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11 May 2023

To,

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

Scrip Code: 500870

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

Scrip Symbol: CASTROLIND

Dear Sir,

Sub.: Transcript of audio recording of the Post Earnings Call for 1Q 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 Wednesday, 10 May 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 under INVESTOR CALL DETAILS --- 2023 --- 1Q FY 2023

Kindly take the same on record.

Thank You.

Yours faithfully,
For **Castrol India Limited**

HEMANGI YATEEN GHAG
Digitally signed by HEMANGI YATEEN GHAG
Date: 2023.05.11 16:39:41 +05'30'

Hemangi Ghag
Company Secretary & Compliance Officer

Encl.: A/a

"Castrol India Limited

Post Earnings Call for 1Q FY 2023"

10 May 2023

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

Moderator: Ladies and gentlemen, welcome to our Analyst Call for Castrol India Limited 1Q 2023 Financial Results. Please note that all participant lines will be in the listen-only mode and you can ask your questions after the opening statement. If you need assistance during the call please press star then zero on your touch-tone 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 of Castrol India Limited. I now hand over the conference to Mr. Sangwan. Thank you. And over to you, sir.

Sandeep Sangwan: Thank you very much. Good afternoon, everyone and thank you for attending Castrol India's First Quarter '23 Earnings Call. I hope you and your family are doing well. And just to remind you that we have our financial year from Jan to December, and that's why we call this our quarter 1 earnings call.

And I'm very pleased to share that Castrol India Limited delivered resilient performance in the first quarter of '23. And through our kind of session today, we'll talk more in detail. We built good growth momentum from fourth quarter '22 and registered quarter-on-quarter growth in first quarter of '23. Our performance versus the first quarter of last year was impacted due to inflationary pressures, high input costs and fluctuating forex. But I'm very positive as we go through rest of the year and with the momentum that we're seeing.

And to begin, I'll invite Deepesh, our CFO, to talk you through our first quarter numbers and our financial performance in detail.

Deepesh Baxi: Thanks, Sandeep, and good afternoon to all of you. We announced our first quarter 2023 results last evening, and here are some of the key financial highlights. In 1Q 2023, we reported a strong financial performance. Our revenue from operations was INR1,294 crores, and this is up by 10% compared to INR1,176 crores in 4Q of 2022. That number is also when we compare to 1Q 2022 last year's first quarter is up by 5% from INR1,236 crores.

Profit before tax was INR288 crores, which is higher by 16% compared to the sequential quarter of 4Q 2022 and lower by 7%, INR311 crores versus 1Q 2022. Overall, we remain confident of our strong business fundamentals and long-term profitable growth in India. I would now like to hand over back to Sandeep.

Sandeep Sangwan: Yes. Thanks, Deepesh. Apart from the financial performance, I'd like to draw your attention to some key business developments at Castrol India. First, we expanded our presence in service and maintenance space, increasing our Castrol Auto Service outlets to over 300 across -- about 100 cities in India. And we have 5,000 Castrol Bike Points across India. We will continue to drive consistent growth in the subsequent quarters and enhance our industry partnerships to ramp up our service and maintenance offerings and in new strategic segments such as automotive aftercare.

On 28th of February, Castrol also unveiled its refreshed brand identity globally, including an updated look and feel. The brand refresh with the theme of onward, upward and forward is aimed at better reflecting its unique positioning in the market and the opportunities it sees in meeting the changing needs of customers.

Castrol India also collaborated with JioCinema for streaming the 2023 Tata Indian Premier League, IPL, as an associate sponsor. The partnership aimed to engage with cricket fans across India and leverage the platform to showcase, Castrol's refreshed brand identity. With this association, Castrol continued its long legacy of sponsoring some of the world's largest and most significant sporting events over the years.

Castrol Super Mechanic Contest won the Best Branded Content Category Award at the prestigious Asia Pacific Festival of Media Awards. Please note, Castrol India Limited will hold its 45th Annual General Meeting for shareholders on 11th May of 2023. We've also taken actions on sustainability, especially around plastic waste reduction.

So, for example, by March of this year, we've collected 100% of our plastic that goes into the market, which is ahead of the regulatory requirements and we're very seriously looking at other opportunities to reduce plastic in our packaging using renewable energy in our plants. So, a lot of initiatives around sustainability as well to make sure that we stick in line with our overall objective of reducing waste, improving energy efficiency and reducing plastic.

