serve as a bridge in the transition from ICEs to EVs.

Castrol is collaborating with OEMs to support this evolution. During the year, we signed a Memorandum of Understanding (MoU) with VinFast Auto India to strengthen after-sales support for its EV customers. Under the agreement, select Castrol Auto Service workshops will offer VinFast-branded service bays, certified EV technicians, and genuine parts, helping deliver a reliable and convenient service experience nationwide.

- CNG powertrains:** The shift towards lower-carbon mobility is progressing along multiple pathways, with CNG-powered cars and trucks emerging as an important transitional solution. Factors such as lower operating costs, reduced emissions, and supportive government policies are driving the adoption. Castrol is positioned to support evolving lubrication requirements in this segment.
- Demand in rural markets:** Rural markets contribute significantly to the demand for two-wheelers, accounting for approximately 55% of vehicle retail sales<sup>4</sup>. Alongside this, the second-hand car market is also a major force in the rural segment, with 2.24 million used cars sold in 2025. Rural consumers prioritise tangible performance benefits over just price, making it crucial to demonstrate clear value and product reliability. Castrol is well-positioned to address the demands of this market.
- Industrial:** Infrastructure buildout is driving demand for industrial products in the steel and cement sectors. Additionally, government policies designed to promote manufacturing in specific sectors, such as automotive and auto component manufacturing, electronics, and renewable energy, are supporting industrial growth. Manufacturers are placing greater focus on the total cost of ownership rather than just initial lubricant costs, leading to wider oil drain intervals with premium oils, which is driving strong growth<sup>5</sup>. We are supporting this demand shift by providing reliable lubrication solutions for industries across the country.

Further, the integration of IoT and real-time condition-monitoring technologies is helping fleet managers and industries track lubricant performance and drive predictive maintenance, thereby improving efficiency and reducing downtime. Our digital solutions are well-positioned to address this requirement.

- E-commerce:** Online sales channels are becoming increasingly important as distribution avenues for automotive lubricants. They are improving product accessibility, enhancing price transparency for end consumers and introducing more autonomy in decision-making. Castrol is taking conscious steps to address this shift by positioning products across key e-commerce websites.

### Demand drivers

- Expanding automotive sector:** India's expanding automotive sector continues to support lubricant demand. Growth is underpinned by India's growing middle class, increasing disposable incomes, rising vehicle ownership (especially two-wheelers and passenger cars), and recently, short-term cuts in GST rates. The expanding domestic vehicle fleet requires regular maintenance and oil changes, thereby sustaining the demand for core business.
- Industrial expansion:** Industrial lubricant demand is supported by increased manufacturing activities and infrastructure development. Government initiatives, such as Make in India, along with investments in highways, ports, power generation, mining, and construction, continue to drive lubricant consumption across industrial applications.
- Premiumisation:** Both consumers and businesses are increasingly adopting high-performance lubricants, since high-performance engines require high-spec fluids to enhance vehicle life, improve fuel efficiency, and reduce pollutants in line with the implementation of BS-VI emissions standards. Consumer automotive and commercial semi-synthetic and full-synthetic lubricants are expected to witness volumetric growth of 7.3% and 9.7% CAGR, respectively, between 2023 and 2028.<sup>6</sup>
- Increased maintenance awareness:** There is an increasing awareness about the role of regular and high-quality lubrication. This is influencing maintenance practices and lubricant selection decisions.
- Data centre cooling:** India's growing data centres are driving the demand for specialised cooling fluids, presenting a new application area within the broader thermal management landscape.

<sup>1</sup>Mordor Intelligence

<sup>2</sup>Market Research Future

<sup>3</sup>Reuters

<sup>4</sup>FADA

<sup>5</sup>Kline

<sup>6</sup>CRISIL

**Market highlights in 2025**

**Passenger vehicles:** 4.3 million passenger vehicles were sold in FY 2025, reflecting 3.3% year-on-year growth<sup>6</sup>. Utility Vehicles (UVs) dominated the segment, accounting for about two-thirds of total sales<sup>5</sup>. FY 2026 is expected to remain modest with 2-4%<sup>6</sup> growth, supported by new models, festive demand, and government policies such as income tax relief and a GST rate cut, aimed at improving affordability.

**Two-wheelers:** In FY 2025, two-wheeler (combustion engine) sales rose by 8%, with motorcycles accounting for nearly 60% of total sales<sup>6</sup>. Premium bikes continue to gain traction, while the scooters segment grew by 13% and accounted for 30% of 2-wheeler sales. In FY 2026, two-wheeler sales are expected to increase by 7-9%<sup>7</sup> due to continued economic activity, strong rural demand driven by two years of good monsoon, and GST rate cuts.

