



Castrol India Limited

BUY | CMP Rs. 315.0

4th December 2008

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Castrol India Limited

CMP Rs. 315.0

Initiating Coverage
BUY

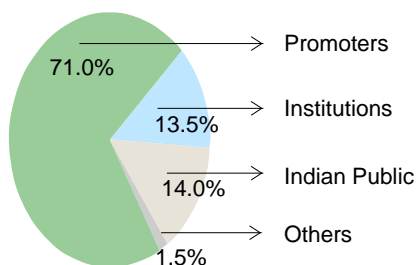
Stock Data

Bloomberg : CSTR.LIN
Reuters : CAST.BO
BSE Code : 500870
NSE Code : CASTROL
BSE Group : B

Stock Codes

Benchmark : NIFTY
52 Week High : 374.0
52 Week Low : 215.0
Mkt Cap : Rs. 38,947 Mn
Face Value : Rs. 10.0

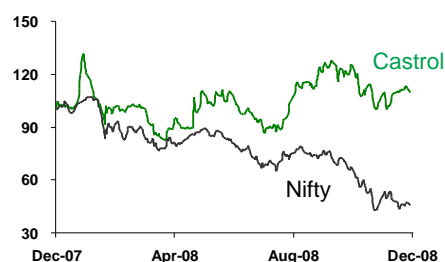
Shareholding Pattern (as on Sep '08)



Stock Returns

	1 Mth	3 Mths	6 Mths
Castrol	2.54	-9.10	-0.22
Nifty	-7.02	-38.30	-44.91

Price Comparison



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Bear Market Pick

A high dividend yield, sound business model and stable financials make Castrol India Limited (CIL) an attractive long term investment. Even amidst a slump in the automobile sector, the company's lubricants will still have a large potential market to tap.

Huge Brand Loyalty

Strong brand equity of its products is enabling CIL to churn out good cash flows year after year. This has enabled the company to sustain high inflationary regime, rising input costs and the recent increase in crude prices. CIL has been able to achieve good numbers due to high volumes and improved price realizations.

Building on Profitability

Castrol has gained market share in a declining lubricants market. The entry of new original equipment manufacturers (OEMs) offering new technology vehicles will provide additional opportunities for the company's products. Lube consumption is projected to grow strongly in cars, four-stroke bikes, as well as building and construction equipment segments. Gradual growth in personal mobility, as well as corresponding growth in demand for automotive services, are positive factors for the company in the long run.

Valuations

At CMP of Rs. 315/- Castrol India Limited is currently trading at 12.5x CY09E earnings of Rs. 25.3/- This is fairly in line with the 12.3% CAGR growth in profits over the last 5 years. We initiate coverage with a BUY recommendation.

Summary Financials

Particulars (Rs. Mn)	CY04	CY05	CY06	CY07	CY08E	CY09E
Total Revenues	13,051.2	14,303.8	17,524.1	18,882.6	21,954.9	24,312.0
OPM (%)	16.0%	14.8%	12.6%	17.5%	18.9%	19.3%
EBITDA (%)	17.6%	16.2%	14.5%	19.3%	20.7%	21.0%
EPS (Rs.)	10.3	11.9	12.5	17.7	22.0	25.3
P/E (x)	30.6	26.5	25.2	17.8	14.3	12.5
ROCE (%)	56.5%	54.2%	56.2%	79.4%	97.1%	102.6%
RONW (%)	35.4%	37.6%	37.0%	50.8%	61.9%	66.5%
Dividend Yield (%)	2.6%	2.6%	2.9%	4.4%	5.7%	6.2%

Bear Market Pick

In the past five years, there has been a dramatic increase in the number of cars and commercial vehicles on India's roads. This aftermarket is likely to be a big growth driver for the lubricant industry in general and Castrol in particular, over the next few years. With a year-on-year outperformance of 10%, Castrol is a must-have defensive stock during difficult times.

A high dividend yield, sound business model and stable financials make Castrol India Limited (CIL) an attractive long term investment. Even amidst a slump in the automobile sector, the company's lubricants will still have a large potential market to tap. The company adopts conservative financing by being debt-free and distributing bulk of its profits in the form of dividends.

