

2 August 2023

**To,**  
**BSE Limited**  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai – 400 001

**National Stock Exchange of India Limited**  
Exchange Plaza, Bandra Kurla Complex,  
Bandra East, Mumbai – 400 051

**Scrip Code: 500870**

**Scrip Symbol: CASTROLIND**

Dear Sir,

**Sub.: Transcript of audio recording of the Post Earnings Call for 2Q FY 2023**

Pursuant to Regulation 30 and 46 read with 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 with analysts/investors held on Tuesday, 1 August 2023 is enclosed. The same is available on the website of the Company.

The transcript of the recording can be accessed on the following link:  
[https://www.castrol.com/en\\_in/india/home/investors/information-for-shareholders.html](https://www.castrol.com/en_in/india/home/investors/information-for-shareholders.html) under INVESTOR CALL DETAILS --- 2023 --- 2Q FY 2023

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  
2Q 2023 Earnings Conference Call”  
August 01, 2023



**MANAGEMENT: MR. SANDEEP SANGWAN – MANAGING DIRECTOR -  
CASTROL INDIA LIMITED  
MR. DEEPESH BAXI – CHIEF FINANCIAL OFFICER AND  
WHOLE TIME DIRECTOR – CASTROL INDIA LIMITED**

**Moderator:** Ladies and gentlemen, welcome to our 2Q 2023 Earnings Conference Call for Castrol India Limited. Please note that, all participant lines will be in the listen-only mode. And you can ask your questions after the presentation. If you need assistance during the call, please press star then zero on your touchtone phone to reach the operator.

We have with us, Mr. Sandeep Sangwan, Managing Director, Castrol India Limited; and Mr. Deepesh Baxi, CFO and Whole-Time Director, Castrol India Limited.

I now hand over the conference to Mr. Sangwan. Thank you, and over to you.

**Sandeep Sangwan:** Hi, thanks. Good afternoon, everyone, and thank you for attending Castrol India's Second Quarter 2023 Earnings Call. I hope you and your family are doing well. We're pleased to share that Castrol India Limited delivered strong growth in the second quarter of '23. I'd also like to remind you that we follow the Jan to December calendar year for our reporting. We focused on achieving growth both through volume and top line revenue growth. And despite challenges, I think we've done a good job and we're very happy with the second quarter performance showing resilience and innovation in products and services, and we'll cover that a bit later in the call.

To begin with, let me invite Deepesh, our CFO to take you through second quarter numbers and financial performance in detail. And he will also then take the opportunity to share with you how the first half of this year has been. So, Deepesh, over to you.

**Deepesh Baxi:** Thank you, Sandeep. Good afternoon all of you. We announced our 2Q results this -- yesterday afternoon, and here are some key financial highlights. In the second quarter of 2023, we reported strong financial performance. Our revenue from operation was INR1,334 crores, which is up 7% compared to 2Q 2022, and it's also up 3% compared to the sequential quarter of 1Q 2023. Profit before tax was INR305 crores, a gain of 9% compared to INR280 crores in 2Q 2022 and 6% higher than 1Q 2023 sequential quarter.

This resulted in delivering a strong performance in 1H also ending 30th June 2023. During this period, we registered revenue from operations of INR2,628 crores, achieving a growth of 6% compared to 1H 2022. And PBT for the first half of 2023 stood at INR593 crores, marking a growth of 0.4% versus INR591 crores in 1H of 2022.

The Board of Directors have declared an interim dividend of INR3 per share, which will be paid on or before 31st August 2023. With confidence, we move ahead, expecting continued growth and impact into the end of the year 2023. I would now like to handover to Sandeep.

**Sandeep Sangwan:** Yes. Thanks Deepesh. I think apart from the financial performance, I'd like to draw your attention to some of the key business developments at CIL. First is, we expanded our portfolio by entering the Auto Care segment with a variety of products in May. This reaffirms our promise to offer superior service satisfaction to vehicle owners. And this quarter, we plan to leverage our extensive network of distributors, modern trade partners, e-commerce channels and Castrol Auto Service outlets and Bike Points to reach consumers with this offering.

We also successfully launched Castrol CRB ESSENTIAL, a 5 product variant range of affordable commercial vehicle engine oils to cater to different specifications. To win in the SUV

market, which is almost kind of 50% of the new car sales, we launched MAGNATEC SUV 5W30, a premium full synthetic offering, which has gained a great response from our customers already.