**Commercial vehicles:** The commercial vehicles (CVs) segment witnessed a decline in FY 2025 due to reduced government spending. In FY 2026, the decline is expected to continue. However, the small vehicle segment will continue to grow, backed by increased activity in the intercity and last-mile commercial mobility segments, which are expected to grow by 2-4%.<sup>6</sup>

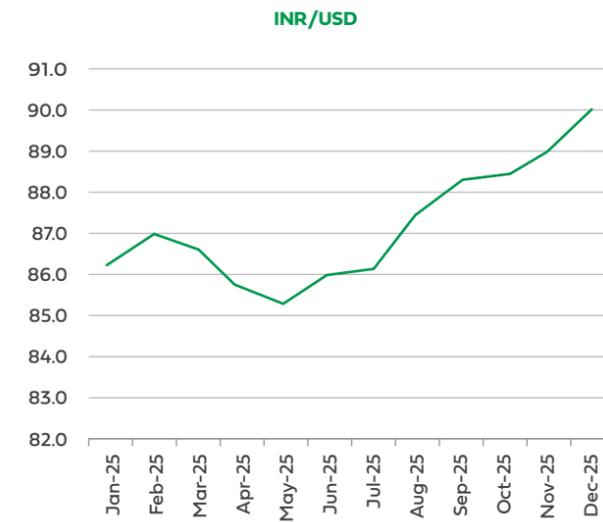
**Tractors:** Tractor sales grew by 18.7% in FY 2025. Demand is expected to strengthen further by 10-15% in FY 2026 due to favourable monsoon conditions (anticipated), higher Kharif sowing, increased MSPs, a GST reduction from 12% to 5%, and ongoing government financing initiatives.<sup>6</sup>

**Overall growth:** The total vehicle parc grew by ~4% during the year<sup>6</sup>[SC15.1], reflecting steady expansion across mobility segments. The Indian automobile industry entered the second half of FY 2025-26 on a steady footing, supported by strong festive season momentum, stable macroeconomic conditions, and GST 2.0 reforms that improved overall affordability and consumer sentiment.<sup>4</sup>

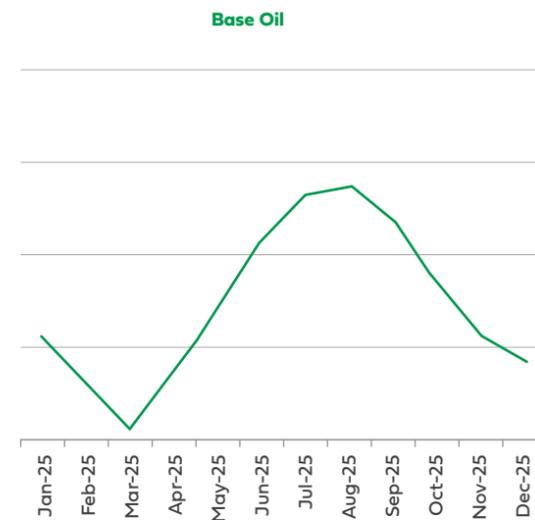
**External challenges**

In 2025, crude oil and base oil prices remained volatile due to geopolitical events coupled with heavy rounds of refinery turnarounds. The depreciation of the Indian Rupee by another 5.5% further added to procurement costs, partly offset by falling base oil prices.

The graph below indicates the FOREX trend in 2025:



The graph below indicates the trend of Brent crude & Base Oil price movement in 2025:



Castrol delivered volume, share, and profit growth by executing a growth-focused strategy, best-value sourcing, controlling costs, and enhancing operational efficiencies.

<sup>4</sup>FADA  
<sup>6</sup>CRISIL  
<sup>7</sup>ICRA

**Opportunities and threats**

The external environment for lubricants in India continues to change, but not in a single direction. Some shifts are gradual and predictable, while others are uneven and shaped by local realities.

