

4 May 2026

To,

BSE Limited

Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

National Stock Exchange of India Limited

Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra East,
Mumbai – 400 051

Scrip Code: 500870

Scrip Symbol: CASTROLIND

Dear Sir/Madam,

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

Pursuant to Regulation 30 and 46 read with Para A Part A of Schedule III to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the transcript of the audio recording of the Company's post earnings call for 1Q FY 2026 with analysts/investors held on Wednesday, 29 April 2026 is enclosed. The same is also available on the website of the Company and can be accessed on the following link: https://www.castrol.com/en_in/india/home/investors/information-for-shareholders.html under Investor Call Details → 2026 → 1Q FY 2026.

Kindly take the same on record.

Thank You.

Yours faithfully,

For **Castrol India Limited**

Hemangi Ghag

Company Secretary & Compliance Officer

Encl.: A/a

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“Castrol India Limited
1Q FY 2026 Earnings Conference Call”
29 April 2026
From 12.30 p.m. to 1.15 p.m. IST



MANAGEMENT (CASTROL INDIA LIMITED):

**MR. SAUGATA BASURAY – WHOLE-TIME DIRECTOR
AND INTERIM CHIEF EXECUTIVE OFFICER**

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

**MODERATOR: ADFACTORS PR PRIVATE LIMITED – INVESTOR
RELATIONS**

Moderator: Ladies and gentlemen, welcome to 1Q FY 2026 Earnings Conference Call of Castrol India Limited. Please note that all participant lines will be in the listen-only mode and you can ask your questions after the opening statements. If you need assistance during the call, please press star then zero on your touchtone phone to reach the operator.

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

We have with us Mr. Saugata Basuray, Whole-Time Director and Interim CEO, Castrol India Limited; and Ms. Mrinalini Srinivasan, CFO and Whole Time Director, Castrol India Limited. I now hand the conference over to Mr. Saugata. Thank you, and over to you.

Saugata Basuray: Thank you, and good afternoon, everyone. Thank you for joining us. We appreciate your continued interest in Castrol India. Let me start by acknowledging the broader context in which we are operating. This quarter has seen, amongst other things, continued macro uncertainty. And towards the end of the quarter, we saw the early signs of external headwinds driven by the conflict in the Middle East.

These have started to reflect in currency movements and raw material prices in the last several months. Against this backdrop, our focus remains unchanged, consistent execution of our strategy, drive profitable growth and build a resilient business. Before I hand over to Mrinalini, our CFO, to talk about numbers, I wanted to take a few minutes to walk you through how the business has performed and the momentum that we are seeing.

The first quarter reflects sustained momentum in the business as we continue to execute our plan. Our rural portfolio continues to grow at high double-digit rate. We have expanded our distribution to now across 40,000 outlets. We've added 700 Rural Service Express, which cater to bikes. And we focused on expanding our reach directly into villages that have a population below 20,000. This scale gives us deep last-mile reach through which we can make our assortment available to rural consumers.

In urban India, we remain focused on expanding distribution of our premium brands while investing in activation -- activating them in high-density consumption markets, especially for the car segment. As a result, our premium brands portfolio delivered a double-digit volume growth and value growth during the quarter.

We've also been consciously building strong consumer relevance by engaging with large rider communities across platforms like Spirit of Unity and Road Trip United. Our corporate campaign, Har Boond Mein Desh Ki Raftaar, continues to reinforce our role in powering India's progress. Our industrial business, something that we have spoken about for the last couple of years, continues to perform well and delivering yet another quarter of double-digit growth, making a -- sustaining a growth trajectory for multiple quarters now.

Here, our focus remains clear: expand our portfolio with multiple Made in India products, uniquely tailor-made for applications in India, deepen our presence with existing customers, continuing to add new customers in our chosen sectors. We focus on services, and we continue to integrate that into our strategy. Innovation remains central to our overall go-to-market. Alongside localization and customization of industrial products, we are strengthening our new Auto Care portfolio with an expansion of the product ranges that we offer now.