Then pursuant to a June '23 agreement with Mahindra Insurance Brokers Limited, Castrol Auto Service multi-brand passenger car workshops have an option to be empaneled as distributors of eligible insurance policies from top motor insurance providers through Mahindra Insurance Brokers Limited. The workshops can now potentially offer automotive insurance products digitally alongside repair and maintenance services for their customers' vehicles.

By the end of the first half, we've already established a network of over 5,500 Castrol Bike Points and 350 Castrol Auto Service outlets. In the second half, we aim to reinforce our position in the aftersales service market, committed to enhancing our presence and providing exceptional service to our valued customers.

Pursuant to alliances with OEMs for supply of EV fluids, we launched Castrol ON EV transmission fluids and other relevant fluids for EVs for the aftermarket earlier this year. Consumers can now buy the product on e-commerce platforms. Additionally, we are conducting ASDC-certified EV readiness trainings to make car and bike mechanics in India EV-ready.

Until now, we have trained 200 mechanics across India. And in third quarter, we expect to further increase that number through providing more trainings. And this will help us strengthen our market position going forward as well. At the same time, we do all this while keeping our focus on sustainability. We continue to explore raw material optionality to reduce carbon footprint and our 3 state-of-the-art plants in Paharpur, Patalganga and Silvassa continue to perform well with a capacity of about 260 million litres for lubricants.

I think as a part of our Castrol's global PATH360 sustainability agenda, we moved our Patalganga plant to 100% renewable energy electricity now, and the plant is procuring this green electricity directly from the grid. The plant also won prestigious award for industrial health and safety practices by the Government of Maharashtra and occupational health and safety award, the Golden Peacock Award. The Paharpur plant was also awarded Gold Award for Plant Efficiency category by Apex India Foundation.

And on that note, I'd like to thank you for your attention and would like to open the session for your questions, feedback and views, please.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Swechha from ANS Wealth.

**Swechha:** I have two questions. First was, you said the revenue growth of 7% Y-o-Y, how much of this was the volume growth? If you could give me the volume growth numbers Y-o-Y and sequential also? And the second question was, if you could give me a breakup of how much revenue was generated from EV fluids in this quarter and the previous quarter, that would be helpful?

**Sandeep Sangwan:** Yes. Deepesh, do you want to take that?

**Deepesh Baxi:** Yes. So first question in terms of the volume growth, I think we grew volume. We had about 58 million litres this quarter versus 55 million litres the previous quarter. In terms of the growth on volumes, we were about -- 20% growth has come from volume. In terms of the EV fluids, I think it's too early to really share with you the numbers. As you know, the EV market is effectively very nascent stage. And the percentage of EV sales itself in motor cars is at single digit in terms of the total car sales. So very early stage in terms of -- so it's now very difficult to give you a number at this stage.

**Swechha:** Okay. Okay. So if you could -- just a follow-up on this. So if you could give a broader outline as to how do you see this EV fluids contributing to our revenues, say, going down 2 years or 3 years down the line or maybe 4 quarters to 6 quarters down the line. What percentage of revenue this can become at a later stage?

**Sandeep Sangwan:** I think if you're looking at the next 5 quarters to 6 quarters, the contribution of EV fluids is going to stay relatively very, very small, because I think given the low penetration of cars in India, a lot of consumer demand is still being fulfilled by ICE vehicles. And we expect that the lubricants market even for a medium to long-term will continue to stay robust still well into the 2035, 2040. So I think in the next few quarters, the contribution of EV fluids is going to be very small. But what we are making sure is that all the relevant products are available for EV vehicles to our customers.

**Moderator:** We have our next question from the line of Sabri Hazarika from Emkay Global.

**Sabri Hazarika:** Yes. Sir, two questions. Firstly, I mean, your commentary in the press release was quite optimistic in terms of the outlook for the market as well as the growth outlook for this year. So what do you think is happening in the market? And what do you think -- how would that pan out in terms of your overall growth for the year?