Segment	What is happening in the market	What could hold it back	How is Castrol responding
<b>Personal mobility</b>	New two-wheelers and cars are added every year, and even as technology evolves, the country remains heavily ICE-led. There is visible growth in SUVs, CNG-powered cars, and premium two-wheelers and scooters. Modern engines are also changing lubricant requirements, particularly with the growing need for thinner grades. At the same time, rural markets are adding to overall vehicle sales and usage.  Consumers are becoming more discerning of quality.	Competition in this space is intense, and price pressure remains a reality. Moreover, broader inflationary pressures continue to influence how often vehicles are serviced.	Castrol India continues to rely on what has consistently worked for the brand: differentiated credentials, visible brand presence, distribution and deep relationships across the trade. At the same time, the product portfolio is being strategically strengthened to stay relevant for newer engines and changing usage patterns.  Additionally, we are strengthening our rural reach, investing in brand visibility where purchase decisions are made, and continuing to expand Castrol's service network. There have also been efforts improve the oil change experience itself with Castrol Service Express which is designed around speed and convenience.
<b>Commercial mobility</b>	Commercial mobility is closely tied to economic activity. Demand is supported by the growing parc of trucks, tractors, and off-road equipment, with infrastructure development, freight movement and farm mechanisation playing an important role. These vehicles require a wide range of fluids, including engine oils, greases and coolants.	Newer vehicles are being designed with longer drain intervals that moderate lubricant volumes. However, higher-spec products translate into higher lubricant value. Fleet consolidation, currency-related input cost pressures, and intense competition add further complexity.	We have broadened participation across the fluid spectrum, serving both premium and value-focused customers. While longer drain intervals present a structural shift, they also increase the importance of higher-specification oils suited to modern engines in trucks and tractors. We are preparing fit-for-purpose products to support the gradual adoption of alternative powertrains like CNG.
<b>Industrial opportunities</b>	Growth continues, with demand being shaped by ongoing industrialisation, infrastructure development and a renewed focus on domestic production, especially in steel, power, cement, textiles, electronics manufacturing, aerospace, and defence. Manufacturers are increasingly prioritising operational efficiency, equipment reliability and optimal cost of ownership. Together, this is driving a gradual shift towards higher-performance lubricants and application-specific solutions.	The industrial lubricants segment is technically demanding, with longer decision cycles. Customers require application-specific solutions and compliance with evolving equipment performance, operational continuity and product trials.	Castrol is responding to these dynamics by continuing to refine its industrial lubricant portfolio. This includes strengthening offerings across metalworking fluids, greases, and sector-specific applications, alongside the introduction of products aligned with sustainability considerations.  We will continue to focus on customer engagement, facilitating product trials, technical support, and application-led solutions to support adoption and long-term use.
<b>Data centres and specialised infrastructure</b>	As India's digital footprint grows, the need for reliable thermal management and specialised fluids is becoming more pronounced.	Performance expectations are high, and tolerance for failure is low, as data centre projects typically have long build and commissioning timelines and are often marred by complex global supply chains.	While still developing, this segment aligns with Castrol's broader technical capabilities. Drawing from our global experience, we are building relevance in advanced fluid solutions that support energy efficiency and operational reliability.

Across segments, the external environment is changing at different speeds, but the underlying expectation is consistent. Customers are looking for performance they can rely on, partners who understand their realities, and brands that continue to stay relevant as markets evolve. Our approach reflects this balance—protecting our strong foundations while adapting thoughtfully to what lies ahead.

## Product-wise performance

### Automotive lubricants

#### Two-wheelers

FY 2025 was a strong year for the two-wheeler category due to sustained market demand and favourable category fundamentals.

Our core brand, **Castrol Activ**, remained central to this momentum. We strengthened our business model by activating three key growth levers:

1. Stepped up consumer demand through a new television campaign featuring brand ambassador Shah Rukh Khan, reinforcing Castrol Activ's promise of superior 3X protection from engine overheating.
2. Deepened mechanic advocacy through digital platforms like Fast Scan and large-scale on-ground engagement.
3. Continued to expand our strong distribution footprint, with a sharp focus on rural markets.

Within the portfolio, **Castrol Activ ESSENTIAL** and **Castrol Activ Scooter** recorded strong growth during the year, driven by continued preference for reliable and differentiated products suited to everyday riding conditions.

For performance bikers, **Castrol POWER1** remained a key growth driver, bolstered by:

- Strengthened influencer-led activation at the 2025 Malaysia MotoGP, built on Castrol's partnership with Honda HRC Castrol and Castrol LCR Honda. This helped sharpen Castrol POWER1's performance imagery, reaching 9.5 million people and generating 5,41,000 engagements.



- Visibility amplified through high-impact digital story formats, reaching ~6 million consumers and consistent presence at marquee on-ground properties such as Road Trip United (~2.4 million reach) and Spirit of Unity (~3.2 million reach).
- Micro-influencer associations added incremental ~170,000 reach and 50,000 engagements on social channels for POWER1 campaigns.
- E-commerce sales more than doubled year-on-year, reflecting growing traction in digital channels.