Strong Growth Momentum

Castrol has gained market share in a declining lubricants market. The entry of new original equipment manufacturers (OEMs) offering new technology vehicles will provide additional opportunities for the company's products. Lube consumption is projected to grow strongly in cars, four-stroke bikes, as well as building and construction equipment segments.

Gradual growth in personal mobility, as well as corresponding growth in demand for automotive services, are positive factors for the company in the long run. Rather than a broad volume strategy, the company is looking at building on profitability.

Market leader in the diesel oil segment

CIL has been able to survive and deliver consistent growth in the diesel engine oil segment. It has been one of the distinguished names for the past 75 years. Its flagship brand Castrol CRB had completed 75 years in India in 2007. It has 4 sub brands with the names CRB Plus CRB Turbo, CRB Prima and CRB Prima Plus and has been able to sustain its name in the diesel engine oil market. The brand image created by CIL has been so strong that it has been able to garner many loyal and regular customers, which has made it the undisputed leader in the multigrade diesel engine oil segment.

The brand name and tag line IT'S MORE THAN JUST OIL. IT'S LIQUID ENGINEERING has been the most powerful asset for CIL and has worked wonders for CIL to maintain its leadership position and to be among the best. The BP brand, which it has taken over in 2000, took a complete makeover and underwent a relaunch to make it look more contemporary. The revamp comprised formulation upgradation and a new packaging giving it a rich vibrant look and feel.

Higher realisation from diesel oil business and rising share of automotive lubricants in its revenue

There has been a constant reduction in the share of the diesel business to the % of sales, mainly due to increase in sales of the 2-wheeler and 4-wheeler lubricants. The diesel business contributes to about 80-85% of the sales. This share has been constantly reducing mainly due to the fact that a large chunk of the old trucks use diesel engine oil. But due to the introduction of new trucks, which are more powerful and technologically advanced, engine oil change happens almost after 4 times of that oil changed by the old trucks.

This has led to a decline in the diesel oil sales. CIL however has managed to compensate loss in volume of diesel oil sales by increasing realisation due to increase in sales of advanced lubricants for technologically advanced trucks.

There has also been an increase in the 2-wheeler and passenger cars segment as the production of these vehicles have been increasing. The share of 2-wheeler, which is currently at 17-18% of sales and that of passenger sales which is currently 12-13% of sales of CIL, is expected to increase to about 24% and 17% respectively over the next 3-5 years.

A push towards Industrial & Marine business

The industrial and marine business has been a growth driver for CIL and has performed well over the last 1-2 years. CIL plans to increase the sale volume and value in this business, as the margins are high. CIL is able to enjoy better margins in this segment as compared to the automotive business due to its own exclusive facility for manufacturing oil for industrial business. The industrial business offers comprehensive lubricant solutions to its customers. Leveraging the wide range of CIL's products and application expertise, the business was able to deliver value to its customers throughout the manufacturing value chain. It also introduced and installed a real time automated monitoring system for metal working fluids – Castrol System RT tool for the first time in India. This would help in proactive fluid management for large centralised coolant tanks. Some of its esteemed customers in the industrial segment are Siemens, BHEL, SKF, Suzlon and other power companies. CIL has also deliberately cut down on non/low profitable sales over CY06 and CY07 resulting in low volume growth in these years.

Increased shipping activities at the India port and an increase in the offshore platforms off the coast, has given a boost to CIL's Marine & Energy lubricant business. In 2007, the marine business consolidated its existing customer base and focused on select growth opportunities like Fishing and Shipyard sectors while Energy lubricants focused more on offshore business to gain market share. As this is a high margin business, the focus on this business stream is expected to remain high in future as well.

Efficient capital management

CIL is one of the most efficient users of capital in the industry. The main reason for the use of capital in the most effective manner is due to high Sales to Fixed Asset ratio, which is currently at 15.96 times. It also enjoys one of the lowest working capital cycle, wherein the debtors' turnover and inventory turnover ratios are very low and it is set off by a high creditors turnover ratio. The debtors' turnover ratio for CY07 was at 29 days and the inventory turnover ratio at 53 days and a high creditor turnover ratio of 80 days, accounting the working capital cycle to just 1 day. It also benefits from outsourcing part of its output (close to 20%). CIL is able to maintain such a monopolistic position in the private sector, as there are no large private sector players to challenge CIL in the lubricants space. But this position may be in jeopardy with the advent of large international private players.