We have also signed an MoU with Hindustan Petroleum Corporation Limited to explore Re-Refined Base Oil ecosystem in India. Our service ecosystem remains a strong pillar of our business, 800 Castrol Auto Services at the end of March. We now tapped 34,000 independent bike workshops across the country, and we reached 13,000 multi-brand workshops in cars. All of this has translated into continued market share gain, reinforces that our strategy is delivering as planned.

With that, I will hand over to our CFO, Ms. Mrinalini Srinivasan, to take you through the financial performance this quarter.

Mrinalini Srinivasan:

Thank you, Saugata. Good afternoon to everyone on the call. Building on the strong operating performance that Saugata just spoke about, I'm pleased to share the results and numbers. We have delivered our 12th consecutive quarter of stable revenue and volume growth. Our margins remained within our expected operating band despite early signs of cost pressures. We continue to maintain strong cash flows and a robust balance sheet.

What I would like to highlight is the predictability and quality of our earnings even in a volatile environment. You already have seen our detailed results and numbers. What we have delivered is a revenue growth of 9% to INR1,545 crores. Our EBITDA increased by 7% to INR329 crores, and our profit after tax rose 4% to INR242 crores.

Towards the end of the quarter, we began to see geopolitical developments starting to impact our operations. While currency-related pressures have been building ever since September, we additionally saw raw material costs increase a little bit. Our response has been proactive and structured, taking calibrated pricing action where required, driving cost-control measures across the business and strengthening supply chain resiliently through diversified sourcing.

At this stage, the impact is visible, but we hope to navigate this potentially inflationary environment confidently. We've also strengthened internal levers to ensure great agility in decision-making, fast responsiveness to market changes and continued protection of our core business fundamentals. Our capital allocation approach remains consistent, disciplined deployment, strong cash generation and a continued focus on shareholder returns, balanced with future investments.

With that, I turn it back to Saugata for his closing remarks.

Saugata Basuray:

Thank you, Mrinalini. So, before we open up the line, let me briefly address a couple of areas that are likely to be on everyone's mind. First and foremost, the evolving situation in the Middle East. At this point, while there's no significant material disruption on supply chain, we are seeing increased pressure on sourcing, both in terms of cost as well as unpredictability of lead times.

Our sourcing strategy has been always diversified, and we are not dependent on any single geography, but we have an eye on this, and we are working through that. More importantly, over the years, we have built strong structural capability to manage such cycles. So, we have strong supplier relationships in place, and we are planning our inventory with an eye on extended lead times.

From a customer standpoint, our priority, first and foremost, is to be a reliable partner during times of uncertainty. We are focused on ensuring continuity of supplies to our customers and maintaining a certain discipline in our financial frame while we do all this. So, the situation is evolving. It is affecting how we source some of our key inputs that go into the lubricant manufacturing business, particular feedstocks, but we are staying resilient.

Secondly, on discussions around shareholder development at parent level. As you know, the deal is subject to closure after various approvals across the world are received, regulatory approvals. From Castrol India standpoint, there's no change in our structure, strategy or operating model.

We continue to operate as a strong independent listed company with a strong balance sheet, as Mrinalini just spoke about. Our focus remains firmly on executing our growth strategy, delivering consistent performance and building shareholder value for the long term.

In summary, while the underlying momentum remains very strong, the external environment is increasingly volatile. The business fundamentally remains strong. We are actively managing near-term volatilities. We remain focused on delivering consistent high-quality earnings. We will continue to execute our plan of expanding distribution, invest on our brands and bring innovation into the market.

So, thank you for your time, and we'll open up the call for any questions.

Moderator:

We will take our first question from the Nitin Tiwari from PhillipCapital.

Nitin Tiwari:

Yes. So, my question actually is with respect to your raw material costs. So, we have seen a sharp increase in crude oil prices in the month of March, and that continues to be the trend in April as well. So, just wanted to understand that. Has that translated into our raw material cost as well in the January to March quarter? Or that flow-through is yet to happen?