With that, I'd like to thank you for your attention and would like to open the session for your questions, feedback and views, please. Faizan, over to you for -- we can start the questions.

Moderator: The first question is from the line of Bhagyesh Kagalkar from HDFC Mutual Fund.

Bhagyesh Kagalkar: This is Bhagyesh. So, a couple of queries on the new initiative area. First of all, the Annual Report has come out, and the good thing is there is substantial backing to us from BP Group, which is also far ahead in the charging or even in other EV areas. And we should benefit from this thing logically.

But the whole issue is company needs to lay a roadmap for next 3 years to 5 years basically. Where are the revenue potential, as well as the profitability potential for the future areas? I'll just give an example of charging. So, most of the charging facilities in India are very underutilized, hardly 3% in the EV space. So one needs to be slightly cautious and yet lay a roadmap for the future, for next 3 years to 5 years?

Sandeep Sangwan: So Bhagyesh, thanks. Excellent question. Very insightful. We have a very clear roadmap for the next 3 years to 5 years. And the first point I'd like to say is our core business, which is built around lubricants will continue to stay very robust for the next 3 years to 5 years.

We're beginning -- we're seeing more than 20% growth in the car category given the low penetration in India of passenger cars. And I'm talking internal combustion engine, ICE cars here, EVs. Two-wheelers still continue to grow, although the electrification will come much faster in two-wheelers and commercial vehicle and agricultural sector continue to grow.

So the underlying lubricants business and related fluids will continue to stay very robust for the next -- in fact, going well into the 2040s, okay? So that's one thing I'd like to say. And Castrol always strives to grow slightly ahead of the market in this space. That's point number one.

The second is, as I said, the second building block is our service and maintenance or the workshop business, okay, where we're making a headway in growth with our own network, which is 300-plus strong of Castrol Auto Service which service cars and 5,000 bike points, so giving a trusted quality service to consumers, okay? Last year, we had announced our investment in Ki Mobility Solutions, which is a unique digital business model, again, playing in the aftermarket. So that's the second leg of our growth.

And the third leg of our growth is we are entering into adjacencies. For example, over the last 2 years, we've piloted auto care range. And this year, within this quarter, in fact, we'll be making that as a national launch going forward. So, I think our next 3 years to 5 years roadmap as you're requesting is very clear in terms of where we want to grow and how we want to grow.

EV charging, you rightly said, it's still a very nascent area. And BP is partner company, which Jio-bp is looking at that opportunity. And if we can add any value, we will add value to that with our large network of 100,000 outlets that we have across the country. So, that's the broad shape of where we are headed.

Moderator: The next question is from the line of Nalin Shah from NVS Brokerage.

Nalin Shah: At the outset, let me just say the kind of confidence, sir, you have expressed in the future of Castrol is very, very, I think, welcome and we really feel very confident about the performance of the company.

My question is also more or less similar that where do we see the company from here on for next 3 years to 5 years in terms of whatever we may say, top line or like kind of a growth, which is expected in terms of volume, in terms of value, etcetera? And where do we see the company from here in terms of this kind of growth, which you outlined for 3 years to 5 years because we need to have some kind of, I mean, understanding in terms of the investment point of view?

Sandeep Sangwan: Okay. So thank you, Mr. Shah for your question. I think at the outset, let me say, we typically don't give any guidance in terms of growth numbers, etcetera. But I'll give you a broad shape, and then I'll request Deepesh to join in, okay?

Nalin Shah: Yes.

Sandeep Sangwan: Category, if you look at the total lubricants category, that grows at about 3% to 5% in that broad range. And we don't see that changing significantly in the next 5 years or even longer at least, okay? But our endeavor is to grow our volumes and top line ahead of the category by a few points, okay? The second is, we will continue investing in our brand, okay? One of the strengths is our brand, because we are a premium brand, and we'll continue to be a premium brand. So investment behind our brands and you would have seen in the numbers.

We will continue at a level that we've historically invested in, okay? And we have capital investments that also go to support some of our initiatives, whether it is service and maintenance, independent workshops, etcetera. And then through cost efficiencies, if we can add another percentage or so, if you look at our -- this quarter's EBITDA, which is, again, back to 23%, which was 21% in quarter 4 last year. And I think we've said we'll operate in a band of 23% to 26%. So EBITDA margins will also continue to be operating in that frame. So hopefully, that gives you a view of how we're looking at the next 3 years to 5 years.