**Sandeep Sangwan:** Yes. So Sabri, I think I'd like to answer that in 2 respects. So first of all, the lubricant market is growing, okay? We -- and we expect the total volumes and value to grow in this year, could be in the range of about like anywhere from 5% to 7%. But we're quite optimistic on demand growth in the lubricants category. Point number one. Second is, if you remember, last year, there was a lot of inflation, a lot of cost pressures, and we had to take multiple price increases to protect our margins. And I think those costs -- and as a result of that, the volumes in the second half of last year were impacted or under pressure. And with cost inflation having eased out now, we expect the volumes to start growing again, and that's one of our focus areas.

And we operate a strategic pricing framework, and we'll continue to take pricing actions so that we continue keep giving good value to our consumers and customers. So hopefully, if the inflation stays, cost -- raw material input inflation stays at levels where we see now, we're quite optimistic on demand in the second half of this year.

**Moderator:** We have our next question from the line of Saumil Shah from Paras Investments.

**Saumil Shah:** Yes, sir. Congratulations on good numbers. So sir, my question was similar to the previous participant that I want to understand on the EV space basically. So what would be our revenue per vehicle on the EV side? See, I do understand EV is still at a nascent stage, but if we compare

with, say, internal combustion engine per vehicle content versus per vehicle content on EV side. So just wanted your outlook on the same?

**Sandeep Sangwan:** Yes. So I think on EVs consume less fluids as compared to ICE because EV don't need any engine oil, okay? But the technology is still developing and depending on how the technology develops will also -- because, for example, there's a higher need of thermal management and batteries for electric vehicles and that may consume fluids. So again, it's a function of time. At the same time, as a company, we're also kind of entering into new areas, things like Auto Care that I've spoken about to make sure that we expand into areas beyond lubricants. But just to give you the reassurance, we expect the lubricants market to continue growing into 2040, okay? So while the EV -- EVs will grow in the future, we don't see an immediate impact or even in the medium term from a business perspective.

**Moderator:** We have our next question from the line of Pratik Poddar from Nippon India Mutual Fund.

**Pratik Poddar:** Yes. Just 2 questions. One is if you could just talk a bit about the replacement lifecycle of this EV fluid -- the transmission EV fluid?

**Sandeep Sangwan:** So normally, the EV fluids tend to be filled for life. The -- it's -- the replacement cycles are not something like engine oil, which you need to service every few months or every 10,000 kilometers or so. But technology is still evolving. As I said, nobody has all the answers. So -- but typically, they tend to be filled for life.

**Pratik Poddar:** And the realizations, would it be substantially higher than like-for-like vehicles or they are lower?

**Sandeep Sangwan:** Yes. The realizations because it's a different technology tend to be slightly on the higher side, okay? But it's a very small number or small volume by expansion.

**Pratik Poddar:** Got it. Got it. And last question sir, on Castrol Auto Service outlets, these are franchisee outlets, right? Just wanted to...

**Sandeep Sangwan:** Yes, absolutely. These are outlets where we don't own the assets. These are outlets where we provide branding support, we provide training support, and we provide certification and these outlets primarily use Castrol lubricants so that consumers can get quality assurance service.

**Pratik Poddar:** And it is that this network that you are introducing other car care products also, right?

**Sandeep Sangwan:** No, no. So we're introducing our product in all the outlets that we cover. So today, we cover almost about 100,000-plus outlets. So we'll sell these products in whichever channel is relevant for these products.

**Moderator:** We have our next question from the line of Hemal, an Individual Investor.

**Hemal:** Yes. So as I see -- if you see 2016, '19 area, our EBITDA margin range used to be 27% to 30%. And going forward, I mean, because of maybe competitive intensity, our margins now we're guiding towards 23% and strategic pricing that you've been mentioning, but the industry is growing. Are we to expect -- if you take 3-year, 4-year view that the competitive intensity or the

product mix that you're selling, is it going to lead to EBITDA margin compression further or is it this is where you believe it will normalize for the next 3 years, 4 years, assuming the raw materials don't move a lot and assuming last year was a one-off?

**Sandeep Sangwan:**

So, Hemant, I'll answer a part of that question, and then I'll hand over to Deepesh. So first thing is we are a premium branded lubricant player in the market, okay, and personal mobility is a key focus area for us. So I think we will continue investing behind our brands, and that's been one of the hallmarks of Castrol, which enables us to command premiums in the market and not shift -- making any shift in that thinking. And I think as personal mobility vehicle ownership grows, that will also play to advantage in terms of protecting our margins.