And secondly, like therefore, your direction on gross margin as well, how are we going to navigate if there is an increase in raw material costs? So, what will be the time lag before which like that can be passed on through price rectifications? So, that would be the first one.

Mrinalini Srinivasan:

Nitin, maybe let me answer this. If you have further, you can ask later. Thank you for your question. I think I'm sure this question is on multiple people's minds, so I'll try to address and give a little bit of clarity. You are right, our main feedstock, which is crude has indeed shown huge increase in costs. Similar increases are visible in packaging materials. We are expecting similar in fuel. We've also seen similar in many of our additives, other components that go into the manufacturing costs.

Now in quarter 1, you are very fair in asking whether it indicated impacted my cost or not. Given the inventory cycle, we saw minimal impact of these raw material increases into the COGS that we reported in quarter 1. I spoke about it in my comments. The currency fluctuation definitely impacted us. Many of these are imported for us and we pay in dollar, and the dollar rate versus last year is down -- I mean, the rupee is down by about 6.5%, 7% versus same period last year.

So, to that extent, my COGS in Q1 was impacted, but the majority of the cost increases that we are talking about, we are now pending 2Q. But our strategy is relatively simple. Saugata spoke about it. Top priority is to secure our customers, and make sure that the entire pipeline that goes into making the final product is ready. And we are really working on that with urgency. Saugata spoke about it. We will have diversified supplier network so that we can minimize any supply gap.

Nitin Tiwari: Great. I understand that, Mrinalini. I just wanted to understand what is the typical time lag before which -- I mean the price is actually passed on, if at all, to the consumers?

Mrinalini Srinivasan: Yes. That's what I was -- I was coming to that, Nitin, as a second point. Structurally, the objective of the company is -- we want to maintain our structural margins in the medium to long term. In the short term, we may see a little bit of [inaudible 0:12:11]. Long term, we want to go back. Saugata spoke about it. We had [inaudible 0:12:15] at the beginning of April, actually towards the end of March. [inaudible 0:12:20].

Yes. Nitin, I'm going to try one more time. And if you don't hear me, let me know. The point I was just making to close the point was that indeed, pricing -- we do consider pricing. We have taken one round of pricing already end of March. And we keep our structure and gross margin right in front of us to make sure that if there's any future volatility, we will also address them as a combination of pricing and cost-cutting measures.

Nitin Tiwari: Understood. And my second question, Mrinalini, would be a book keeping one. So, what is the overall volume in this quarter? And also like our operating costs went up by about 23% Q-on-Q and about 10% Y-o-Y. So why was that?

Mrinalini Srinivasan: Yes. So, on volumes and on revenue, I think you would see that our revenue -- top line revenue has gone up 9%. So, it's a high single-digit result. Our volume is very much similarly in line. So, high single-digit is what we have delivered also on volume.

Nitin Tiwari: Any specific number would be helpful, Mrinalini, please, if you can help me with that.

Mrinalini Srinivasan: 7% to 8% volume growth is what we have delivered for the quarter.

Nitin Tiwari: On a Y-o-Y basis?

Mrinalini Srinivasan: Correct. You're right.

Nitin Tiwari: Okay. All right.

Mrinalini Srinivasan: And now on expenses, you are right. Our overall expenses have grown 9%, in line with the revenue, while revenue grew also 9%. Within this, if you look at specifically COGS, COGS

have grown slower and that's because of all the product cost saving and efficiency muscle that we have within the company that the COGS have actually grown slower than volume. And all of our other expenses, I think we are breaking it down internally into structural and one-time. There have been some one-time costs here, but structurally, we have actually grown our gross profit by about 11%.