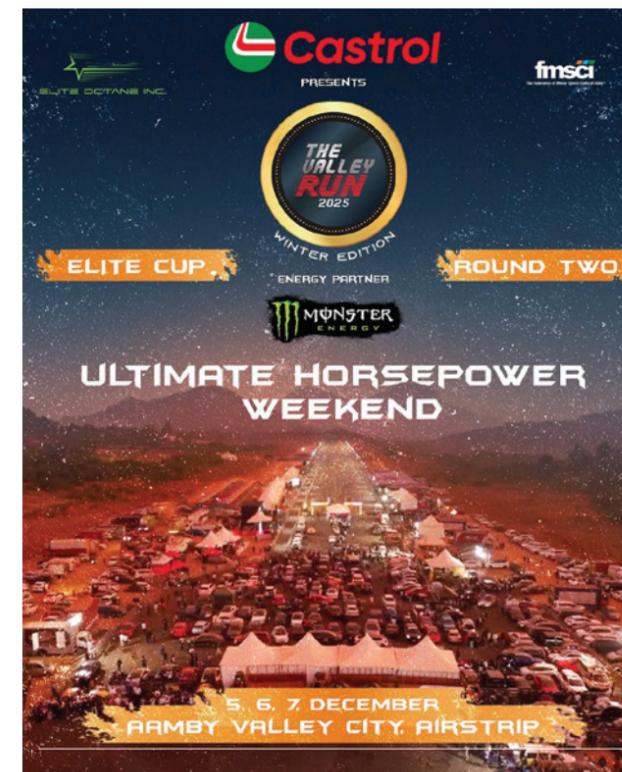
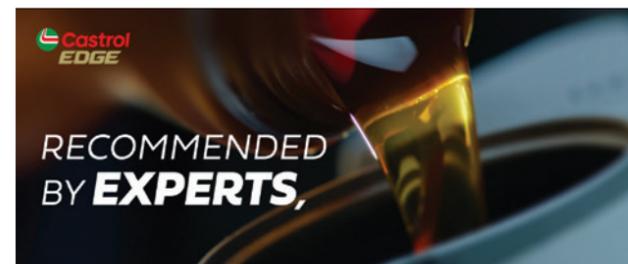
#### Passenger cars

Passenger car oil (PCO) volumes outpaced parc growth in FY 2025, delivering 7% growth, or nearly 1.5x overall vehicle parc expansion. Focused execution across key markets drove volume and share gain, while thinner viscosity oils (0W and 5W) grew, reflecting evolving vehicle technology and consumer preferences.

We balanced our investments and actions across the spectrum on the key levers of consumer & mechanics to grow our premium and synth brands, with Castrol EDGE and MAGNATEC outperforming the category significantly.

**Castrol EDGE** maintained strong performance imagery with consumers through:

- High credibility touchpoints to reinforce performance leadership.
- Digital campaigns, influencer collaborations and sponsorships at key motoring events such as The Valley Run and the Autocar 300 kmph Club.



With **Castrol MAGNATEC**, we reinforced our technology leadership and forged strong mechanic advocacy.

- Castrol MAGNATEC became the first engine oil in India to meet the latest API SQ specification.
- We introduced RRBO-based products for a key OEM partner.
- On-ground activations engaged over 33,000 mechanics, strengthening product understanding and recommendations.

- Regular digital communication for mechanics to amplify MAGNATEC's product and programme benefits.

A focused execution playbook in priority geographies, which account for ~55% of the overall car PARC, helped us gain ~100bps on shares and accelerated growth in thinner viscosity oil (0W+5X) to 18%. Castrol remained the most-preferred brand among mechanics, with Castrol MAGNATEC leading targeted interventions designed around mechanics' evolving needs.

Both franchise and independent workshops continued to be strong drivers of volume and margin growth, supported by network expansion, premiumisation, specialised products, customised offers and digital ecosystem enablement, together delivering double-digit volume growth.



#### Commercial mobility

In 2025, we expanded our product range, strengthened distribution and executed targeted campaigns in the commercial mobility segment, addressing both premium and middle-tier markets:

- Castrol Specialities, including driveline, greases and coolants, delivered strong growth, driven by a fit-for-purpose portfolio, pricing modulation, and new product launches.
- In the mid-tier segment, increased availability of **Castrol CRB ESSENTIAL** supported continued momentum, delivering year-on-year growth.
- At the premium end, **Castrol CRB PLUS** unlocked strong volume growth, particularly in important thinner CI4+ engine oils for next-generation tractors.
- Deepened OEM associations and increased adoption across commercial applications. This was supported by:
  - The launch of India's first-of-its-kind engine oil blended with locally procured Re-Refined Base Oil (RRBO), advancing circularity within automotive lubricants.
  - Launched a new engine oil for CEV-V-compliant JCB machines.
  - High-performance greases for mining applications.

- Brand investments supported premium lubricant offerings in the truck segment through the 'Best oil. Guaranteed.' campaign for **Castrol CRB TURBOMAX+**, our most advanced formulation. The product's compatibility across BS-VI and earlier engines was validated through extensive field testing covering over 1,20,000 kilometres. The campaign achieved strong salience, generating more than 200 million digital impressions, complemented by high-impact on-ground visibility across 2.2 lakh square feet in key transport clusters and highway corridors.



In the tractor segment, focused engagement across key agricultural markets delivered on-ground reach of over **70,000** farmers, supported by digital outreach to over 5,00,000 consumers. These initiatives centred on newer-generation, thinner oil formulations suited to modern agricultural equipment.



