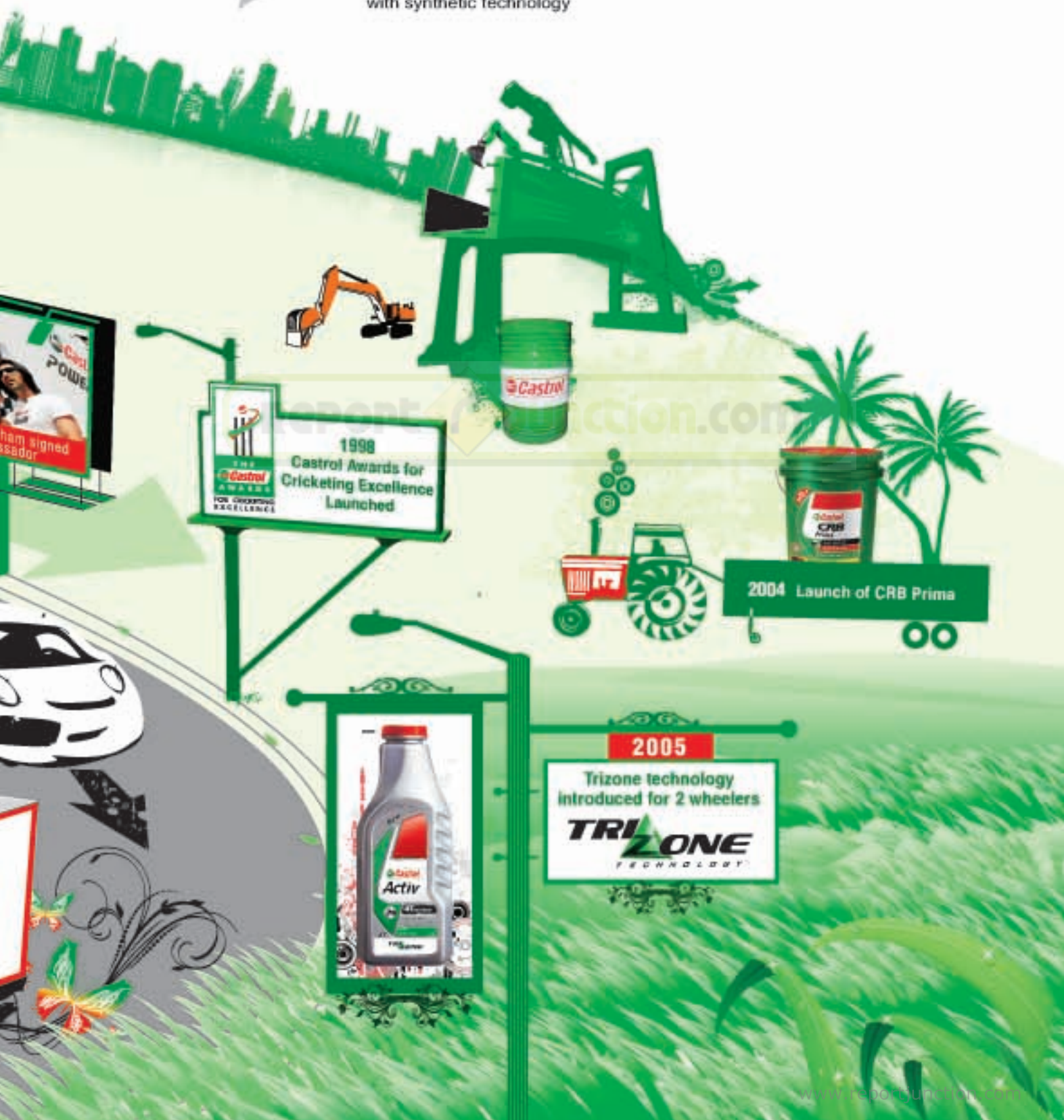






2008 Relaunch of
CRB Plus and Turbo
with synthetic technology



A JOURNEY OF EXCELLENCE

It is 100 years since the first Castrol product made an entry into India. Not many brands in the world can boast of such a rich, century-old history. Even fewer have managed to build a brand as strong and relationships as enduring as Castrol has done in India. Through the years, the Company has overcome challenges and beat back the odds to build an organization that has a stronger connection with consumers and customers than any other lubricant brand.