Nitin Tiwari: Yes. I mean that's an absolute increase and that's possibly volume led. I was referring to the operating expense, which is about INR338 crores, which has grown by about 10-odd percent Y-o-Y and about 23% Q-on-Q. I was referring to that. So, you mentioned that there are some one-off expenses. If you can highlight what would be the quantum of those one-off expenses and what are they related to?

Mrinalini Srinivasan: Yes. So, see, our big cost buckets are employee costs. We spend in advertising and media, and we spend a big chunk of money also as a license to operate in all of our franchisee workshops. So, we have seen broad-based increase in almost all of them. So the one-time costs that I spoke about are more in the employee cost bucket, which are not structural in nature and that should - - you should see them going down in the next few quarters.

Nitin Tiwari: So, in terms of operating cost, this is a more sustainable sort of a run rate. That's what we should assume about INR340 crores per quarter?

Mrinalini Srinivasan: No. Like I said, there are some one-time in this quarter. So, they will go away. So the future quarters should be lower than this.

Moderator: Next question is from the line of Dhaval Popat from Choice International.

Dhaval Popat: Thank you for the opportunity and Congratulations for the results. My first question is around the strategy. As you highlighted, the focus is around the motorcycles and now there has been a focus on rural area for about 1 or 2 years that I've been reading the transcripts and the annual report. But what I want to understand is that the key investor question still remains that around the penetration of electric vehicles and the one segment of the automotive where the penetration is the least is, of course, to the commercial vehicles.

Latest Royal Enfield has also launched their electric vehicle bike now, which was still not penetrated. It was only the gearless where EVs were present. So, why is management not really focusing? Or is there a lesser focus on the commercial vehicle segment where there is no penetration of electric vehicle at all? That is my first question.

And second question is around the -- so we have seen the refiners, particularly Indian refiners buying crude at premium. And I understand base oil being procured by Castrol is mainly from Singapore and South Korea. Given the refinery output in Asia is lower and base oil being the output of refineries, do you guys also -- does Castrol also seem to have been charged premium to the base oil prices that are available in APAC region? Or are you able to diversify it enough to keep the premiums lower? Or are there no premiums at all on the diesel prices as of now?

Saugata Basuray: Dhaval, this is Saugata. So, thank you for your question. Before I respond to that, I just want to check whether I'm audible clearly.

Dhaval Papat:

Yes. Yes, loud and clear.

Saugata Basuray:

Okay. Right. So, 2 parts to your question, strategy, the implication of electric vehicle and therefore, the focus on commercial vehicle. And then you talked about base oil sourcing and what's the kind of pricing mechanism around it, right?

So on -- let me come to the strategy first, and I'll unpack it a bit. It's not that we don't focus on commercial vehicle. In fact, commercial vehicle is a big -- a significant contributor to our overall volume, right? What I mentioned was that we have been pushing very heavily into rural India to build our distribution muscle in the last few years. And that is reaping rewards for us in our motorcycle business, which is a very profitable part of our business.

That's happening because most of the new 2-wheelers in this country are being bought in rural areas. So, we are just playing to a strategy where we said to change the growth profile in terms of volume growth in the business, we need to go and tap consumers where they are emerging. So, that's feeding on to our motorcycle strategy growth plan. In commercial vehicles, there are 2 parts to it. There is a heavy commercial trucks business and then you have the tractor, agri business.

Castrol has traditionally been very strong in both. In the trucks, commercial space, we work very closely with Tata Motors, and we had announced that a few years back that we have a partnership going with them. That part of our business has also grown in double digits. And therefore, we play a full portfolio across all 3 categories, cars, bikes and commercial vehicles.

I'll briefly touch upon EVs. On EV side as well, we have partnerships going. While this is an emerging space, still small. But from our point of view, we want to be prepared for the future. So for example, on 2-wheeler EV space, we are working with Ather Energy. We have been in discussion with them for a few years.

We are integrated into their product development thinking and our technology team is working with them on certain products for their future vehicles. Likewise, we have been working with Tata Mobility, electric mobility vehicles, and you'll find that our transmission fluids are there in all the Tata EV vehicles which are on the road. So, we are present across ICE, EVs and in between because we believe that the pathway to low-carbon mobility will go via conventional ICE engines becoming more efficient.