**Service and maintenance**

We continued to strengthen our service and maintenance ecosystem by expanding the **Castrol Auto Service** network to over 750 workshops across 300+ towns, ensuring greater accessibility and high-quality service for vehicle owners.



In auto care, after entering the segment two years ago, we expanded our portfolio with eight new products across three major categories in FY 2025:

- Mechanical care range:** Brake Cleaner, Throttle Body Cleaner, Fuel Injector Cleaner
- Aesthetic care range:** Ultra Protect Shampoo, Ultra Protect Wax, Dash and Leather Dresser and Glass Cleaner
- Rider care range:** Helmet Cleaner



The entire range is now available across approximately 60,000 outlets. Growth has been accelerated through collaborations with biking influencers and digital platforms.

**Industrial lubricants**

In 2025, we expanded our Industrial lubricants portfolio with new product launches and scaled up recent introductions.

- The **Castrol Rustilo DW** range was taken to a wider customer base, driving volume growth and supporting expansion of the overall Rustilo portfolio. There was greater emphasis on product trials and new customer acquisition for soluble metalworking fluids, including the **Castrol Hysol** and **Castrol Alusol** range.
- Launched a premium range of boron- and biocide-free metalworking fluids with **Castrol Hysol SL 20 XBB** and **Castrol Alusol SL 41 XBB**.
- Introduced sector-specific solutions such as **Tribol BW 32** for the textile industry, **Spheerol SM 00** for sugar mill roll bearings, and the **Molub-Alloy** range of high-performance greases for steel applications.

Throughout the year, Castrol actively participated in key industry forums, showcasing its industrial product and service portfolio and technical capabilities. These engagements helped build brand advocacy, deepen customer relationships, and generate new business opportunities.



The company operates 23 **Chemical Management Services (CMS)** sites to support customers in their lubricants management operations through specially curated programmes. This is a tailored offering, designed to improve efficiency, reduce waste, and optimise chemical usage across manufacturing operations. With CMS, Castrol works with one agenda—**to keep lubes off the manufacturer's mind**.

**Going digital**

Digitalisation remains a key enabler of scale, efficiency and engagement at Castrol. During the year, we advanced several initiatives to improve customer experience and simplify operations.

- Castrol India now has a strong, future-ready distributor management system (DMS)—**Castrol Elevate**. The tool is live across all indirect businesses and channels, supporting faster growth through better sales productivity and a seamless, omnichannel interface for retailers.
- FASTSCAN 2.0** is now updated with a more intuitive interface to support the Mechanic Loyalty Programme (MLP 2.0). It has become a key tool for engagement with the mechanic community.
- Launch of a new rural distribution management system—**Rural DMS**—to support sub-distributors, improving operational efficiency and visibility across the billing process.

**Quality**

In 2025, we remained firmly focused on our **zero-defect journey** across our three plants in Patalganga, Silvassa, and Paharpur, in line with our Global Quality Strategy. Our emphasis was on building consistent, end-to-end quality performance that strengthens customer trust and reinforces our competitive position. This approach is integrated across the organisation and is anchored around four core pillars:

- Quality culture,
- Quality related to customer-specific requirements,
- Supplier quality, and
- Quality management systems.

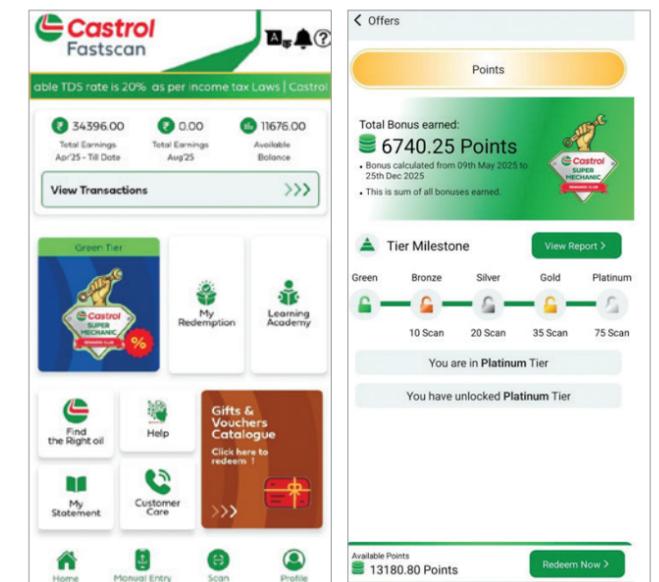
We strengthened our quality assurance process through a combination of engineering interventions and tighter operational control. Our vision systems (capable of scanning QR codes on labels) help eliminate pack mix-up risks and ensure the supply of the right product to customers. Upgraded packaging lines at Castrol manufacturing sites and third-party locations help reduce dependency on manual processes and lowers quality risk through automation. We continually invest capital to automate critical blending and packaging processes, systematically reducing operational risk while improving consistency across plants.