Castrol's journey in India has been a long and exciting one. It is the only lubricant brand to have had a continuous presence in the country for the last 100 years. We have focused our passion and commitment to providing Indian consumers with the world's most advanced engine oils and related fluids – be it for automotive, industrial or marine applications.

Over the years, Castrol has established itself as the leading lubricant company in India, with an unassailable Technology Leadership position. The Company has a number of firsts to its credit, including the launch of multigrade diesel engine oil, the first dedicated two-stroke engine oil, the first CF4 oil and in more recent times, the first diesel engine oil with synthetic technology and the first gel grease.

The Company's success has been built on four pillars:

Strong Brands: GTX, Super TT and CRB and in more recent times, Magnatec, Activ and CRB Plus are brands that consumers have come to trust, respect and call their own. Our strong heritage of performance and innovation, backed by value for money propositions, has made us the preferred choice across categories.

Continuous Innovation: Be it product technology, channel development and management, packaging, advertising and promotions or business processes, Castrol has led the way and set the standards for the Indian lubricant industry.

Enduring Relationships: The founder of Castrol, C. C. Wakefield, firmly believed that success would best be achieved in partnership with his customers. That is a philosophy which was as successful then as it is now. Relationships take a long time to develop and Castrol has built and nurtured relationships with all its key stakeholders – be it consumers, customers, OEMs or its own employees.

Passionate People: Our people are our most valuable asset. Be they in the plants, R&D laboratories, in the field or in the back offices, Castrol India truly attracts the best talent. Our staff bring to work an intense passion; the kind that has made Castrol one of the most recognised lubricant brands in India - which is amazing considering that we make products that are rarely seen or touched.

Hopes, dreams and relationships move people. So does Castrol's desire to perform, to win and to give our consumers and customers more than just a product or service. With a hundred years of experience in delighting our customers and consumers, we remain as committed today to providing the most technologically advanced lubricants and services as was Charles Cheers Wakefield when he first launched the Castrol brand.

It's been a great journey so far but the Best is yet to come!





Dear Shareholders,

On behalf of your Board and Team Castrol, I am privileged to share my reflections in the 100th year of brand Castrol in India. Not many brands survive a 100 years, let alone grow and become as strong as Castrol in India. Today, brand Castrol and Castrol India Limited are brimming with youthful energy, unbounded passion and demonstrable ability to win in all seasons, in all conditions.

Till the early nineties, the lubricant market was a regulated one where prices, market shares and availability were controlled. It was only after de-regulation that the Castrol brand took charge of its own destiny in the Indian market. During the nineties, the Company delivered an impressive growth till late in the decade. Thereafter, it hit a period of sustained margin pressure, fierce price competition and slowing market volume growth. The off-take has been largely impacted due to

the significant structural changes in the lubricant market, driven by introduction of low emission, new technology engines. During this period, we saw a dampened sentiment about Castrol India, reflected in lack of growth in profits and high staff attrition.

Instead of being daunted by the situation, your Company's wider leadership team resolved to take on bold and audacious goals to turn these challenges into opportunities. The goal was to more than double profit in four years and re-establish Castrol India's pre-eminent position amongst all its stakeholders. This Power of Intent was founded on our strong belief in the inner strength of the brand and our people.

Judging from year-on-year improving results over the last three years and the underpinning strategy, I am confident that we will exceed the demanding targets we have set for ourselves. In 2008, we delivered a record Profit Before Tax of over Rs.400 Crores - almost double of 2005. This growth has been achieved in the face of unprecedented inflationary environment. The cost of Base-Oil, the key raw material for lubricants, has gone up by about three times (in USD terms) in the past four years. Our strong profit delivery, operating margins and steady returns, in such an environment, are the result of rigorous implementation of our 'Winning in Lubricants' growth strategy.