Castrol India is the Indian subsidiary of UK-based Burma Castrol and is engaged in manufacturing and marketing of automotive and industrial lubricants and specialty products. It operates in the automotive as well as nonautomotive segments. The former includes oils for heavy-duty vehicles, cars, motorcycles and bikes, while the latter includes industrial lubricants, marine and energy lubricants and the services segment.

Public sector players like IndianOil, Bharat Petroleum (BPCL) and Castrol account for around 70% of the domestic lubricants market. Several other players, including global majors, account for the balance share, resulting in a highly competitive market. Besides having technologically superior products, Castrol also has strong distribution network and brand recall. The company is the market leader in the retail segment with a share of around 21% in the total automotive lubricants market.

CIL manufactures and markets a range of automotive and industrial lubricants. It markets its automotive lubricants under two brands - Castrol and BP. It has leadership positions in most of the segments in which it operates including passenger car engine oils, premium 2-stroke and 4-stroke oils and multigrade diesel engine oils. CIL has the largest manufacturing and marketing network amongst lubricant companies in India. CIL has 5 manufacturing plants across the country, including a state-of-the-art plant in Silvassa. It has its plant located at Patalganga, Paharpur, Silvassa and Tondiarpet. CIL reaches its consumers through a distribution network of 270 distributors, servicing over 70,000 retail outlets.

Raw Materials

Crude Oil

There has been a constant rise in the input costs, especially in the crude oil prices, which has led to a lag effect on base oil and additives, which are directly affected by the movement of crude oil prices. Crude oil, the main input into base oil, reached an all time high of US\$147. Castrol is expected to benefit from the recent crash in crude oil prices.

Base Oil

Average base oil price for 2007 was comparable with average levels of 2006 though it softened in the first half of 2007 from its all-time highs of 2006. However, the refining margins of base oil manufacturers declined in the second half of 2007 due to sharp increase in crude prices and prices show a trend of further increases in 2008. In terms of supply and demand, BPCL started commercial operations adding capacity to local base oil refining industry. This helped reduce imports of base oil into the country. In 2008, the projected base oil and Cost of Goods Sold scenario for the industry is expected to be strongly inflationary.

The lubricant industry in India is broadly divided into 3 major market sectors: Automotive, Industrial and Marine & Energy applications. The industry is led by four major players, (IOCL, BPCL, HPCL and Castrol India Ltd), who contribute to over 70% of the market. The automotive segment is the largest and industrial segment growth is dependent on the overall industrial growth. Going forward, it is expected that the growth in oil consumption will be fueled by Asian economies, primarily China and India. This will lead to higher lubricant consumption in Asian countries. Global lubricant demand is expected to grow by about 2.3% p.a. over the next 3-4 years reaching 41.7mn metric tonnes in 2010, while India is likely to grow by over 3% during the similar period. In the automobile segment, the Passenger car sector registered the highest growth in vehicle sales in 2007, while motorcycle sales declined and Commercial Vehicle (CV) broadly stagnated. Despite this, the lube market registered a growth due to addition to vehicle population and a strong growth in off-road, industrial and mining segments.

Many international and global OEMs have entered the Indian Automobile market. CIL's strong record of partnership with major Indian and global OEMs will make this a good business opportunity. In 2007, CIL extended its agreement with Tata Motors CV Division for transmission oils and signed-up with Volvo, Audi and Ford for participating in its workshops for high quality lubricants. In addition, key off-road equipment manufacturers have also chosen to extend its association with CIL for next few years. These developments present CIL a strong foothold over next few years. But key OEMs have continued their pursuit of longer drain lubricants and some of them like Tata Motors introduced new oil drain specifications for Heavy and Medium CVs for both crankcase oils and transmission Lubricants. The engine oil drain period has been doubled to 36000 kms while transmission oil drain intervals have risen to 72000 kms. This could reduce the volume growth over the next 3-5 years.