So, we have thin products, as we call them. These are premium products, synthetic products. We have products, which are compatible for hybrid engine already in the market. We have products, which are now compatible for E20 and gas engines. Those are also in the market. And then we have products and partnerships going on in the EV space. So, that's the first part -- answer to the first part of your question. The second part is about base oil.

We have a diversified sourcing strategy from across the world. We do import a certain percentage of base oil from Singapore as well as from South Korea. This is really driven by the quality and the specification that which we require for certain of our formulations. We equally source base oil domestically as well. We source from the Indian refiners.

And depending on what our forecast is over the next few months, we are quite open to sourcing products from other parts of the world so long as they meet our quality requirements. Prices of base oil, depending on what companies have structured into their contracts, usually are indices driven, unless somebody were to buy a spot cargo. So similarly, our term contracts are all indices driven. And as the market moves up or down, we get benefit of that. I hope that answers your question.

Dhaval Popat: Yes, it does. So, my question was more on given there would be scarcity of base oil as well, so is there -- you answered that it is in line with the indices. But is there a premium already being charged by the base oil providers similar to what we saw for the crude producers in the first quarter and now that we are seeing as well? So, is there some premium kind of on that indices as well, or no, that is still not in effect?

Saugata Basuray: So, indices have moved up. So, when I refer to indices -- when I refer to indices, the two indices that you can go -- you can refer to, one is Argus and other is ICIS. And these are publicly available, and those indices will move and they are moving. And therefore, our contracts are marked to those indices.

Dhaval Popat: Okay. This answers my question. I believe there is no scarcity premium as such. It is in line with the indices which are currently running.

Moderator: Next question is from the line of Sabri Hazarika from Emkay Global Financial Service.

Sabri Hazarika: Yes. So, just a clarification on these volumes. You mentioned 7% to 8% growth Y-o-Y, or is it Q-o-Q?

Saugata Basuray: Quarter-on-quarter. 1Q of...

Mrinalini Srinivasan: 1Q versus 1Q. 1Q '26 versus '25.

Sabri Hazarika: 1Q '26 versus '25 is 7% to 8%. Okay. Fair enough. Secondly, so how do you see the margin scenario in the current year given the volatility in the global market? So, we had the EBITDA margin falling to around 21% now versus 23%, 24%. So, do you have a guidance for this quarter, for this year as a whole?

Mrinalini Srinivasan: Yes. Sabri, thank you for the question. So, I'll take it in 2 parts. Firstly, on the margin itself delivered in quarter 1. You would remember, we always have given the guidance of 21% to 24% will be our operating EBITDA margin range. The reason for always giving this range is because our cost profile from one quarter to the other quarter really differs a lot. And if you now look at the Q4 of last year, we had a very high EBITDA margin of 26%.

But if you look at my Q1 of previous years, you will see Q1 is always the softest quarter because of our cost profile. So in line with that, I don't see a huge dilution in our EBITDA margin in Q1 as we completed the results. Now, looking forward will be a different story because we just acknowledged that there is a lot of geopolitical volatility and a lot of the raw material costs have increased.

While structurally, we will recover the structural margin for the company, we will want to go back into that same range of 21%, 24%. There could be some short-term volatility that we will see even in our numbers. We've already taken one round of pricing. Our cost optimization is on 24/7. So, we will try to mitigate any such impact. But in the short term, there could be some impact.

Sabri Hazarika: Right. And just a small follow-up. So, I mean, this \$100-plus oil equivalent of base oil price is yet to reflect, right, in your numbers? I mean, was there any impact in March itself on the base oil price or we'll see them probably in the next 2 months or so?

