

CASTROL INDIA LIMITED ANNUAL REPORT 2005

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IT'S MORE THAN JUST OIL.
IT'S LIQUID ENGINEERING.TM



TM



IT'S MORE THAN JUST OIL. IT'S LIQUID ENGINEERING.

Your Company has had an excellent 2005, with growth across all key metrics. This performance is reassuring since it comes at a time when the external environment has been extremely challenging. The year saw unprecedented material cost increases and intense competition amongst industry players. However, the intrinsic 'Strength Within' your Company - brand, people, distribution, technology and innovation has propelled delivery of this impressive performance in 2005.

It was heartening to see these inner strengths come together, such that we could understand our consumers better and thereby connect successfully with them. Your Company is focused on

margin management through customer segmentation. Castrol was able to take price increases successfully by continuing to offer innovative propositions that meet the growing demands of its consumers.

It is in difficult times that strong organizations take a challenging stance. Castrol seized the strategic opportunity to meet the challenge of the shift in the profile of consumers due to the booming personal mobility segment. During 2005, your Company took the initiative to relaunch the Castrol Masterbrand. All elements of the brand were changed and updated. All new communication has been most aptly summarized in the Brand's new tagline 'It's more than just oil. It's Liquid Engineering'.

In a difficult year, we have adopted a bold strategy to increase investment in our brand. Your Company has carefully managed this investment by neutralizing other cost increases. Your Company has made significant progress in key segments which will be the growth engines in future : New Generation Commercial vehicles and Passenger cars/Motorcycles. The marketing excellence of the organization was visible through several initiatives like the 'We speak 4T' campaign, introduction of Trizone technology for 4-stroke engines, CRB Turbo relaunch and of course the mega Castrol Masterbrand relaunch. This aggressive consumer centric marketing approach has paid off in 2005 and continues to reap rewards in 2006.

Your Company's strategy of building strong partnerships with large vehicle manufacturers like Tatas, Maruti and Mahindras continues. Also, our channel relationships with private sector petrol station players like Essar and Reliance is growing from strength to strength. Most recently, Castrol is tapping the new and evolving rural channel through the retail outlets of ITC and Godrej.

2005 saw your Company make huge strides in Health and Safety. Your Company received recognition and awards for excellent work done in road safety, workplace safety and energy conservation.

Our people continue to be a key asset and are often hailed as a pool of functional excellence in the wider BP world. Keeping the long term in mind, your Company continues to focus on leadership development and enhancing the competencies of staff. The organization also provided greater focus and sensitivity towards issues such as creating a diverse workforce and an inclusive work environment where everyone can succeed.

All this should only make us stronger and bolder going into 2006.

Yours faithfully,

Naveen Kshatriya
Managing Director

Board of Directors**Non-Executive Directors****Chairman**

S. M. Datta

Directors

R. Gopalakrishnan

P. Hughes

A. K. Jhawar

D. S. Parekh

R. Elston-Green – *Alternate to P. Hughes***Executive Directors****Chief Executive****& Managing Director**

N. K. Kshatriya

Directors

A. S. Ramchander

A. Ahmad

A. P. Mehta

Company Secretary & Head – Legal

A. H. Mody

Bankers

Deutsche Bank

HDFC Bank Ltd.

The Hongkong & Shanghai Banking Corporation Ltd.

Solicitors & Advocates

Crawford Bayley & Co.

Dhru & Co.

Auditors

S. R. Batliboi & Co.

Registered Office

Technopolis Knowledge Park

Mahakali Caves Road, Andheri (East)

Mumbai 400 093.

Share Department

Tata Share Registry Limited

Unit: Castrol India Limited

Army & Navy Building

148, M. G. Road, Mumbai 400 001.

Liquid Engineering is Castrol's unique ability, earned and crafted over a hundred years, to take an inert liquid - oil, and imbue it with characteristics that do amazing things, for engines and vehicles it is used in.

Castrol is a global power brand and the Castrol Masterbrand was recently relaunched to keep it refreshed and make it more relevant to the consumer.

The relaunch was supported by the launch of a new Product Brand Architecture. As a result of these initiatives, the decision making process for the consumer has been greatly simplified and will ensure that the consumer gets the right product brand for his vehicle and his needs.