Automotive Lubricant Market

The Indian automotive lubricants market is largely price sensitive and volume growth is stagnating due to longer lasting lubricants. The market is fragmented with over 22 big and small manufacturers and with the spate of mergers and acquisitions (M&A), only a handful of big companies enjoy a major market share. Companies are adopting a more customer-oriented approach where they are likely to focus on creating brand awareness through print and visual media. For example promotional campaigns and trade shows offering gifts to their customers are methods of driving sales of automotive lubricants. The original equipment segment and retail trade are the two major marketing channels in the Indian automotive lubricants market. Due to the growing competition, tie-ups with original equipment manufacturers (OEM) are becoming important as they reinforce the value proposition of a particular brand.

The automotive lubricant market is estimated to have grown volumes by over 3% on the back of a strong economic performance. Increased motorcycle and car stock, growth in agri-driven lubes consumption and a booming construction sector have been the primary factors to this. The old generation

truck market and the 2-stroke motorcycle lubes market, is projected to continue declining sharply in the short-term. The trends highlighted above are expected to continue into 2008. Over 1 mn cars and Utility Vehicles and about 4.5-5Mn 4-Stroke 2-wheelers are projected to be sold in 2008. Thus, lube consumption is projected to grow strongly in cars and 4-stroke bikes. In the year 2008, the overall lube market is projected to post a growth of around 2-3% in volume terms.

With the rapid growth in vehicle parc and infrastructure sector, the shape of the customer groups would be undergoing significant change in the future. Fleets, construction companies and large workshop groups would be forming an increasing percentage of the market. Another trend, which is rapidly catching up, is the emergence of organised retail chains. While the impact on lubricant sales at this juncture is minimal, these outlets could present opportunities for marketing to customers in the future. CIL continues to be a major player in the Automotive lubes market and holds a market share of approximately 22% in the overall market.

In the long term, the overall outlook for the automotive lubricants market is expected to be positive due to the growing Indian economy along with the increased purchasing power of consumers.

Non-Automotive Lubricant Market

Industrial lubricant demand is dependent on industrial production and growth trends in the economy. In the Industrial business, Metals is growing at an impressive double-digit growth. The Building and Construction segment feeding the infrastructure sector is expected to grow at a fast pace during 2008 on the back of a similar growth in 2007. Transnational accounts as well as Indian steel majors have proposed big investments in Greenfield, integrated steel plants.

Overall, the Industrial sector is likely to sustain the current growth with domestic companies becoming aggressive for growth. Major global manufacturers are also setting up bases in India, exploiting manufacturing efficiencies and availability of big catchment market. This industrial growth in the core segments of Auto, Machinery Manufacturing and Metals will drive the Industrial lubricants business growth in the coming years.

- CIL is losing its sheen in diesel oil due to change in oil change intervals. New trucks are replacing old trucks and oil change happens after longer intervals. The replacement of old to new trucks and change from 2 stroke to 4 stroke engines is slowly eroding the share of CIL's diesel oil business.
- In the industrial sector, CIL could face price pressure by small regional and local competitors and tendency of PSU players to absorb the high raw materials cost to gain competitive advantage may put pressure on CIL's market share and margins. Volumes growth has been sluggish for CIL, but the breather for CIL is that it has been able to maintain its profitability and revenue growth in terms of value.
- Lubricant growth is linked to growth in road transportation, which is driven by overall growth in GDP. A slowdown in GDP growth could impact lubricant volumes.
There has been a decline in the auto sales over the last year, especially in 2-wheelers mainly due to interest rate regime.
- CIL has an exposure to imports (CY07 imports of raw materials Rs.3,890Mn). The boost to OPMs in CY07 was partially contributed by appreciation in the Rupee. This situation may not continue going forward.

Castrol India posted healthy results for the quarter ended September 2008 with its topline rising by 28.9% to Rs. 5,555Mn as against Rs. 4,311Mn for the quarter ended September 2007. This was on back of higher price hikes effected during the quarter to compensate for increase in raw material costs and lower employee and other costs. The operating profit margin decreased by 321 bps with a marginal 7.3% rise in its operating profit. Other income improved 12% and depreciation increased 19% resulting in 7% rise in PBT. The PAT of the company increased by 10% to Rs. 919Mn for Q3CY08 as compared to Rs. 857.5Mn for Q3CY07.