Mrinalini Srinivasan: Yes. I believe Nitin had also asked a similar question because of our inventory cycles, when the geopolitical scenario started, it was just early March. So, our inventory cycle covered up for Q1. We saw minimal impact. The impact was primarily on foreign exchange. But 2Q onwards, even the raw material prices will start showing up.

Moderator: We'll take our next question from the line of Nilesh Jain from Astute Investment Management.

Nilesh Jain: Thank you for the opportunity, My first question is on the new industry or the new energy, broadly focusing on the data center side. Obviously, we've mentioned that we had been in the pilot stage of the parent company. So, just wanted to understand how it has moved and how it has progressed? And by when can we expect it to start contributing to our business if you can give any broad time lines? And further to that would be, what could be the potential addressable market for us?

Saugata Basuray: Thanks, Nilesh. So as you would know that there's a lot happening in that space. A lot has been announced in terms of new data centers being developed or built in India. The team remains closely in touch with the people who are developing the data centers as well as OEMs who develop the cooling systems solutions around those data centers. So it is beyond pilot. There are trials that are going on, and these are long time cycle capital investments, as you can understand.

So as and when they scale up and the developers have firmed up on what is their path, what is the technology that they have chosen for the cooling system, the data centers, then we would be able to see that flow through into our business. We can't make a guidance at the moment because this is not something we are driving in terms of the implementation of -- or the execution of the data centers. But our teams are closely in touch. The products that we have deployed in the country for pilot or rather for trials are the products that are being used in other parts of the world in data centers.

Nilesh Jain: Are we not testing it domestically, or it's only being done at a global level?

Saugata Basuray: No, we are testing. We have tests or rather we have trials that are happening in India.

Nilesh Jain: Okay. Okay. And given the -- we expect the penetration to go -- increase more towards liquid cooling side. So broadly, just wanted to understand so that things will move faster now as compared to what it has been?

- Saugata Basuray:** So, we'll see. I mean, within liquid cooling as well, there are broadly 2 types of technology. There is the immersion coolant and the direct-to- chip. We have products for both. Depending on the technology which the developers choose, we will have options to participate in them.
- Nilesh Jain:** Okay. So probably, you would not be able to share any market size for us, right, for now?
- Saugata Basuray:** Yes. I think it's very, very early for everyone concerned. And we will see because it's an emerging space. We see how it develops.
- Moderator:** Next question is from the line of Rahul Ahuja from Prescient Capital.
- Rahul Ahuja:** So firstly, congratulations on a good set of numbers. Just wanted to understand what kind of price increase we have taken in Q1 to address the increase in costs? And my follow-up question will be regarding the advertisement expense in Q1. Can you just give me a broad picture of what this is as a percentage of revenue?
- Mrinalini Srinivasan:** Yes. Thank you, Rahul. Thanks for your congratulations, and also for the 2 questions. See, Castrol is a relatively diversified business even within lubricants. We have a large retail part of portfolio with bikes, cars and commercial. We also have our partnership with our manufacturers and the industrial part of the portfolio. We don't go with a blanket price increase with any. What we have done is we've been able to narrow down individually for each of their portfolio, what is the cost increase and the intent is to recover any cost increase that we have.
- And like I said, balance between price increase and cost optimization. So, I won't be able to specifically answer your price increase percentage question, but all I can tell you is that the intent is to recover margins and hold the margins going forward. Your second question was on advertising spend. You would see our numbers, historically, we've spent about 3% to 4% on advertising and a similar trend has been spent even in 1Q.
- Rahul Ahuja:** Okay. I just wanted to add one more question regarding -- you said that there's a currency impact. So, in hedging policy with respect to that, is there any percentage which is normally hedged?
- Mrinalini Srinivasan:** Yes. Yes, we do have a hedging policy. Hedging is a very critical tool for us, which helps us with certainty of foreign exchange. It doesn't really assure us with a lower foreign exchange exposure. So, let me talk you through it. We do have a 60-day hedging policy, and this 60-day roughly links to my inventory cycle.
- So as and when we have certain exposure, we go and hedge against that certain exposure. From a raw material exposure standpoint, half of our raw material is locally procured and half of it is imported. So, about half of my COGS is what we hedge for.
- Rahul Ahuja:** Okay. Any base percentage for hedge?
- Mrinalini Srinivasan:** Say more. Can you elaborate the question a little bit?
- Rahul Ahuja:** I just wanted to understand, is there any base percentage for hedging like percentage -- in terms of percentage?