So from a margin compression perspective, no, I don't see a margin compression happening in our business in the next few years because we will continue to be a branded player. And on the cost side also, we keep working on formulations to improve our formulations and improve our cost profile. So that's the broad shape that we have in mind. But Deepesh, if you'd like to add to this?

**Deepesh Baxi:**

Yes. Yes. Thanks, Sandeep. So the only thing I would add is that the range of the EBITDA margin, you spoke about 26-odd percent plus/minus., I think we've already shifted that by giving a range, which is 23% to 27%, right? So looking -- and that was more from a point of view of then looking at 3-year, 5-year forward view. So if I turn the question differently, the compression is then already factored in -- into that new range that we have given, and we are operating that. So I -- we don't see really going below 23%. Yes. I mean, there will be a odd year where there is a huge pressure on input costs, etcetera, but that might be a temporary blip.

The mix as well of the various products offering that we do, and you must have seen also in the press release, we regularly come up with new products, which are technologically advanced and fit for purpose for our consumers. So the price -- pricing that Sandeep was talking about, we always want to help the consumers get the best value for money as well. So keeping all of this consideration in mind, 23% to 25%, 26% is the range we would like to operate in.

**Moderator:**

We have our next question from the line of Gaurav Nigam from Tunga Investments.

**Gaurav Nigam:**

Yes. I just wanted to understand perspective since Castrol is a global company, sir, and I completely understand may not see EV transition in near future. But globally, like geography, the transitioning to EV, how the revenue profile of lubricant companies changing globally, any learnings that you can share from your global experience?

**Sandeep Sangwan:**

So I think we continue working with all the big OEMs globally in terms of development of EV fluids for their vehicles, and I think there's a lot of investment going into that area. For example, BP, which is our parent company, announced a GBP 50 million investment in thermal management of batteries and EV charging last year at Castrol's headquarters in the U.K. So that is one.

From a revenue perspective, from a growth perspective, I think while the Western world is seeing accelerated kind of adoption of electric vehicles, there are opportunities in emerging markets such as India, South Asia, where I think the car park -- ICE car park is still growing. So we see

globally that balancing out. And then we're also looking at additional opportunities, for example, one of the areas that Castrol globally has called out is around thermal management of data centers as an opportunity area from a fluids perspective. So we are looking at all the options. And I think Castrol has been in business for 100-plus years, and we want to continue being in the business for the next 100 years. So...

**Gaurav Nigam:** Got it. Got it, sir. Really appreciate. Sir, one -- another question. Can you directionally indicate what is our revenue proportion from non 2-wheeler and PV segments, I mean more CV and farm and all the other segments put together?

**Sandeep Sangwan:** So kind of personal mobility accounts almost for about 45% of our revenues. Commercial vehicles account for another kind of 40-odd percent, yes, and -- 35% to 40%. So basically, that's the split, okay? And then you have balance of the industrial fluid. So if you take roughly in the range of, broadly you can say, 45%, 40% and another 15% from industrial. That's the broad shape.

**Moderator:** We have our next question from the line of Sameer Dalal from Natverlal & Sons Stockbrokers.

**Sameer Dalal:** Yes. So my question, actually, to some extent, has been answered, it was on the competitive intensity that is there in the market. We are talking of maybe as the next many years, India will continue to grow in the ICE business, I mean, because the number of cars being sold is increasing and EV is still a very, very small component. So I want to know how you would be able to capture more of the market share going forward apart from just pricing? I mean you talked a little bit about the fact that you're doing this tie-up for branding, for servicing and all. But what are the other steps that probably you could take to ensure that you keep your lead in the market going forward?

**Sandeep Sangwan:** So I think, first of all, is around innovation, making sure that we are offering consumers latest products with latest specifications as the market evolves. So, for example, if you've seen the cars market, which used to be a 10W viscosity now has shifted to a 5W viscosity as the premium viscosity. And in the last quarter, we introduced a product called MAGNATEC SUV 5W30. So one area where we've always been very active and will continue to be active is product innovation and giving good quality products to our consumers. That's one area.

The second is, I think as the demand evolves on passenger cars, which are going to grow much faster as compared to 2-wheelers or commercial vehicles. We have a whole range of products and we leverage our global technology centers because what has happened in Europe, let's say, 4 years, 5 years ago is happening in India now from a technology perspective. And we have access to all those products and offerings from being part of the global multinational organization. The second is we're looking at distribution expansion opportunities, okay? So we're looking at rural as a growth opportunity area where we want to be focused.