Strong growth in automotive division revenues

Margins for the segment declined due to difficult operating environment. CIL's Q3CY08 automotive lubes segment's revenues improved 29.3% yoy to Rs. 4.6 bn led by price hike effected in the quarter. EBIT grew 6.6% yoy to Rs. 683Mn. The automotive segment's EBIT margin declined to 14.8% in Q3CY08 compared to 17.9% in 3QCY07 due to the effect of a larger revenue base on similar profitability in absolute terms.

Industrial segment maintains its strong performance.

Castrol's industrial lubes segment reported an impressive 26.9% yoy growth in revenues to Rs935 mn and 9% yoy increase in EBIT to Rs. 191Mn. Industrial segment's EBIT margin remained strong at 20.4% in Q3CY08 compared to 23.8% in Q3CY07.

Quarterly Financials

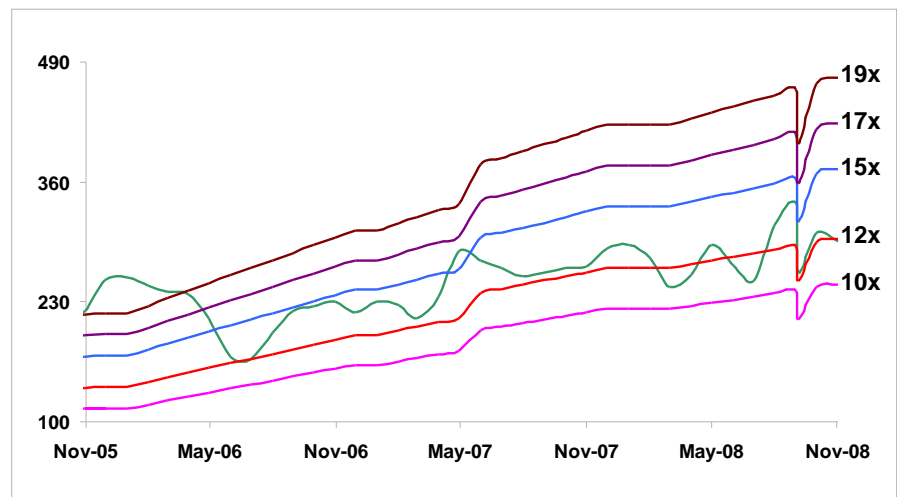
Earnings Statement								
YE Dec (Rs. Mn)	Q308	Q208	Q-Q(%)	Q307	Y-Y(%)	9M08	9M07	Y-Y(%)
Gross Sales	6,369.0	7,078.0	-10.0%	5,083.1	25.3%	19,147.0	16,586.1	15.4%
Less: Excise Duty	814.0	864.0	-5.8%	772.0	5.4%	2,449.0	2,453.0	-0.2%
Net Revenues	5,555.0	6,214.0	-10.6%	4,311.1	28.9%	16,698.0	14,133.1	18.1%
Raw Material Cost	3,467.0	3,476.0	-0.3%	2,364.0	46.7%	9,573.0	8,309.0	15.2%
Gross Profit	2,088.0	2,738.0	-23.7%	1,947.1	7.2%	7,125.0	5,824.1	22.3%
Staff Cost	252.0	282.0	-10.6%	248.9	1.2%	753.0	653.9	15.2%
Advertisement Cost	215.0	353.0	-39.1%	189.6	13.4%	767.0	635.6	20.7%
Other Expenditure	730.0	838.0	-12.9%	678.6	7.6%	2,315.0	2,057.6	12.5%
Total Expenditure	1,197.0	1,473.0	-18.7%	1,117.1	7.2%	3,835.0	3,347.1	14.6%
Operating Profit	891.0	1,265.0	-29.6%	830.0	7.3%	3,290.0	2,477.0	32.8%
Other Income	96.0	92.0	4.3%	85.9	11.8%	307.0	237.9	29.0%
EBITDA	987.0	1,357.0	-27.3%	915.9	7.8%	3,597.0	2,714.9	32.5%
Depreciation	61.0	68.0	-10.3%	51.4	18.7%	191.0	149.4	27.8%
EBIT	926.0	1,289.0	-28.2%	864.5	7.1%	3,406.0	2,565.5	32.8%
Interest	7.0	7.0	-	7.0	-	27.0	37.0	-27.0%
PBT	919.0	1,282.0	-28.3%	857.5	7.2%	3,379.0	2,528.5	33.6%
Tax	323.0	454.0	-28.9%	315.3	2.4%	1,227.0	912.3	34.5%
PAT	596.0	828.0	-28.0%	542.2	9.9%	2,152.0	1,616.2	33.2%
Equity Capital	1,236.4	1,236.4	-	1,236.4	-	1,236.4	1,236.4	-
EPS	4.8	6.7	-28.0%	4.4	9.9%	17.4	13.1	33.2%
Ratio Analysis								
Profitability								
YE March	Q308	Q208	Q-Q(bps)	Q307	Y-Y(bps)	9M08	9M07	Y-Y(bps)
OPM (%)	16.0%	20.4%	(431.8)	19.3%	(321.3)	19.7%	17.5%	217.7
EBITDA (%)	17.8%	21.8%	(407.0)	21.2%	(347.7)	21.5%	19.2%	233.2
EBIT (%)	16.7%	20.7%	(407.4)	20.1%	(338.3)	20.4%	18.2%	224.5
PAT (%)	10.7%	13.3%	(259.6)	12.6%	(184.8)	12.9%	11.4%	145.2
Operational Parameters								
YE March	Q308	Q208	Q-Q(bps)	Q307	Y-Y(bps)	9M08	9M07	Y-Y(bps)
Raw Material Cost	62.4%	55.9%	647.4	54.8%	757.7	57.3%	58.8%	(146.1)
Staff Cost	4.5%	4.5%	(0.2)	5.8%	(123.7)	4.5%	4.6%	(11.7)
Advertisement Cost	3.9%	5.7%	(181.0)	4.4%	(52.8)	4.6%	4.5%	9.6
Other Expenditure	13.1%	13.5%	(34.4)	15.7%	(259.9)	13.9%	14.6%	(69.5)
Effective Tax Rate	35.1%	35.4%	(26.7)	36.8%	(162.3)	36.3%	36.1%	23.2