Mrinalini Srinivasan: Like I said, half of my COGS is local, which we don't hedge for. Half of my COGS is imported. So, that exposure is my dollar exposure, and that's what we hedge for.

Moderator: Next question is from the line of Rudraksh from Navneet Family Office.

Rudraksh: Thank you and Congratulations on a good set of results. I wanted to understand on the data center opportunity again. While we understand that it's preliminary and difficult to give any guidance yet. But two things if you can share is, one, in terms of our global supply agreements or market share that we have already in place, giving us confidence in terms of the direction in which the business can potentially head to.

And also wanted to understand the competitive intensity and profitability in that space, again, at a global level. We totally understand that India is very different in its trial. Success depends on a lot of factors. But if you can share competition as well as profitability there, so to get a sense of where things would end up stacking over a period of time. Is that possible?

Saugata Basuray: Thanks for the question, Rudraksh. Look, at a global level, too, this is a fast-changing ecosystem. A few years back, a lot of the data centers were air cooled. They are then subsequently moving to liquid cooled and beyond that going to direct-to chip because all the data center developers are scavenging for power efficiency.

So the products that we sell serve to meet that requirement of power efficiency. The more heat can you remove, the more efficient the data center becomes. That's the broad sort of area where we are working in. Market share numbers are not available globally, and I wouldn't be able to give you guidance globally what's going on. I can just give you a broad sense of how the ecosystem works.

It is a competitive space, but again, very fast growing and at the same time, also evolving because the technology choices have not been firmed up, which is the reason why we are not in a place where we can start giving guidance. It's too new or rather at a very preliminary stage for us to give some headline numbers in terms of the size of the market and where it's going. I hope that sort of answers your question.

Rudraksh: Partially. If I may actually push in a follow-up, so let's put it this way that the technology evolves and the possibility of the changes continue to sustain. Is it fair to assume that once you are an early entrant or once you actually have entered in a certain offering that a data center chooses to have, is it possible that a coolant or a material comparable, which is used for cooling can be replaced by an alternate supplier later?

And also does the technology allow to switch to an alternate provider once you are into the system or that's not possible? Like I mean -- I didn't mean to ask if you become ingrained into the place and replacements are not possible or a replacement is possible or an alternate coolant, or an effective offering to subsequently refill if possible?

Saugata Basuray: Yes. I think it's a difficult question to put a very clear answer to, but I'll make an attempt. So the model for liquid coolant of data centers are complex. It's not just about charging a liquid in. There's a whole apparatus in terms of cooling ecosystem. Most of them are closed-loop systems,

which means that there are specialized people who manufacture the hardware within which you would have liquids that we manufacturers go in.

And that is a closed system loop, which continues. Whether over a period of time, somebody would replace the liquid with another liquid, perhaps I don't know, honestly, because the business or that industry is not mature, right? But I just thought I'll help you visualize how does the whole system work. One level below that is the approach to that whole liquid cooling.

There are those who are immersing the server blades or the chips into liquid pool, if you were to visualize that. And there are those systems where the chip itself is directly cooled. It's called direct-to chip, where it's integrated on top of a board, which is cooled from beneath with fluids moving around. They have their own dynamics. It's not as simple as taking out one fluid and putting another fluid. But given that the whole technology around it is evolving quite fast, it will be a bit premature for us to make predictions about it.

Moderator: Next question is from the line of Vipulkumar Shah from Sumangal Investments.

Vipulkumar Shah: So, my question is regarding sales mix. What is the contribution of 2-wheeler, 4-wheeler, commercial vehicles, if you can break it down?