We're making investments beyond -- so last year, we invested in a company called Ki Mobility Solutions, which is a digital aftermarket player, which is a part of the TVS Group, and we took a 7% stake in that company. We closed the transaction in Jan. We are quite happy with the progress because they're also -- they have spare parts business, they have a network. So I think

that's the broad shape of things that we're looking at, and we also see opportunities in the industrial space.

**Moderator:** We have our next question from the line of Bharat Sheth from Quest Investment Advisors.

**Bharat Sheth:** Sir, you spoke about expanding your network with like what stakes we have taken as well as this Auto Care and setting up various service center. So how much, I mean, sales we are really able to generate out of this alternate channel that we are working? And how do we see this from 3 years' to 5 years' perspective that really start contributing in meaningful way?

**Sandeep Sangwan:** So I think it's very difficult to give you a broad split of how much do we sell to a branded versus sub-channel. But we do have the numbers, but I think that's something -- data from a competitive perspective, we don't share very openly, okay. We see good demand coming from passenger car workshops, okay? And that's why we're interested in investing in companies such as Ki Mobility or building a network, and we'll continue focusing on that because having a workshop offer gives a much better shape to us in the marketplace. But I think for competitive reason, I won't be able to share exact splits of these volumes or revenue from these channels.

**Bharat Sheth:** I don't want, but qualitatively, if you can just give some colour, how it will grow over the existing channel that we really look like?

**Sandeep Sangwan:** So I think the cars market is growing, and that's an area where we want to participate. And we have a leading share in the car space. We continue focusing on that, both from a retail and independent workshop perspective. I don't know what else can I say. We have a good share in all those spaces. Our market shares are in the range of -- in the retail automotive aftermarket as measured by Nielsen, stay in the range of about 20-odd percent, and that's what we want to continue protecting and growing.

**Deepesh Baxi:** And I mean I may just build -- these are service and maintenance workshop, right? So as Ki Mobility expands their network from x number of workshops to y over the next few years, the multiplier effect comes on to us as well. By the way, there is -- and whatever possibility is there on EVs, spares, repairs, they play in all of that. It's just not ICE engine. So with this investment, I think we do have access to that as well.

So I think the alliance that we have with them or the stake that we have taken is a strategic investment, and we are working with them not only on this, but many other opportunities, which obviously, as part of being a strategic partner, we get access to, and it can range not only just from service and maintenance but to other aspects of adjacencies as well. I mean think that's the best I can give you in terms of the flavour of what this is all about. This is a long-term investment from a point of view of collaborating with them and leveraging on each other's benefits and advantages.

**Moderator:** We have our next question from the line of Vipul Shah from Sumangal Investments.

**Vipul Shah:** Are we charging the -- this Castrol branded franchisee workshop NEC for using our name?

**Sandeep Sangwan:** So you mean to say any franchisee fees or something, yes, from Castrol Auto Service?

- Vipul Shah:** Yes.
- Sandeep Sangwan:** Yes. I think that's something that is -- I wouldn't like to comment on that. Let me say that we will hold our comment. But I think our primary focus is to make sure that consumers get quality service through Castrol lubricants and that's the intent.
- Vipul Shah:** So why I was asking is, is there any meaningful contribution from that area?
- Sandeep Sangwan:** Yes. So in these workshops, primarily Castrol lubricants get sold. So typically, let's say, my share in the -- and I'm just not quote any number. Let's say, if the share is 30%, 40%, 20%, in these branded workshops, we get a much higher share of lubricant usage, and that's where we drive value from.
- Moderator:** We have our next question from the line of Dhaval Shah from Girik Capital. Mr. Dhaval Shah, your line is unmuted. Please go ahead with your question. Since there is no response, we'll move on to the next participant. We have a question from the line of Hiten Boricha from Sequent Investments.
- Hiten Boricha:** Sir, I have one question on the Auto Care business. As you mentioned, we are like making a portfolio in this segment. So just wanted to understand what is the current revenue, what kind of market this is? And I just want to understand the flavour in this segment, like how is the revenue we are looking for next 3 years to 5 years in this segment?
- Sandeep Sangwan:** So I think we just launched the range in May. So it's very early days, I don't know how much revenue will it contribute? I think, first of all, we'll come up with a range of 5 products, as I said. And this is a very unorganized sector right now, and you have many, many small players. And I think our intent is to give branded offerings in this market. So we see good growth prospects, how much will it be, time will tell, very early days, I would say.
- Hiten Boricha:** Sir, any ballpark number on the market size of these products?
- Sandeep Sangwan:** Very difficult to estimate, okay? I think we see as a good opportunity. That's why we entered this market. You have big other players in the market, 3M operates in this space, you have Pidilite in this space, which are the other players. So we see opportunities, and that's why we decided to enter this segment.
- Hiten Boricha:** Okay. Okay. So just to conclude currently, this market is driven by the unorganized small players, right?
- Sandeep Sangwan:** Yes, there are many local players kind of getting organized. So we'll continue kind of making sure that we're adding offerings and keep working in this area. So...
- Hiten Boricha:** And sir, these products are also sold in the franchisees type of model, which we are currently trying to do with the outlet?
- Sandeep Sangwan:** Yes.
- Moderator:** We have a question from the line of Mayank Maheshwari from Morgan Stanley.