Concurrently, we drove cost efficiencies while investing in right talent, strong brands and differentiating technology. We accelerated innovation in products and processes and targeted segments of future. We have successfully focused on growing workshop channel and achieved breakthrough changes in our world class distributor route to market. We raised our relationships with key Original Equipment Manufacturers (OEMs) to a new level. Our invaluable partnerships with leading customers like Tatas, Mahindra, Maruti and JCB, to name just a few, have been game changing and in true 'partnership spirit'. With the emergence of international OEMs in India, we are leveraging our global partnerships with leading automotive manufacturers like BMW, VW, Audi and Ford. Our focus on personal mobility and new generation engines has paid rich dividends. The industrial and marine businesses have also shown remarkable turnaround in quality, materiality and contribution.

Since late 2008, the economic environment and declining market has had an inevitable impact on your Company. However, the strong fundamentals of your Company make it well equipped to deal with the situation. This has enabled us to respond rapidly with pre-emptive actions. We have confidence which comes from faithful execution of our proven strategy and we firmly believe that as lubricant leaders, your Company will find new winning opportunities even in this downturn.

Before concluding, I would like to thank you, our Shareholders, for maintaining confidence in your Company, as evidenced by renewed strength in our share price, against the drift in the equity market. I thank our discerning consumers and customers who continue to have faith in the Castrol brand and patronize our premium products for the overall value we deliver. Above all, a big thank you to Team Castrol India for its continued effort and commitment.

Together we can look back in pride and look ahead with confidence.

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
U. Sen – *Alternate to P. Hughes*

Executive Directors

**Chief Executive
& Managing Director**
N. K. Kshatriya

Directors

A. S. Ramchander
A. P. Mehta
S. Malekar

General Manager – Legal & Company Secretary

A. H. Mody

Bankers

Deutsche Bank
HDFC Bank Ltd.

The Hongkong & Shanghai Banking Corporation Ltd.
State Bank of India

Solicitors & Advocates

Crawford Bayley & Co.
Dhru & Co.
Udwadia & Udeshi

Auditors

S. R. Batliboi & Co.

Registered Office

Technopolis Knowledge Park
Mahakali Caves Road, Andheri (East)
Mumbai 400 093.

Share Department

TSR Darashaw Limited
(formerly known as Tata Share Registry Limited)
6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road,
Mahalaxmi,
Mumbai 400 011.

And the journey continues...