CIL, which is a leading player in the lubricants business, is poised to deliver steady growth in terms of turnover and profitability over the next few years, looking at the strong presence in its current business and foray into new revenue verticals like bike servicing. Growing personal disposable incomes and double income households are expected to drive demand for cars and 2 wheelers despite hardening of interest rates. Due to a strong presence in these segments, CIL could capitalise on these opportunities and generate higher turnover. As business in these segments is driven by workshop channel where superior service proposition is coupled by strong brand, this could improve CIL's business substantially. The increasing demand for the passenger cars and 2-wheeler segment could add the much needed strength to the automotive business. CIL's turnover could be negatively impacted due to the advent of new trucks as it takes a longer duration to change the oil as compared to old trucks.

This could pull the volumes down, but this would be set off by the growth in 2-wheeler and 4-wheeler engine oils. The Bikezone which is a new concept recently launched by CIL could prove to be a growing revenue stream, especially with the increase in the number of outlets increasing in future. The industrial and marine business being a high margin business as compared to automotive sector could boost turnover. Although, there are no major capex plans, CIL seems to be placed quite comfortably in the lubricant space.

At CMP of Rs. 315/- Castrol India Limited is currently trading at 12.5x CY09E earnings of Rs. 25.3/- This is fairly in line with the 12.3% CAGR growth in profits over the last 5 years. We thus initiate coverage with a BUY recommendation.