- Mayank Maheshwari:** Just a bit more on industry question, especially on the cost side. Can you just talk a bit around how you're seeing the demand supply evolve on Group 3 lubricants as well as on the Group 1 side, if you can give us some flavour of what's going on in the market there?
- Sandeep Sangwan:** So I think, first of all, we have good global sourcing contracts, which kind of give us supply in the market. I think we've seen deflation coming through in Group 1, Group 2 and across all the base oil formats. And I think hopefully, we'll see stability in the prices going into second half. That's all that I can say. I think it will be -- it will not be right for me to comment on our sourcing strategy and how we source base oils.
- Moderator:** We have our next question from the line of Swechha from ANS Wealth.
- Swechha:** Just a follow-up. So like you said you just started the Auto Care in May. So could you give some more details as to what products are we targeting in Auto Care and how do we plan to scale it up?
- Sandeep Sangwan:** Yes, yes, sure. So I think the products that we kind of launched now are products such as there's a Anti Rust product, there's a chain lube protector, there's a chain lube grease, which is used by 2-wheelers, there's a wax, which is a shine product. So basically, the proposition we have is we protect our vehicles from inside and outside because Castrol has been protecting engines for the last 100 years.
- And that's why we decided to extend this range to also body care for automotive vehicles. And I think if I look at the portfolio, Auto Care is a vast range of products with multiple offerings from various players. And our intent is every 6 months or so, we'll keep enhancing this product range offering for the consumers.
- Swechha:** Okay. Okay. So are we also looking at like when you say body care, something like a protection film that normal cars have it, are we also looking on those lines?
- Sandeep Sangwan:** So I think we're looking at all the opportunities available in this category, and we're not close to anything which will add value to the business.
- Swechha:** Okay. Okay. And sir, the second follow-up, if you could give me the volume that was in Q2 of last year, sir? You gave 58 million litres this Q2. So if you give a number for last quarter, Q2?
- Deepesh Baxi:** In Q2 2023?
- Sandeep Sangwan:** 2022.
- Deepesh Baxi:** Sorry, 2022.
- Sandeep Sangwan:** Yes.
- Swechha:** Yes.
- Deepesh Baxi:** So 2022, we did 56 million litres last year.