A S Ramchander – Director, Automotive, welcoming guests



Several international and local dignitaries attended the global launch in New Delhi



Rajiv Raghopal – VP Sales, Retail, addressing the gathering



Fan Yang – Guinness World Record holder bringing liquid engineering to life

The new pack identity with a uniform look and feel and clearly defined consumer benefits, makes brand choice easier



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World renowned percussionist Sivamani playing a tribute to Liquid Engineering



Ronita Mitra – Project Leader, Masterbrand relaunch and Sudhanshu Vats – VP Marketing, making a presentation

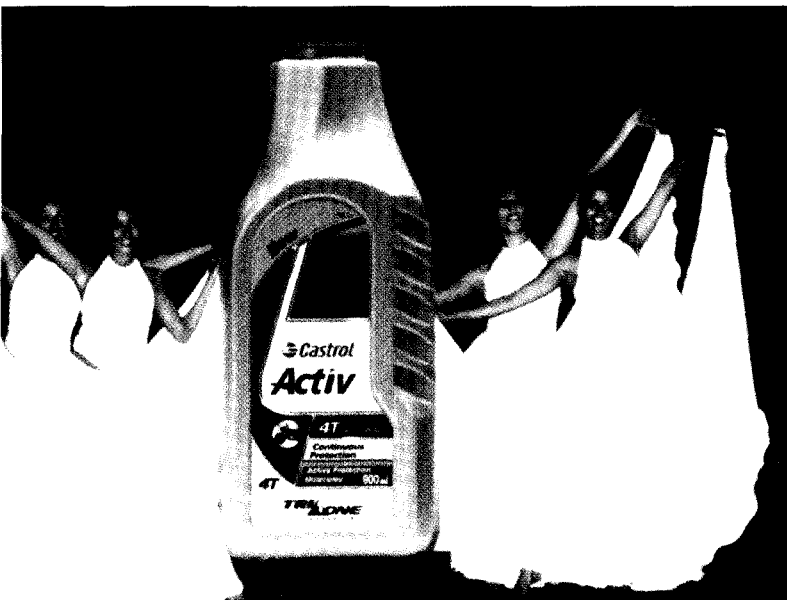


R V Anand – VP Human Resources, welcoming a Distributor



Sally Bye – Global Marketing Manager (Passenger Car Oils) presenting the Castrol Story

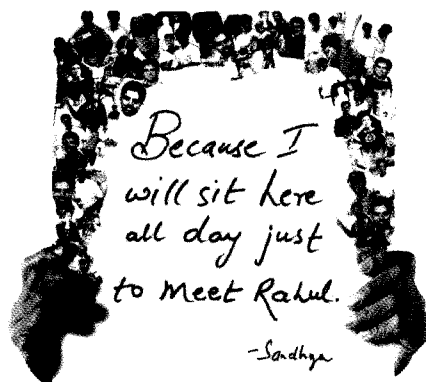
The new brand identity being revealed to the audience



Shailendra Gupte – Director Marketing, Transcon providing the Global context



The two-wheeler business continued on the fast track driven by new technology and intensive consumer activation programmes. Castrol's international 'Trizone Technology' for four stroke motorcycles was successfully launched in India reinforcing Castrol's position as market leader in the four stroke motorcycle segment.



SMS "Dravid" at 8558 and get to play cricket with him:



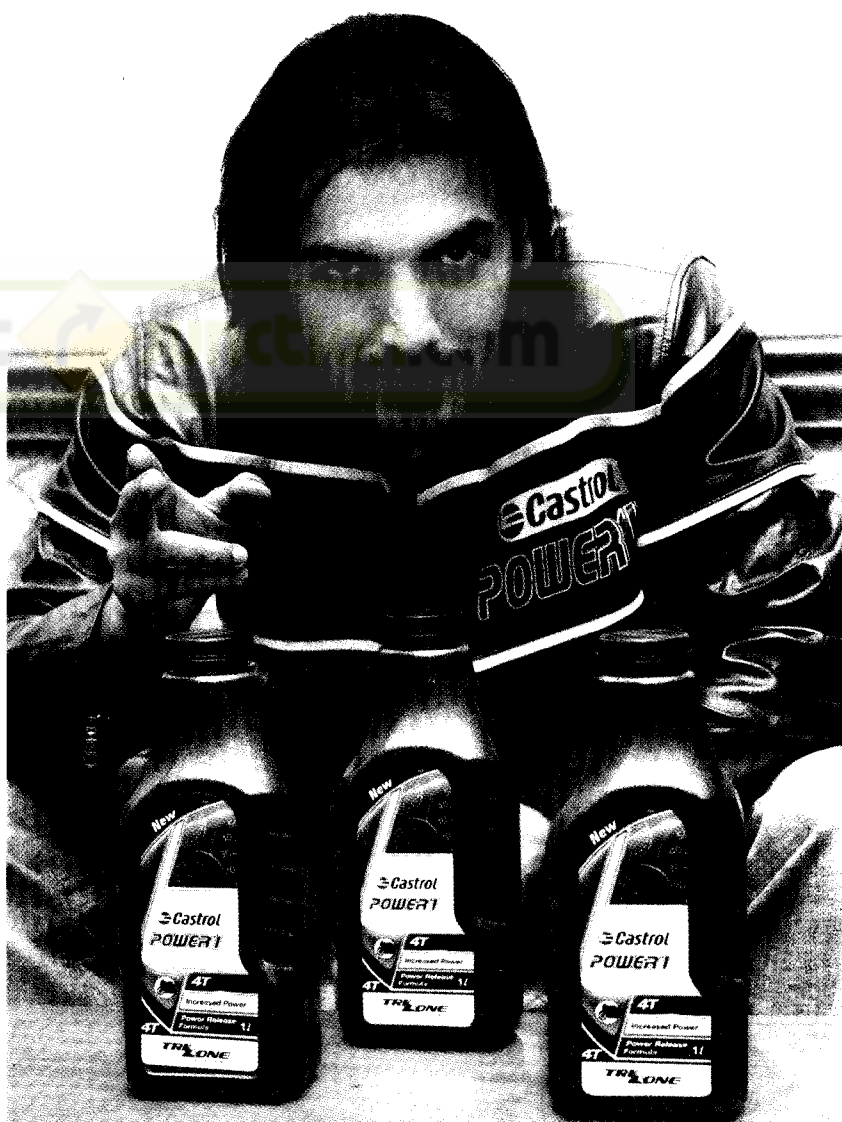
*Conditions apply

Contest Open till 24th Dec.

'Dravid's biggest fan Contest' drew consumers from across the country with winners getting to meet Rahul Dravid - Castrol's Brand Ambassador, at an exclusive event

Saugata Basuray - Motorcycle Oils Manager launching international Trizone Technology in India

TRIZONE
TECHNOLOGY™



Actor John Abraham, an avid and passionate Biker is now Castrol's Brand ambassador. Seen in the picture endorsing Castrol Power 1 - The high performance 4 - stroke motorcycle oil

CASTROL BIKEZONE - NOT YOUR USUAL SERVICE CENTRE

Having established itself as a supplier of world class products, Castrol is further strengthening its relationship with two wheeler consumers through the introduction of Castrol Franchised Motorcycle Servicing Centers - Castrol BikeZones. These have been successfully piloted in Chennai and Bangalore. The company is now looking to extend this initiative across the country during the current year.



Quality service provided by well trained and expert mechanics

The BikeZone staff interacts with customers to understand the problems and discuss the solutions and cost prior to the service. This ensures complete transparency and personalized attention to every customer



A 360 degree communication campaign including print, outdoor, radio, PR and on ground activities to generate awareness for the new offering

Justly how our expert mechanics will handle your motorcycle.

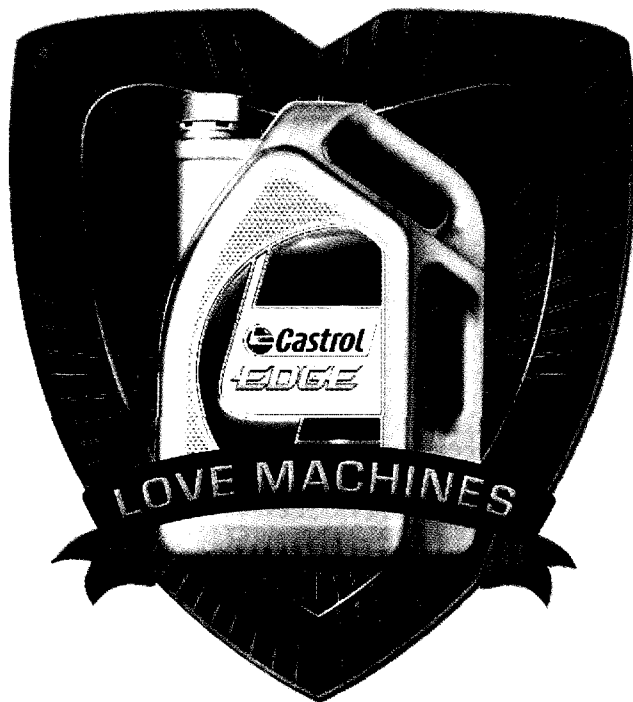
Expert mechanics Transparency in service Personalised attention Hi-tech equipment

Introducing Castrol BikeZone, where only professional and highly trained mechanics will handle your bike. Reassuring to know that your baby is in the right hands. This apart, we also offer various innovative and quality solutions for your two-wheeler service problems. Visit any Castrol BikeZone for a first hand experience.

Now open at: Annanagar, Opp. to 14 Shop • Royapettah, Next to Royapettah Hospital • Pallavaram, Near Bus Stand • Nungambakkam, Opp. New Police Station • Ekkachuthangal, Next to SBI • Tondiarpet, Opp. Bus Depot • Purasavakkam, Alagappa Road • Agaram • A. P. K. Road



GIVING AN EDGE TO CAR OWNERS



Already a market leader in the Passenger Car Motor Oils segment, Castrol has further strengthened its leadership position by launching Castrol Edge - an international quality engine oil for cars. It is positioned at the premium end of the market and is targeted towards passionate consumers who love their cars. Edge is a fully synthetic oil engineered to meet the toughest and most demanding performance standards.