Nalin Shah: Yes. Perfectly okay. But since these new initiatives are there, can we have some guidance, as you mentioned about the 3% to 5% growth in the lubricant business? So similarly, just -- can we have some idea about what kind of a -- considering the other new initiatives, what kind of a top line growth we can sort of project?

Sandeep Sangwan: So, I think on the new initiatives, to be honest, Mr. Shah, it's still early days, okay? We have certain projections that I don't want to share on a call. But hopefully, once we have 6 months to 12 months of kind of performance under our belt, we'll be able to have a better view on how much that can add to the top line. But as you said, we are committed to kind of auto care category, okay, as one area. And the second is expanding our presence in independent workshops to begin with.

Moderator: We'll take the next question from the line of Pranay Gandhi from Green Portfolio.

Pranay Gandhi: I have a question regarding your after-sales service that we got into community building initiative sales the company is taking. But I would like to know what proportion of our sales come through these tie-ups in comparison to our conventional business?

Sandeep Sangwan: So Pranay, thanks for asking that question. I think what I would say is almost about 80% of our revenue comes from automotive space. And primarily, we are an aftermarket company. Our OEM business component is small as compared to the overall business. And we play in the aftermarket because that's the strength of the brand where we can get the premiums and the pricing that we can demand.

Now from the tie-ups, I think Ki Mobility is just getting into execution phase, okay? But they have a good coverage of garages, retailers, and I think we'll start seeing the momentum on that area. Independent workshops is another big component in our mobility space, okay, which accounts for a good percentage of our sales in 2-wheelers and 4-wheelers category.

So overall, I would say, just keep the frame of automotive, about 80% of our business and primarily coming from the aftermarket. That's how we kind of -- more than that, I don't want to be very granular. And Deepesh, if you want to add anything, please comment.

Pranay Gandhi: Thank you for answering that, sir. My only concern here was that since we are tying up with independent workshops and training them, so does it add on to the margin or probably our sales volume exponentially? Or we are still somewhat in a similar range as we were previously done taking this initiative?

Sandeep Sangwan: No. So, I think possibly we'll be in the similar range plus, minus. But I think what is happening is as vehicles get more sophisticated, okay, and the engines get more sophisticated, both in 4-wheelers and 2-wheelers, that gives us an opportunity to upgrade the portfolio. okay?

So from viscosities like 20W,10W, the market is moving to more 5W and 0W, okay, which is better products, thinner oils and where Castrol has a good advantage in terms of technology because we can leverage our European R&D centers. So, there will be an upgrading opportunity as the category shapes. But overall, the trends would be pretty similar because workshops, the only shift we are seeing is the demand in passenger cars seems to be shifting from retail to workshops now. I think that's one trend that we are observing.

Pranay Gandhi: And what about the margins? Do we command higher margins with our own tie-ups? For example, Ki Mobility as well, since we would have access to their spare parts, which we could supply to our own tie-ups, workshops. Apart from that, even the lubricants, do we earn a higher margin in our own workshop or the workshop with which we have tie-up in comparison to the market in general?

Sandeep Sangwan: So Pranay, our margins are pretty similar, whether we work with partners such as Ki Mobility or whether we work in our workshops. The advantage we get with partners such as Ki Mobility is they operate under the brand of myTVS, and they are a much more digitally-focused business. So, we get synergies on a brand level. Plus, we get additional access opportunity for incremental volume and incremental business. But the margin structures are pretty similar, and we want to protect our margins, whether we work with partners or whether we work in our own workshops.

Moderator: We'll take the next question from the line of Mohit Mehra from Guardian Capital.

Mohit Mehra: Okay. So the first question is a bookkeeping question. What were the volumes during the quarter?

Sandeep Sangwan: Sorry, we couldn't hear you. What volumes?

Mohit Mehra: What is the volume number?

Sandeep Sangwan: Okay. Sorry. I thought that was a following question. Volume was about 55 million liters.

Mohit Mehra: Okay. And secondly, how much inventory of logs and additives do you maintain because if I look on a Y-o-Y basis, crude price has actually declined. And even in your opening comments as well as in the press release had said that because of inflationary pressures, the margin has declined on a year-on-year basis.