Customer experience continues to shape our quality agenda. Our Customer Relationship Management (CRM) tool supports faster, more effective complaint resolution, with insights consolidated into a Quality Dashboard. This enables closer tracking of response time, quicker corrective action and continuous improvement.

Quality has been pivotal in:

- Conducting feasibility studies for new products and packaging line trials;
- Collaborating with technology teams to develop cost-effective, localised formulations that add value to the business;
- Implementing process modifications to reduce waste and support sustainability; and
- Increasing overall production capability of the plants, with all three plants achieving OEE >70%.

Furthermore, digitalisation continues to support our quality agenda. Wider adoption of digital tools and applications has simplified processes, standardised data management and strengthened real-time performance monitoring, while improving responsiveness to customers.



## Future outlook

India's economic momentum is projected to remain robust in 2026, supported by infrastructure investment, structural reforms and steady consumer demand. The nation continues to rank among the fastest-growing major economies globally. These factors continue to foster a conducive environment for growth across mobility, industrial and energy sectors.

### Automotive lubricants

In FY 2026, we anticipate continued growth in the commercial and personal mobility lubricants sectors. Our strategies to tap this growth will include expanding our reach across geographies, widening our product portfolio, strengthening our workshop presence, and investing in premium brands while strengthening relationships with key OEMs.

### Industrial lubricants

Industrial lubricant demand closely follows the trends of economic activity. With the Index of Industrial Production's robust growth, rising exports and steady economic growth, we are optimistic about continued demand for industrial lubricants.

### Marine and energy lubricants

We anticipate continued growth in the marine and energy lubricants sectors. Accordingly, we are focusing on expanding our reach across key ports in this sector. We aim to increase availability across a broader geographic range while strengthening our distributor footprint.

Our strategy will be centred on aggressive expansion, engaging in extensive prospecting across the full-fluid spectrum of the Global Marine and Energy (GME) segment.

### Channels of distribution

We have a strong network of over 400 distributors, catering to over 1,50,000 outlets in urban, semi-urban and rural India. In 2025, we also launched the portable Castrol Rural Service Express, which now has ~500 units installed, helping us reach rural consumers with greater ease. Together, these have been a significant enabler of volume growth for Castrol India Limited. We will continue to invest in expanding this channel.

We have also strengthened our connections with a broader network of independent workshops, with over 750 strong Castrol Auto Service workshops providing premium services to consumers.

Furthermore, throughout FY 2025, we continued to streamline systems and processes, injecting speed and efficiency into back-end operations. The strategic incorporation of digital tools has enabled operational enhancements, offering customers a superior and more premium experience when interacting with us.

## Risks and concerns

Risk management is central to our strategy and long-term goals. The Risk Management Committee continues to oversee key risks and regularly reviews mitigation actions.

Key risks include foreign exchange fluctuations, potential macroeconomic slowdown, and fluctuations in input costs. During FY 2025, we responded through calibrated pricing actions, cost-efficiency initiatives and portfolio interventions. These measures are expected to support margin resilience while enabling volume growth in 2026.

Cybersecurity remains an area of active focus, supported by robust systems, controls and awareness across the organisation. Health, safety, security and environmental considerations also remain a priority, with particular attention on road safety for frontline teams and transporters. Product quality and integrity continue to align with our zero-defect ambition, ensuring a consistently premium customer experience.

### Internal control systems and their adequacy

We maintain an effective internal control system, corresponding to our organisation's size and complexity, providing reasonable assurance of authorised and accurately recorded transactions. An independent internal audit function, supported by periodic reviews, ensures that the internal control system is robust. We remain committed to minimising identified risks through continuous monitoring and mitigating actions.

### Discussion on financial performance concerning operational performance

Please note that Castrol India Limited follows the calendar year (January to December) for its financial reporting. For the full year ended 31 December 2025, the company registered Revenue from Operations of ₹5,722 Crore. It also marked an overall revenue growth of 7% compared to ₹5,365 Crore for the full year ended 31 December 2024. The company's Gross Profit increased by 6% in FY 2025 over FY 2024. This was on account of higher volume and strategic price interventions.

Operating and Other expenses increased by ₹97 Crore as compared to the previous year on account of investment in people, safety, brand, and business growth opportunities. Profit before exceptional item and tax by 4% over the previous year to ₹1,305 Crore. This generated a healthy cash flow from operations for FY 2025 of ₹1,090 Crore.

Per the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to give details of significant changes (i.e., changes of 25% or more as compared to the immediately previous financial year) in key financial ratios.

