CASTROL INDIA LIMITED

ENERGY SOURCES — M N C

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Tr agent: Tata Share Registry, Army & Navy Bldg., 148, M. G. Road, Mumbai-1

Chairman: S. M. Datta **SEC:** A. H. Mody **AUD:** S. R. Batliboi & co.

Yr of Inc	B. Code	BL. Code	F.V.	Price	% ch 1-m	% ch 12-m	P/E	P/CF	Yield	Mkt cap	Vol.	ISIN
1979	500870	CSTRL.IN	10	238.0	3.3	7.9	20.0	17.8	3.5	29,426.3	183.5	INE172A01019

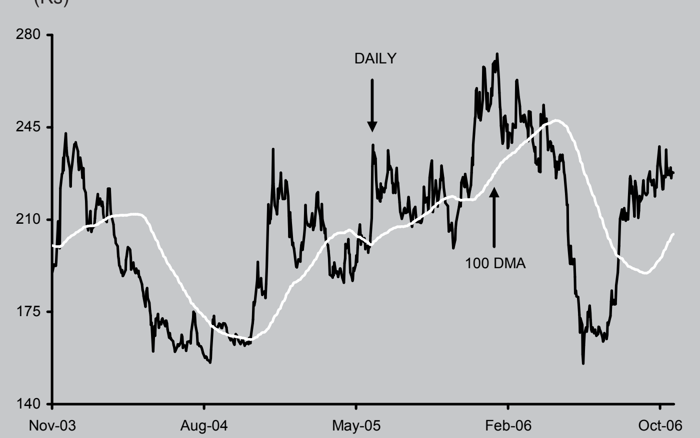
SHAREHOLDING

Indian Promoters	:	0.0%
Foreign collaborators	:	70.9%
Indian inst/Mut Fund	:	9.4%
FIIs/GDR	:	19.7%
Free float	:	20.7%
Shareholders	:	62,083

FX Transaction (CY05)

Exports (fob)	Rs m	9
Imports (cif)	Rs m	3,552
Fx inflow	Rs m	95
Fx outflow	Rs m	4,602
Net fx	Rs m	-4,507

ADJUSTED DAILY SHARE PRICE DATA



EQUITY SHARE DATA

No. of months / Year ending		12 / 31/12/03	12 / 31/12/04	12 / 31/12/05
High	Rs	243	239	268
Low	Rs	185	156	192
Sales per share	Rs	94.7	106.0	115.7
Earnings per share	Rs	11.4	10.3	11.9
Cash flow per share	Rs	12.6	12.9	13.3
Dividends per share	Rs	8.25	8.25	8.25
Dividend yield (eoy)	%	3.9	4.2	3.6
Book value per share	Rs	28.2	29.1	31.6
Shares outstanding (eoy)	m	123.64	123.64	123.64
Bonus/Rights/Conversions		-	-	-
Price / Sales ratio	x	2.3	1.9	2.0
Avg P/E ratio	x	18.7	19.2	19.4
P/CF ratio (eoy)	x	17.0	16.0	17.2
Price / Book Value ratio	x	7.6	6.8	7.3
Dividend payout	%	72.2	80.0	69.5
Avg Mkt Cap	Rs m	26,437	24,419	28,437
No. of employees	`000	1	1	1
Total wages/salary	Rs m	650	652	673
Avg. sales/employee	Rs Th	12,498.4	13,982.9	15,265.7
Avg. wages/employee	Rs Th	693.7	695.8	718.2
Avg. net profit/employee	Rs Th	1,508.0	1,360.7	1,566.7

INCOME DATA

Net Sales	Rs m	11,711	13,102	14,304
Other income	Rs m	173	227	201
Total revenues	Rs m	11,884	13,329	14,505
Gross profit	Rs m	2,040	2,077	2,116
Depreciation	Rs m	143	249	189
Interest	Rs m	26	29	30
Profit before tax	Rs m	2,044	2,026	2,098
Minority Interest	Rs m	0	0	0
Prior Period Items	Rs m	0	0	0
Extraordinary Inc (Exp)	Rs m	0	-73	8
Tax	Rs m	631	678	638
Profit after tax	Rs m	1,413	1,275	1,468
Gross profit margin	%	17.4	15.9	14.8
Effective tax rate	%	30.9	33.5	30.4
Net profit margin	%	12.1	9.7	10.3