STRONG BRANDS

Diesel Engine Oils



Motorcycle Oils



Passenger Car Oils



CONTINUOUS INNOVATION

Advertising & Promotion



Technology

Packaging



Channels



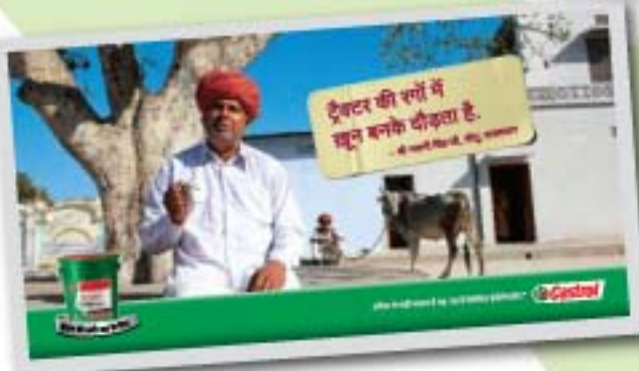
ENDURING RELATIONSHIPS



Baridhan
2009



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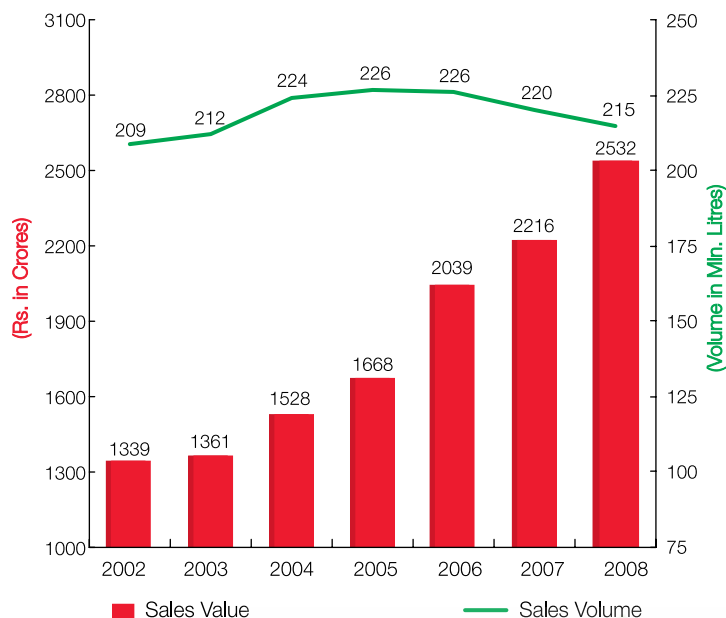
PASSIONATE PEOPLE



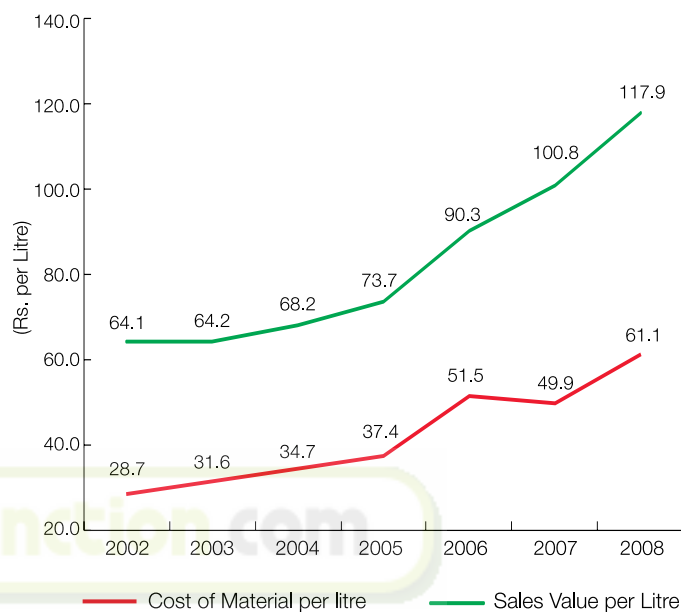
Report



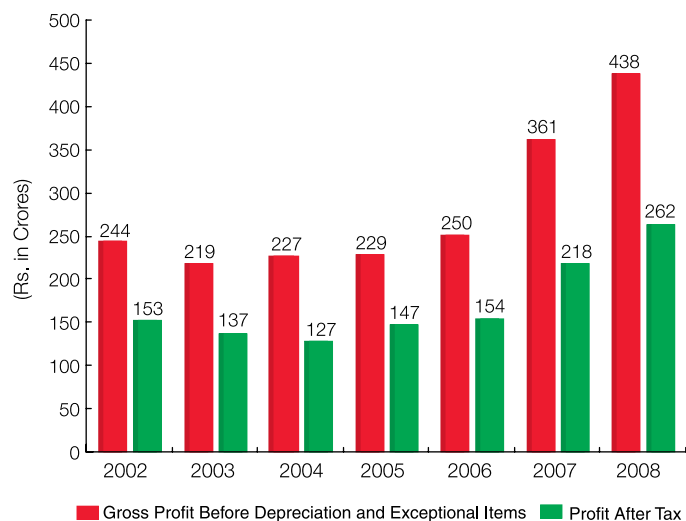
SALES VALUE AND VOLUME



COST OF MATERIALS AND SALES VALUE PER LITRE



PROFIT



EFFECTIVE TAX RATE