## Key financial ratios

Particulars	Unit	2025	2024	% change
Debtors' turnover	Times	12.56	12.47	1
Inventory turnover	Times	5.45	5.16	5
Current ratio	Times	1.66	2.02	(18)
Operating profit	% margin	22%	22%	-
Net profit margin	%	17%	17%	-
EBITDA	%	24%	24%	-
Return on net worth*	%	45%	42%	7

\*Return on net worth is a measure of the profitability of a company expressed as a percentage. It is calculated by dividing the profit for the year by the average capital employed during the year.

Interest coverage ratio and debt-equity ratio are not applicable to the Company since there are no borrowings. The finance cost in the financial statements relates to leases (IND AS 116).

The debtors' turnover ratio indicates a company's effectiveness in collecting its receivables from customers. It is computed by dividing the revenue from operations by average trade receivables.

The inventory turnover ratio indicates the number of times a company sells and replaces its inventory during the period. It is calculated by dividing the cost of goods sold by the average inventory.

The current ratio is a liquidity ratio that measures a company's ability to pay obligations that are due within 12 months. It is calculated by dividing the current assets by the current liabilities.

Operating profit margin is a profitability or performance ratio used to calculate the percentage of profit a company produces from its operations. It is calculated by dividing the earnings before interest and taxes (EBIT) by revenue from operations.

Net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing the profit for the year by revenue from operations.

### Key developments in human resources / industrial relations

As of 31 December 2025, Castrol India employed 632 employees, including factory workers. During the year, we continued to focus on employee health, wellbeing, and engagement. Approximately 4,500 hours were dedicated to training on technical skills, behavioural safety, and leadership development. Initiatives like the Lakshya Manufacturing Excellence Programme enriched learning by providing external perspectives to the supply chain team.

Career development remained a key focus, with grow@bp enabling structured learning pathways, career cameos, and small-team engagements. Internal candidates filled 42% of vacancies, reflecting a strong emphasis on talent development and internal mobility.

- Throughout the year, Diversity and Inclusion (D&I) remained a key priority:
  - Women held 21% of managerial positions, with overall female representation at 18%.
  - Women in Sales Network (WISN) continued to be engaged through learning sessions and career conversations.
- Career Fest 2025 was a campaign aimed at exploring growth opportunities and building capability. The event featured engaging sessions such as "The Power of My Profile", "Ace an Interview" and "Storytelling in Presentations" to help employees better understand potential career pathways and how to tap the opportunity pool.
- To strengthen leadership capability, Drona, a peer-learning classroom programme for line managers, was introduced. The programme covered critical aspects of the employee lifecycle, performance management, and talent development.

Castrol also conducted internal audits during the year to ensure effective human resources and legal compliance. Employee relations were supported through leadership engagement, town halls, and recognition programmes. Mental health initiatives complemented physical wellbeing efforts, ensuring comprehensive employee wellness.

### Health, Safety, Environment And Carbon (HSE&C)

Safety remained paramount in 2025 with the company achieving zero reportable safety and environmental incidents, reflecting strong governance, disciplined execution, and leadership commitment across operations.

During the year, frontline staff travelled nearly 2.5 million kilometres using company vehicles and remained injury-free. Road safety initiatives such as the Castrol Road Safety Premier League and Eyes on the Road were implemented across the sales team to reinforce safe driving behaviours, supported by leadership-led interventions and structured safety engagements.

Health, Safety, Environment & Carbon (HSE&C) performance across all three manufacturing sites improved significantly during the year. All sites achieved zero reportable HSE-related incidents. In addition, all manufacturing locations maintained DAFWC-free (Days Away from Work Case) operations, with Patalganga completing ten years, Paharpur eight years, and Silvassa two years without a DAFWC.

The year began with increased production activity alongside periods of extreme weather conditions. During this period, targeted safety intervention DRISHTI was implemented at the Patalganga and Silvassa blending plants to reinforce frontline risk awareness, ownership, and speak-up practices, supporting safe operations during peak activity.

All three blending plants successfully demonstrated compliance with ISO 9001, ISO 14001, and ISO 45001 standards, with no non-conformities identified during audits.

Additionally, process and safety audits were conducted at 10 existing Chemical Management Services (CMS) sites. Across these sites, we have achieved 12 years of injury-free operations, showcasing our strong commitment to safety.

#### Environmentally responsible initiatives:

Reduction in energy, water, and waste to minimise the environmental footprint.

- Collaboration with authorised waste plastic recyclers to fulfil Extended Producer Responsibility (EPR) obligations under the Plastic Waste Management Rules.
- 3,200 metric tonnes reduction per annum in virgin plastic consumption through PCR packaging design.
- 100% collection of plastic packaging waste, amounting to 9,424 metric tonnes in FY 2024–25.
- Integrated renewable electricity used in their operations across three plants through a solar power system and the procurement of IREC.
- Concentrated efforts to lower product carbon intensity by transitioning to lower-emission heating fuels and developing low-carbon and circular products. This has led to 79% reduction in Scope 1 and 2 emissions (manufacturing) against the 2019 baseline.