- Moderator:** We have a question from the line of Saumil Shah from Paras Investments.
- Saumil Shah:** Thanks for allowing me for a follow-up question. Can you share with us revenue contribution from Ki Mobility, the EBITDA margin for the same? And what growth can we expect going forward?
- Deepesh Baxi:** Yes. I think it's too early to give any numbers at this stage. We -- we completed the transaction only in January. And like we have said earlier, the intent of this is to have Castrol in their workshops. And we're looking at various other synergies and opportunities in both the -- both sides of the workshops to leverage the benefit that we have in terms of the strategic stake that we hold. But frankly, too early to give you numbers at this stage.
- Saumil Shah:** Okay. But the EBITDA margin would be similar to our lubricant business or any guidance, I mean, any outlook on the same?
- Deepesh Baxi:** It will be similar.
- Saumil Shah:** It would be similar. Okay. And sir -- sorry?
- Deepesh Baxi:** No, no, it will be similar, I said.
- Saumil Shah:** Okay. Okay. And so are we planning to increase any stake there in Ki Mobility side?
- Deepesh Baxi:** I think difficult to say again. We firstly want to make sure that what we have done and invested for, that gets completely embedded and executed. And that is going on and both sides of the teams are working on it. And if opportunity arises, we will see in the future. But at this stage, I would not like to comment on anything.
- Moderator:** We have a next question from the line of Dhaval Shah from Girik Capital.
- Dhaval Shah:** Yes. Sir, two questions from my side. First is the 15% of the business, which is the industrial lubrication, how is that segment growing, given the industrial activity has also been doing well in the country? And what's your outlook for the year? And my second question is, what is the revenue model for the Castrol Auto Service business, which we are developing? If you could throw some more light on that? Yes.
- Sandeep Sangwan:** Yes. So I think as for the industrial business is concerned, we've seen good growth in this quarter. And with the manufacturing activity picking up, with government's focus on making India manufacturing hub, we see industrial as a good growth opportunity, and hopefully, we'll continue seeing growth in the second half of this year also.
- And the Castrol Auto Service, I think in response to one of the earlier questions, I think we get good sales from lubricants and these workshops were -- which are branded Castrol because they primarily use Castrol products because they have trust in Castrol and they have -- they're able to kind of give good offerings to consumers.
- So primarily the source of revenues, better lubricant sales through these networks. That's the primary focus. And we also are entering into partnerships with people like Mahindra Insurance

Brokers, as I said, which help drive demand into these workshops and increase traffic in these workshops.

**Dhaval Shah:** Okay. So any aftersales service they do for the car? So that's -- any that -- any of that revenue will not come to us like the car servicing?

**Sandeep Sangwan:** No, that workshops revenue -- basically, we equip the workshops to provide better services to consumers using Castrol lubricants, that's the focus area.

**Dhaval Shah:** Okay. And if you can quantify the volume growth on the industrial side, like overall, we had a 5% volume growth year-over-year, but the industrial volume growth separately if you can share?

**Sandeep Sangwan:** So I think this quarter, the volume growth is in the range of about 9% to 11% without being very specific. So -- but that's the broad range.

**Dhaval Shah:** Okay. For the quarter. Okay.

**Sandeep Sangwan:** Yes.

**Moderator:** Ladies and gentlemen, this is to bring to your notice that the call will conclude in the next 5 minutes. We'll take our next question from the line of Harsh Maru from Emkay Global.

**Harsh Maru:** I actually had a question that's got answered. So thank you so much.

**Moderator:** We have our next question from the line of Mohit Mehra from Guardian Capital.

**Mohit Mehra:** I just wanted to ask how the progress is happening by our partnership with this Jio-BP petrol pumps?

**Sandeep Sangwan:** Yes. I think that is progressing well. I think Jio-BP, they're opening new outlets, and we have a commercial supply agreement, respecting competition law and respecting all the regulatory compliances. We have a lubricant supply position. I think last year, given the pricing situation, it was slightly subdued, but we're back to seeing good traction in those fuel costs. And I think as they add more outlets, we'll continue seeing growth in the lubricant supply position with these outlets.

**Mohit Mehra:** So how many outlets do we have, because earlier I think we were disclosing this number, but now we've stopped disclosing?

**Sandeep Sangwan:** Yes, I think it's -- I think that question will be better answered by Jio-BP. Basically, we won't like to kind of share any number as far as that is concerned because that's not...

**Mohit Mehra:** No, no, no, I'm not talking about the number of Jio-BP petrol pumps, I'm talking about the number of outlets at which we are distributing Castrol?

**Sandeep Sangwan:** So we supply to all the Jio-BP outlets. And I think we have about -- we have also another offering, I think that maybe is what you're referring to is we have this express oil service, kiosks

on Jio-BP side. We have about 40 of those right now, and we'll continue expanding on those as the outlets grow.

**Deepesh Baxi:** But lubricant supply is going to add -- lubricant supply is on all the Jio-BP outlets.

**Mohit Mehra:** Got it. Got it. Okay. And this -- the Mahindra partnership, that will not directly benefit us, right? It is just something that an added advantage for our partners, right?

**Sandeep Sangwan:** Absolutely right. So it is for the advantage of the workshop, and this is something that Castrol has brought as a part of the offer to these workshops.

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

**Sandeep Sangwan:** Thank you, everyone.

**Deepesh Baxi:** Thank you.