BALANCE SHEET DATA

Current assets	Rs m	3,772	3,855	4,820
Current liabilities	Rs m	2,625	2,830	3,238
Net working cap to sales	%	9.8	7.8	11.1
Current ratio	x	1.4	1.4	1.5
Inventory Turnover	Days	48	46	55
Debtors Turnover	Days	41	37	39
Net fixed assets	Rs m	1,710	1,498	1,383
Share capital	Rs m	1,236	1,236	1,236
"Free" reserves	Rs m	2,108	2,228	2,529
Net worth	Rs m	3,481	3,601	3,901
Long term debt	Rs m	37	28	28
Total assets	Rs m	6,330	6,642	7,285
Interest coverage	x	79.6	70.9	70.9
Debt to equity ratio	x	0.0	0.0	0.0
Sales to assets ratio	x	1.9	2.0	2.0
Return on assets	%	22.3	19.2	20.2
Return on equity	%	40.6	35.4	37.6
Return on capital	%	40.9	35.9	38.1
Exports to sales	%	0.0	0.0	0.1
Imports to sales	%	21.1	23.6	24.8

CASH FLOW

No. of months / Year ending		12 / 31/12/03	12 / 31/12/04	12 / 31/12/05
From Operations	Rs m	1,049	1,627	1,109
From Investments	Rs m	1,388	-423	195
From Financial Activity	Rs m	-2,336	-1,186	-1,202
Net Cashflow	Rs m	102	19	102

INTERIM RESULTS

		4QCY05	1QCY06	2QCY06	3QCY06
Net sales	Rs m	3,812	3,757	4,768	4,193
Gross profit	Rs m	371	501	575	413
Gross profit margin	%	9.7	13.3	12.1	9.8
Net profit	Rs m	309	322	503	339
Net profit margin	%	8.1	8.6	10.5	8.1

KEY DATA

Parameters	Unit	CY03	CY04	CY05
Lube capacity	MMTPA	165.8	165.0	146.8
Lube production	MMTPA	213.2	222.4	230.1
Capacity utilisation	%	129	135	157
Raw material cost	% of sales	57.2	59.3	59.3

NOTES

Castrol India is the largest private sector lubricant major in India's Rs 70 bn lubricants market. The company operates through the 'bazaar' segment and nearly 85% of the sales are derived from the 'automotive' segment, while the balance 15% are industrial sales The Company reaches its consumers through a distribution network of 270 distributors, servicing over 70,000 retail outlets.

Total sales and other income increased by 8.9% during the year on the back of 1% increase in volumes and 8% increase in unit sales realisations. The cost of base oil continued to rise in CY05 averaging a 22% increase over the previous year. However, favourable forex on imported raw material and reduction in custom duty on base oil and additives along with focus on supply chain efficiency enabled company to restrict the annual increase to 8%. Operating margins declined by 100 basis points during the year. Decline in other income was offset to an extent by decline in depreciation expenditure for the year. Bottomline for the year registered a growth of 15% YoY (extraordinary expenditure during the corresponding period previous year boost the bottomline growth.

Castrol has lost market share in the recent past due to pricing of its products significantly above the peers. This is not a positive sign in highly competitive Indian lubricant market. Business model of the company is also highly susceptible owing to lack of captive base oil facility. The shortfall in the global refining capacity is expected to keep the price of the base oil on the higher end. Petrochemical cycles are on an uptrend. Thus we expect margins to be under pressure going forward. However, increased shift of lubricant from retail outlets to bazaar segment is going to help the company. Brand is also influencing the buyer's purchase decision, which is going to help Castrol to an extent.