PE Band



Earnings Statement						YE December
Particulars (Rs. Mn)	CY04	CY05	CY06	CY07	CY08E	CY09E
Total Revenues	13,051.2	14,303.8	17,524.1	18,882.6	21,954.9	24,312.0
- Growth (%)	-	9.6%	22.5%	7.8%	16.3%	10.7%
Total Expenditure	10,969.0	12,187.0	15,324.3	15,586.9	17,808.1	19,619.8
Operating Profit	2,082.2	2,116.8	2,199.8	3,295.7	4,146.9	4,692.2
Other Income	220.9	200.7	343.8	348.4	403.0	420.0
EBITDA	2,303.1	2,317.5	2,543.6	3,644.1	4,549.9	5,112.2
- Growth (%)	-	0.6%	9.8%	43.3%	24.9%	12.4%
Depreciation	248.8	189.3	180.1	207.8	251.0	260.0
EBIT	2,054.3	2,128.2	2,363.5	3,436.3	4,298.9	4,852.2
Interest	28.7	30.1	41.1	37.9	42.0	45.0
PBT	2,025.6	2,098.1	2,322.4	3,398.4	4,256.9	4,807.2
Tax	678.3	638.2	777.5	1,214.1	1,534.3	1,682.5
PAT	1,274.6	1,468.1	1,544.9	2,184.3	2,722.6	3,124.7
- Growth (%)	-	15.2%	5.2%	41.4%	24.6%	14.8%
Ratio Analysis						
Particulars	CY04	CY05	CY06	CY07	CY08E	CY09E
OPM (%)	16.0%	14.8%	12.6%	17.5%	18.9%	19.3%
EBITDA (%)	17.6%	16.2%	14.5%	19.3%	20.7%	21.0%
PBIT (%)	15.7%	14.9%	13.5%	18.2%	19.6%	20.0%
PAT (%)	9.8%	10.3%	8.8%	11.6%	12.4%	12.9%
Interest Cover (x)	71.6	70.7	57.5	90.7	102.4	107.8
EBITDA per share (Rs.)	18.6	18.7	20.6	29.5	36.8	41.3
EPS (Rs.)	10.3	11.9	12.5	17.7	22.0	25.3
P/E (x)	30.6	26.5	25.2	17.8	14.3	12.5
P/BV (x)	10.8	10.0	9.3	9.1	8.9	8.3
BVPS (Rs.)	29.1	31.5	33.8	34.8	35.6	38.0
Market Cap (Rs. Mn.)	38,946.6	38,946.6	38,946.6	38,946.6	38,946.6	38,946.6
M Cap/Sales (x)	3.0	2.7	2.2	2.1	1.8	1.6
EV (Rs. Mn.)	37,397.8	37,494.6	37,657.1	35,589.6	35,665.7	35,925.2
EV/EBITDA (x)	16.2	16.2	14.8	9.8	7.8	7.0
EV/Sales (x)	2.9	2.6	2.1	1.9	1.6	1.5
ROCE (%)	56.5%	54.2%	56.2%	79.4%	97.1%	102.6%
RONW (%)	35.4%	37.6%	37.0%	50.8%	61.9%	66.5%
Debt/Equity Ratio (x)	0.01	0.01	0.01	0.01	0.01	0.01
Inventory T/o Days	46.5	54.6	53.2	43.5	44.0	47.0
Debtors T/o Days	36.7	38.7	39.4	28.6	33.0	38.0
Advances T/o Days	16.3	19.5	17.2	15.4	15.8	16.6
Creditors T/o Days	55.1	61.2	56.3	66.1	66.9	67.0
Working Cap T/o Days	28.7	40.4	53.0	50.4	46.8	48.1
Fixed Assets T/o (Gross)	5.2	5.8	7.1	7.6	8.4	8.8
DPS (Rs.)	8.3	8.3	9.0	14.0	18.0	19.5
Dividend Payout (%)	80.0%	69.5%	72.0%	79.2%	81.7%	77.2%
Dividend Yield (%)	2.6%	2.6%	2.9%	4.4%	5.7%	6.2%