Sandeep Sangwan: Yes. So let me just explain this in a little bit more detail. So direct linkage with crude oil is probably not a fair assumption, reason being that crude oil to base oil and then from base oil to additives when the manufacturers do, there is a lag, right? And then from the time base oil comes into our tanks to the time it gets manufactured also and then sits in the inventory, there is a lag. But having said that, typically, we would have inventory which range between about 25 days to 40 days, depending on the raw material or finished goods. That's one.

Second is one ability that we have, which we do pretty well is managing this working capital cycle and doing shifts local, between local buy and international buy to both leverage the costs as well as manage inventory. So to give you an example, currently, while crude oil is going down and the base oil is also softening, our inventory at March is on the higher side from the range that I've given to make sure that we -- sorry, it's on the lower side because we have made sure that when we buy, we do a bit of a buy later on so that the inventory is lower, and therefore, we don't get blocked into the working capital. So, that's the process we adopt. Coming back to your question directly, it's in the range of 30 days to 45 days.

Mohit Mehra: Got it. And there is no inventory revaluation that happens, right? So everything is recorded on as price paid, right? Because, for instance, they have inventory reevaluation that caused a lot of fluctuation in earnings?

Sandeep Sangwan: No, we don't. Our accounting system -- I mean, if you look at our policy in accounts, it is a weighted average cost. So, I don't know if you're asking whether there is a mark-to-market. We don't have mark-to-market.

Moderator: The next question is from the line of Abhijeet Bora from Sharekhan by BNP Paribas.

Abhijeet Bora: Sir, can you give the base oil prices currently and like, what was in the previous quarter?

Sandeep Sangwan: Yes. I think the base oil range was about INR1,000 to INR1,100 in the previous quarter. And towards the end of the quarter, it went towards INR1,000. And I'm giving you the external benchmarking that is there and available. And in this quarter, it's gone down by about $100.

Abhijeet Bora: Okay. So it is close to around INR900 currently?

Sandeep Sangwan: Around INR900, INR950, yes.

Abhijeet Bora: Okay. And when we expect this benefit to flow into our numbers given the -- like inventory buildup we have?

Deepesh Baxi: So the way we look at the benefit coming through is, it's a combination of benefit coming through to us from a P&L perspective or can we pass on some of that benefit to consumers and customers because we have a pricing strategy, we have a framework that we operate in. So, it's a combination of kind of that benefit being passed through to the market, but also kind of helping our P&L. That's how we kind of manage the fluctuations in the price.

Moderator: The next question is from the line of Pratik Banthia from Girik Capital.

Pratik Banthia: Hello?

Sandeep Sangwan: Yes, please.

Moderator: The line for the current participant has got disconnected. We'll move on to the next question from the line of Bharat Sheth from Quest Investment Advisors.

Bharat Sheth: Sir, if we bifurcate a ballpark figure, how much our current sales is generated through the synthetic oil where this base oil has a very minimal use there and how much is from the products are purely a base oil base?

Sandeep Sangwan: So first of all, let me kind of just correct one statement. Synthetics also use base oil, but they use a higher quality base oil, okay? There are different grades of base oil. So synthetic products also use a higher quality base oil, first of all. So it's not that they don't use any base oil.

Bharat Sheth: But is that fair understanding the content is comparatively lower?

Sandeep Sangwan: Not really, okay. I don't want to get into specific technology, but they also use similar level of content but over much higher quality versus non-synthetic or monograde products, yes. And if you look at about 10% to 11% of our sales comes from synthetic products.

Bharat Sheth: So how are we seeing the traction of that business because that's having a long drain?

Sandeep Sangwan: Yes. So long drain definitely kind of impacts the frequency of oil changes, but that gets compensated through better quality of products where we can charge a premium. So it almost kind of plays out. And that's why the category itself continues to grow at between 3% to 5% on a per annum basis.

Bharat Sheth: And last question, sir. Our base oil, how is the availability domestic vis-a-vis global? Because what we understand, our Indian refiners largely are remaining away from, I mean, producing base oil. So if you can give some industry perspective on that?