Castrol's Passenger Car engine oil range includes the largest selling passenger car engine oil in the world - Castrol GTX.



Castrol Edge was launched in India during the Auto Expo held in New Delhi



The Castrol Autocar Performance Show held in Mumbai drew huge crowds. Seen in the picture are (l to r) Hormazd Sorabjee - Editor - Autocar India, Sudhanshu Vats - VP Marketing Castrol, Anand Mahindra - Vice Chairman and MD, Mahindra & Mahindra Limited, Gautam Singhania, Chairman & MD, Raymond Limited



**PERFORMS ACROSS
7 CRITICAL
ENGINE FACTORS**

IT'S MORE THAN JUST OIL.
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EDGE

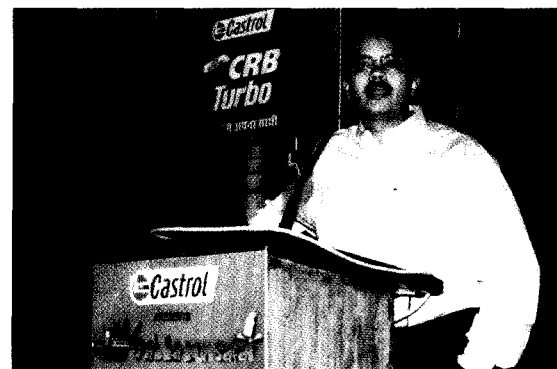
In the fast growing new generation commercial vehicle segment, Castrol has already established itself as a market leader. Castrol CRB Turbo was realunched in mid 2005 with "Extreme Temperature Protection" formula backed by a new 'Mehnat main aapka saathi' communication campaign.

CRB Plus continues to be the market leader in its segment. Relaunched in early 2005, the brand was supported by an intensive consumer and customer activation programme throughout the year. Direct contacts were established with more than 200,000 consumers and over 16,000 dealers to communicate the benefits of the new "heat proof" formula.



CRB Turbo Cyclone- a direct consumer contact programme was conducted in 40 cities across the country

A mega on ground activity was undertaken in Rajasthan to communicate benefits of CRB Plus + to farmers



V Srikanth - General Manager, Consumer Truck, addressing the sales team at the launch of CRB Turbo

Point of purchase material for the new range



CRB Turbo relaunch campaign included print, outdoor and on ground activities to connect with the consumer



BP JUGALBANDI DELIVERS INCREASED FUEL SAVINGS

डीज़ल हुआ महंगा ?



bp है उपाय.

Vanellus
Multigrade Diesel Engine Oil

माइलेज बढ़ाये, पैसे बचाये.*

* 1 लीटर डीजल का दाम 100 रुपये है। 100 रुपये के लिए 10 लीटर डीजल की आवश्यकता है। 100 रुपये के लिए 100 लीटर डीजल की आवश्यकता है। 100 रुपये के लिए 1000 लीटर डीजल की आवश्यकता है।

Given the spiraling cost of diesel, the BP lubricants' core proposition of 'Diesel Saving' is becoming increasingly sought after by consumers. This is reflected in the continued growth of the brand during the last few years. Keeping in mind the growing needs of consumers, the diesel saving formulation has been extended beyond BP engine oils to BP gear oils as well. The new BP gear oil - Energear, used in conjunction with BP diesel engine oil BP Vanellus Multigrade, offers an extra diesel saving for truckers.

जबरदस्त जुगलबंदी

जोड़ी का वादा
पैसे बचाये और ज़्यादा

The BP Jugalbandi programme held across the country explained the added diesel saving benefits of using BP engine oil and gear oil in tandem



One on one interaction with transporters to explain the fuel saving benefits available with BP products



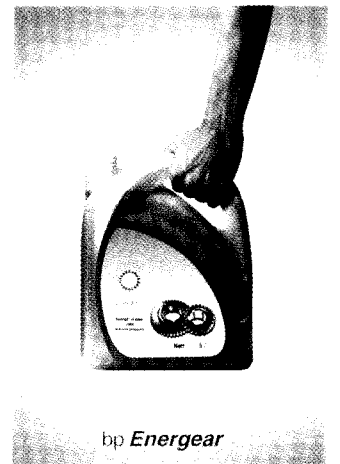
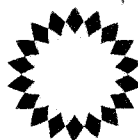
Interactive on ground communication with mechanics



bp Vanellus

bp जोड़ी का वादा
पैसे बचाये और ज़्यादा

bp



bp Energear