To learn more about our environmental responsibility, turn to page 104.

#### Corporate communications

**Internal communications:** In a year marked by change, Castrol focused on strengthening transparency and leadership connections to foster collective alignment across the organisation:

- Monthly leadership connects through organisation-wide town halls and Straight Talk with Kedar to ensure clarity in stance. This led to enhanced transparency that helped colleagues navigate with ease while Castrol was under Strategic Review.

- The National Conference brought Castrol India together to reflect on the year gone by and align on priorities and performance targets for 2025. Spread over three days, the event set a stage for conversations and connections that brought teams closer as they prepared to deliver growth through the year.
- We created lasting impressions through a cycle-building engagement activity where teams assembled 51 bicycles. These were, in turn, donated to children in need, reinforcing our commitment to community impact.
- We brought marketing initiatives closer to home through internal activations for the Castrol Activ relaunch and the launch of helmet cleaner. This move helped employees see and feel the excitement of the market during a product launch and brought them closer to the business.

**External communications:** In FY 2025, we focused on amplifying Castrol's voice across media to reach a wide spectrum of stakeholders, and the results were truly encouraging.

- **Wider reach:** We continued our focus on regional media coverage and significantly extended our press release (31 of them) footprint, leading to getting a PR value of ~₹40 Crore, doubling the total impressions, and growing share of voice mentions by ~20%. Castrol also appeared on TV 24 times.
- **Meri Castrol Kahaani 2.0:** This initiative celebrated ex-employee journeys through short audio stories shared widely across platforms. It resulted in 250+ hours of listening time and amplified pride in our people and brand.
- **Life at Castrol:** The campaign focused on the processes and policies that support an employee's day-to-day life at Castrol.
- **Just Another Day at Castrol:** In a 'behind-the-scenes' format, the campaign brought to life the rigour, thoughtfulness, research and evidently the fun that keeps Castrol running.

#### On behalf of the Board of Directors

##### Saugata Basuray

Wholetime Director & Interim CEO

DIN: 09522239

##### Mrinalini Srinivasan

Wholetime Director & Chief Financial Officer

DIN: 09682234

**Place:** Mumbai

**Date:** 3 February 2026

## Board's Report

#### To the Shareholders,

The Board of Directors ('Board') of your Company is pleased to present the Forty-Eighth Annual Report of Castrol India Limited ('Castrol' or 'Company') for the financial year ended 31 December 2025 ('year under review' or 'the year' or 'FY25').

In compliance with the applicable provisions of the Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the SEBI Listing Regulations'), this report covers the financial results and other developments during the financial year ended 31 December 2025 and upto the date of the Board meeting held on 3 February 2026 to approve this report, in respect of Castrol India Limited.

### 1. Financial Results

The Company's financial performance for the financial year ended 31 December 2025 is summarized below:

Particulars	For the year ended 31 December 2025 (₹ in Crore)	For the year ended 31 December 2024 (₹ in Crore)
Revenue from operations (a)	5721.50	5364.85
Other Income (b)	67.43	88.61
<b>Total Income (a+b)</b>	<b>5788.93</b>	<b>5453.46</b>
Profit before tax and depreciation	1405.66	1357.38
Less: Depreciation and amortization	100.82	99.77
Profit before exceptional items and tax	1304.84	1257.61
Less: Exceptional Item*	22.53	-
Profit before tax	1282.31	1257.61
Tax expense (including deferred tax)	332.38	330.38
Profit after tax	949.93	927.23
Other comprehensive income (net of tax)	(44.44)	(1.30)
<b>Total comprehensive income</b>	<b>905.49</b>	<b>925.93</b>
Balance brought forward	1669.19	1534.56
Less: Dividend paid	1285.86	791.30
Balance carried forward	1333.52	1669.19

\* incremental estimated obligations of ₹ 22.53 crore on account of New Labour codes notified effective November 21, 2025.

### 2. Business Performance

Revenue from operations of the Company increased by 7% mainly on account of volume increase and strategic price interventions. Costs of materials were higher by about 7% over the previous year mainly due to incremental volumes, and adverse forex, offset by cost optimization and operational efficiencies. Operating and Other expenses increased by ₹ 97 Crore as compared to the previous year on account of investment in people, safety, brand and business growth opportunities. Profit before exceptional item & tax increased by 4% over previous year to ₹ 1,305 Crore. The Company's performance has been discussed in detail in the 'Management Discussion and Analysis Report'. The Company does not have any subsidiary or associate or joint venture company. There are no material changes and commitments affecting the financial position of the Company, which have occurred between the end of the year and date of this report. Further, there has been no change in the nature of business of the Company.

#### Reserves

There is no amount proposed to be transferred to the reserves.

#### Changes in Share Capital

During the year under review, there was no change in the paid-up share capital of the Company.