Sandeep Sangwan: Yes. Sure. So, I think if I give you the present scenario, I don't think there is a problem, frankly, on the availability locally or internationally. And that obviously is translating into the softening of the base oil. I think what we do is, while we have -- which is an advantage to us, while we have global contracts, right, negotiated globally, we do get price advantage. And the certain component of our purchases is through global and therefore, imports. Of course, we get exposed to some forex risks. But the trade-off is pretty good in that sense.

And then we -- as I was mentioning earlier, we used tactically to buy locally in terms of making sure, depending on the price of base oil is going up or down to manage our inventory and work that through. In case there is a supply constraint, then also we can -- we have that lever available to import versus domestic buy. But in -- if I were to generalize the response, the availability is not a problem right now.

Bharat Sheth: Fair. And also the decline is bulk shipping rate has helped us in any way reducing our costs.

Sandeep Sangwan: Let me understand your question. Your question is?

Bharat Sheth: During post-COVID immediately, the freight rate has gone up. Of course, largely, it was container, but it has also moved up significantly, then what was the remaining average?

Sandeep Sangwan: Yes. So, there is softening on that as well. So, there is benefit we can see there as well, if that's what you're asking.

Moderator: The next question is from the line of Shalabh Agarwal from Snowball Capital Investment Advisors.

Shalabh Agarwal: Sir, the first question is on the overall volume growth that we registered for the last year. I think it was very flattish from the previous year. See if you can give us some understanding of how the market moved last calendar year and how we performed across different categories where we were ahead, if in personal mobility, we were ahead, if you can give some color around that?

Sandeep Sangwan: Yes. So, I think you're right. The last year volume was flattish. And I think last year was a story of 2 halves. We had very good volume momentum in the first quarter and then because of the inflationary pressures, kind of it started softening a bit. And second half, from a volume perspective was soft, whereas because of pricing, the turnover was pretty fine. Now in terms of share position, I wouldn't like to kind of give specific numbers, but we've grown our share over the last few months in passenger car.

I think the shares have been a bit soft on 2-wheelers, okay? And we more or less held our shares in commercial vehicles and in agricultural sector. And I think looking forward to this year, we see the category still at about 3% to 5% growth rate, okay? And I shared some numbers earlier in terms of the spaces might be slightly different. So, that's the broad kind of a position where we are.

Shalabh Agarwal: But sir, would it be correct to say that probably personal mobility, which is both cars and 2-wheelers grew in high single digits or close to double digits for us last calendar year in volume?

Sandeep Sangwan: Yes. You're right. Passenger cars grew in high double digits -- in mid- to high double digits. I think 2-wheelers was high single digits, okay, that's what. And then we had some pressures on commercial vehicles and agricultural sector second half, okay? And industrial volumes were also a bit kind of softer.

Shalabh Agarwal: Okay. That is helpful, sir. Sir, second question is because there have been repeated concerns given the uptick in the EV space in India, I would like to ask, in case you can share some insights from your Chinese market given Castrol is also a big player over there, and the EV penetration is much higher, both in 2-wheelers and 4-wheelers? How is the Indian oil volume growth been in China, given Castrol is a much bigger player? If you can share some insights, that will be helpful.

Sandeep Sangwan: Yes. So I think, first of all, we are very active in the electrification of EV fluids, both globally and in China. And almost 50% of the global OEMs use Castrol EV fluids in one way or the other. And in India also, we supply to 2 of the largest EV players in the passenger car market, which is Tata and MG Motor and we have supply positions with them.

The second is, I think in India, the electrification is not going to be as fast as in China. We expect the pace of electrification -- it will happen in India, but I think the lubricants market will continue growing well into the 2040s, where in China, the pace of electrification is much faster.

And I think what our learning has been in China that we engage with the OEMs early in the process in terms of making sure that we are also helping them with the development of EV fluids and their vehicles. So for example, we work with many of the Chinese OEMs like BYD, Shanghai Automotive, and we work with them on EV side as well.

So, that's the broad learning. I think, China, the 2-wheeler market electrified many, many years ago, okay? So 2-wheeler comparison is not relevant as far as China is concerned because there, it was more like moped kind of uses of two-wheelers rather than motorcycles or scooters as we see in India.

Moderator: Ladies and gentlemen, this is to bring to your notice that the call will conclude in the next 15 minutes. The next question is from the line of Pratik Banthia from Girik Capital.