Mrinalini Srinivasan: Yes. Vipul, thanks for the question. See, traditionally, Castrol has been very strong in the commercial vehicle space and has really grown also in the 2-wheeler space. So, those 2 combined do become a majority of our automotive sales. I would say together, both of them will be about 60% of our sales.

Cars is an emerging segment. As you can imagine, even India demographically is early on the car penetration stage. The car portfolio for us is also in the early stages. So, that could be another 15%, maybe 20% of our revenue. And then the rest of it is the industrial part of the portfolio.

Moderator: Next question is from the line of Namish Pandya from NP Advisor.

Namish Pandya: So, I have a couple of questions. So, my first question being, as we all know that rural markets are growing well, so how do margins in rural compare with urban markets first? And secondly, can you break down volume growth across rural versus urban markets and even between key segments like automotive and industrial?

Saugata Basuray: Okay. Look, I'll make an attempt on the volume growth story and then Lini will come through and talk about margins. The rural business now has been growing volume-wise on a double-digit consistently now for several years as we build out our direct reach into rural India. The majority of the products that are sold into our rural business, approximately two third of it is motorcycle products. Margins are quite good. They're accretive to the business.

If I look at urban, urban has both commercial vehicles, cars and bikes. The mix is quite different. In terms of margins, for us, we make -- we earn more in cars, followed by bikes, followed by commercial vehicles. In urban centers, our focus is on what we internally categorize as high-density consumption points, which is largely about cars and motorcycles. In those markets, our margins again accretive, right?

But there's a large commercial vehicle business that we service all over the country, which is lower in terms of margin compared to bikes and cars. Industrial, fast growing in terms of volume. There are pockets of it, which are very high margin specialized application. But overall, at a weighted average level, the industrial margin would be a bit lower. And again, consistently growing at double digit for the last several quarters now.

Mrinalini Srinivasan: I'll just build on a small anecdotal point on the rural margins that you asked. I think the use cases on commercial vehicles and bikes, which Saugata just said is a big part of our portfolio, actually very closely linked to livelihoods in many cases in rural. And we've also learned that actually owners are very proud owners of their motor bikes also when it comes to rural. So, they really invest in their vehicle.

So, while we have a portfolio of bike oils and we have a portfolio of commercial oils, what we see play out in rural actually is that they tend to pick the Activ, which is the premium for them and it's a high gross margin for us as well as even on commercial vehicles. They tend to pick the ones, which are healthy gross margins for us. So, we don't see rural as a gross margin dilutor for us at all.

Moderator: Since we have last two minutes of the call, we'll take our last question from the line of Kirtan Mehta from Baroda BNP Paribas Mutual Fund.

Kirtan Mehta: Thank you for the opportunity, One question. Coming back on the volume growth. We have narrated that almost all segments like rural, urban, commercial as well as industrial, all of them are growing in double-digit. However, at the portfolio level, we are achieving a 7% to 8% Y-o-Y growth. So, which is the pocket which is probably growing slower and sort of impacting our overall volume growth?

Saugata Basuray: Right. So, Kirtan, what -- the rural and urban geographies, right, that's the way we categorize it. So within that, rural is growing at double-digit. In urban, we further segmented because we think urban has a role to play in premiumizing our mix. The premium portfolio that we sell into urban India, predominantly cars and motorcycles, that also is growing at double digit.

If you remove this, then you have the large commercial vehicle business or commercial vehicle products, which include engine oil for trucks, which somebody asked a while earlier. You have specialty products like transmission fluids and greases. All of this is quite a significant part of our portfolio. It is growing, but not at double-digit, high single-digit, okay? And all of this at a blended level brings us to the kind of growth profile that we talked about.

Moderator: We are at time. This brings us to the end of the call. On behalf of Castrol India Limited, I thank you for joining this call. You may now disconnect your lines. Wish you a good day ahead.