Balance Sheet						
Particulars (Rs. Mn)	CY04	CY05	CY06	CY07	CY08E	CY09E
Equity Capital	1,236.4	1,236.4	1,236.4	1,236.4	1,236.4	1,236.4
Reserves	2,364.3	2,664.2	2,940.2	3,065.4	3,161.9	3,465.7
Shareholders Funds	3,600.7	3,900.6	4,176.6	4,301.8	4,398.3	4,702.1
Borrowed Funds	37.2	27.9	27.9	27.9	27.9	27.9
Deferred Tax Liability	174.1	118.5	61.3	0.0	0.0	0.0
Total Liabilities	3,812.0	4,047.0	4,265.8	4,329.7	4,426.2	4,730.0
Fixed Assets	1,497.7	1,383.3	1,296.8	1,332.6	1,207.1	1,122.1
Investments	1,289.1	1,081.4	425.2	205.8	205.8	205.8
Deferred Tax Asset	0.0	0.0	0.0	182.2	200.0	200.0
Current Assets						
Inventory	1,662.4	2,139.0	2,555.2	2,249.8	2,646.6	3,130.6
Sundry Debtors	1,312.6	1,516.4	1,889.9	1,479.5	1,985.0	2,531.1
Loans & Advances	583.2	766.0	825.1	798.2	950.4	1,105.7
Cash & Bank Balance	296.9	398.5	892.2	3,179.1	3,103.0	2,843.5
Other Current Assets	0.1	0.1	0.4	18.6	20.0	15.0
Current Liabilities						
Sundry Creditors	1,970.2	2,398.4	2,703.6	3,418.3	4,024.1	4,462.7
Provisions	859.8	839.3	915.4	1,697.8	1,867.6	1,961.0
Net Current Assets	1,025.2	1,582.3	2,543.8	2,609.1	2,813.3	3,202.1
Total Assets	3,812.0	4,047.0	4,265.8	4,329.7	4,426.2	4,730.0

Cash Flow						
Particulars (Rs. Mn)	CY04	CY05	CY06	CY07	CY08E	CY09E
Opening Cash & Bank	277.8	296.9	4,720.4	892.2	3,179.1	3,103.0
Profit after Tax	1,274.6	1,468.1	1,544.9	2,184.3	2,722.6	3,124.7
Less: Investment Income	(220.9)	(200.7)	(343.8)	(348.4)	(403.0)	(420.0)
Interest Paid	28.7	30.1	41.1	37.9	42.0	45.0
Depreciation	248.8	189.3	180.1	207.8	251.0	260.0
Deferred Taxation	0.0	(38.7)	(53.9)	(5.3)	0.0	0.0
Others	(6.8)	(90.5)	(4,448.4)	(175.9)	0.0	0.0
Change in Working Cap	141.8	(455.5)	(467.8)	2,221.6	(280.3)	(648.4)
CF - Operating Activities	1,466.2	902.1	(3,547.8)	4,122.0	2,332.3	2,361.3
Change in Fixed Assets	(38.6)	(1.3)	29.6	(123.7)	(125.5)	(175.0)
Change in Investments	(441.2)	207.7	656.2	219.4	0.0	0.0
Change in Def. Tax Asset	0.0	0.0	0.0	(182.2)	(17.8)	0.0
Investment Income	220.9	200.7	343.8	348.4	403.0	420.0
CF - Investing Activities	(258.9)	407.1	1,029.6	261.9	259.7	245.0
Increase in Equity	(0.0)	(0.0)	(0.0)	(15.5)	0.0	(0.0)
Changes in Borrowings	(4.8)	(9.3)	0.0	0.0	0.0	0.0
Interest Paid	(28.7)	(30.1)	(41.1)	(37.9)	(42.0)	(45.0)
Dividend Paid	(1,154.7)	(1,168.2)	(1,268.9)	(2,043.6)	(2,626.1)	(2,820.8)
CF - Financing Activities	(1,188.2)	(1,207.6)	(1,310.0)	(2,097.0)	(2,668.1)	(2,865.8)
Net Change in Cash	19.1	101.6	(3,828.2)	2,286.9	(76.1)	(259.5)
Closing Cash & Bank Bal	296.9	398.5	892.2	3,179.1	3,103.0	2,843.5

Disclaimer

Disclosure of Interest Statement

1. Analyst Ownership of the scrip
2. PPFAS ownership of the scrip
3. PMS ownership of the scrip

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