Pratik Banthia: Sir, my question is on the service business, which we are planning to expand. Sir, how do you see this as an opportunity, given there are not many organized service centers and given the Castrol, the brand name, how do we plan to leverage this, given there's a lot of money in this business? So what is the way forward for us?

Sandeep Sangwan: So, I think the way forward for us is, Mr. Banthia, first of all, is to create a network where consumers or customers can get consistent quality service. Because one of the issues we have -- consumers have is they don't trust the independent auto aftermarket in terms of getting a reliable service. And having that network helps us, first of all, making sure that the consumers are getting genuine products, genuine Castrol lubricants for their engines, which are right for their vehicles. The second is we train these workshops. We have -- we certify them through standard operating procedures. We have a tie-up with the certification agency. So right now, the intent is to create that ecosystem in India, as you rightly said. With myTVS and Castrol, possibly, we will be able to create one of the largest aftermarket ecosystem around service and maintenance.

Pratik Banthia: Got it, sir. Sir, this will be kind of -- the customers would be coming to Castrol service outlets. After that, their 3-year warranty is over, what an OEM gives. Yes. So here, we would also need parts, auto parts, there's a replacement or something like that. So then how would we take care of the availability of parts? We'd be doing some sort of tie-up with the OEMs for the genuine parts. Or how would that work?

Sandeep Sangwan: So excellent question. And I think that was one of the key reasons why we made the investment in Ki Mobility Solutions, which is part of the TVS Group because Ki Mobility has a legacy or existing, very strong spare parts business. And right now, we are integrating that spare parts availability or respecting competition law. We make -- we're going to make that spare parts availability for our Castrol Auto Services and bike points. So that's why we invested in that company because that gave us something that we were missing.

Moderator: We'll take the next question from the line of Harsh Maru from Emkay Global Financial Services.

Harsh Maru: Sir, my first question is around the volumes. So if you look at the last 3 years, which is first quarter of '21, '22 and '23, there was a surge in terms of volume. So Q1 saw about 60.5 million liters. Q1 '22 was again about 59 million liters and Q1 of '23 is also about 55 million liters. So sequentially, do we see some seasonality in the business over here? So if you could throw some color on that. Yes.

Sandeep Sangwan: Yes. I think it's not a question of seasonality. I think if you remember '21, we were coming out of the COVID first wave, first wave kind of which started and the country was shut down. And I think when we opened up in the beginning of '21, so there was a surge of demand in all services. And I think all the companies had very good first quarter in '21. Similarly, last year, again, the second wave hit around -- in '21, and then first quarter of '22, we were coming out of that -- the softer second half, second wave impact of COVID.

So, I think I wouldn't call it seasonality. I think the whole environmental situation has been very unique over the last 2 years, 3 years. And what I'd like to say is, I think, for these years, you should look at the performance on a total year basis. And as a company, we are very satisfied the way we've managed. So even if you look at our bottom line profits and Deepesh can talk exact numbers. We had a profit -- PBT of about INR700-plus crores in '20. We increased it to INR1,020 crores. And despite huge inflationary challenges last year, we delivered a profit of INR1,090 crores approximately.

So, I think we don't read too much into that from a seasonality perspective. I think now the situation becoming normal and inflationary pressures easing, like last year -- last quarter, our volume was in the range of 48 million liters, 49 million liters and this quarter, we've delivered 55 million liters. So, we are quite positive on the momentum. By quarter, we shall see some seasonality, which comes from the agricultural business.

Harsh Maru: Right. And just one more question. So if I were to -- like if you were to look at the additive costs over the last, say, 3 years to 4 years and if you were to put a base of about 100, could you say that how the prices have moved, say, in 2020, say, the prices like rose 30% to 130 base. So if you could give us some ballpark numbers around the trend in additive costs?

Sandeep Sangwan: Yes. This is something we are closely monitoring. So, I would say the additive cost, if you say 2020 and '21, beginning over 100, today, it is almost 150, 160. That's the amount of unprecedented rise that we have seen in additives.

Moderator: Ladies and gentlemen, this is to bring to your notice that the call will conclude in the next 5 minutes. We'll take the next question from the line of Mohit Mehra from Guardian Capital.

Mohit Mehra: I wanted to know how you guys think about margin because in this quarter, if you look at the RM cost per liter, that has come off significantly, but the gross contribution per liter, that is more or less flat. So in fact, it is very slightly lower. So should we just stick by that EBITDA margin guidance in terms of percentage that you have set? Or do you look at this per liter contribution?

Sandeep Sangwan: So, I think the -- we do look at per liter contribution. We look at all the lines of P&L. But I think as far as overall is, our frame is that we want to be in that range of EBITDA guidance. That's how we manage our P&L. I wouldn't like to get into per liter contribution, etcetera. We've shared our volume numbers. You can estimate what it is. But our intent is to manage the EBITDA margin within a band, sir.

Mohit Mehra: Got it. But then, let's say, if crude were to decline to $60 per barrel on an absolute basis, our EBITDA in rupee terms, then that could decline, right?

Deepesh Baxi: No. If crude is declined, then we get the benefit because then input costs will decline, base oil will decline, therefore, cost of goods decline. But remember, we also want to focus on giving the right value to our customers and we want to make sure that we are contributing and investing in our band.

So obviously, it is not a straight flow-through, right? The corresponding is also true, which is every time crude keeps going up, you just can't make price increases in the market in every part of the segment, right? For example, in retail, it might be easier than doing it in the B2B setup. Does that help?

But as Sandeep said, I think the way we look at our P&L is definitely at a gross profit level, clearly, and endeavor is to maintain margin. We don't want to grow and have a disproportionate increase. But having said that, because costs are increasing, inflation in India is high, so what we are saying is we need a bit of a flex on the EBITDA margin, some elbow room.

And the range that we try to operate is something between 23% to 25%. So, you will see some quarters where it will go to 25%. Some quarters, you will see it going to 23%, 22%. And that range and band is what we want to work for because then that helps do the right decisions for the business rather than just being reacting in a tactical manner to the increase, decrease in the input cost. Therefore, pricing also, we are very strategic. We don't take tactical pricing.

Moderator: The next question is from the line of Shalabh Agarwal from Snowball Capital Investment Advisors.

Shalabh Agarwal: Sir, circling back on my earlier question on the Chinese market, I was more interested in knowing about the ICE engine oil demand. How has it been in China last couple of years, given the EV penetration?

Sandeep Sangwan: Yes. So, Shalabh, I think it will be wrong for me to comment on China because I'm not very close to that business. My focus is making sure that we continue winning with Castrol in India, okay? Maybe we can connect offline and we can share something with you.

Shalabh Agarwal: Sure. Sure, sir. And sir, just lastly, for this quarter, again, in the personal mobility, we have grown by -- in mid-single digits? Would that be a correct assessment?

Sandeep Sangwan: So, I think for the quarter, I won't share, but we've grown in cars while our 2-wheelers has been more flattish, let's say. Yes.

Moderator: The next question is from the line of Pratik Banthia from Girik Capital.

Pratik Banthia: Sir, the other question I had was that, are we targeting the cars in the mass market segment, or it will also be catering to the premium segment as well?

Sandeep Sangwan: So, we operate across segments, okay? And thankfully, cars is not a category where a local unorganized sector play can happen. So most are very reputed companies and organizations, which -- OEMs which get into the car space. And that gives us an opportunity to play across segments in the car space. So for example, we have a brand called MAGNATEC, which plays on the premium end, and we have a brand called GTX, which plays on the lower end of the market. But the endeavor is to service all needs of the car market at different price points and different engine specifications, different viscosity specifications.

Pratik Banthia: Got it, sir. And sir, last question. again on the service side. Given you're expanding, so the setup cost of the service center is different for a city like Mumbai versus rest of India because of the real estate cost and the rent associated with that. So will be our franchise agreement, or it will be company owned, company operated? How would that be?

Sandeep Sangwan: So a very good question. We don't have any company-owned, company-operated sites. And that is not the intent. We provide branding support because our brand draws consumers into the workshop given the trust that consumers have on Castrol as a brand, and then we provide them training support and other support, but it's not an owned asset by the company.

Moderator: Thank you. Ladies and gentlemen, that was the last question for today. On behalf of Castrol India Limited, I thank you for joining this call. You may now disconnect your lines. We wish you a good day ahead. Thank you.

Sandeep Sangwan: Thank you, everyone. Thank you.

Deepesh Baxi: Thank you.