Dated: 6 August 2026

Castrol India (CSTRL) - ADD

Q2CY26 Result Update

Current Market Price (CMP)	Fair Value (FV)
Rs.192	**Rs.205**

Rationale:

- Strong numbers on higher margins.
- Delivered a strong Q2CY26 performance, with EBITDA up 41% yoy & up 50% qoq; exceeding expectations by 55%, driven primarily by a sharp margin outperformance.
- We had anticipated a margin decline led by raw material cost headwinds with elevated crude prices, the impact was offset by price hikes, better sourcing & inventory gains.
- We maintain a long-term cautious view on volume growth given the gradual transition toward EVs (Electric Vehicles).
- The stock is likely to remain rangebound due to Stonepeak's open offer to acquire a 26% stake at Rs194/share.
- Maintain ADD with a Fair Value of Rs205.

Positives:

- Net sales up 25% yoy and 21% qoq, exceeding our estimate by 7.2%.
- Per-unit realization of Rs265/liter (up 17% yoy, 16% qoq) was 6.2% higher than our estimates.
- Gross profit up 31% yoy; was also 32% higher than our estimate.
- EBITDA margin of 26.4% was much higher than our estimate of 18.2%.

Negatives:

- Management highlighted the near-term margin pressure due to the volatility in raw material prices.

(EBITDA: Earnings Before Interest, Tax, Depreciation and Amortization, RM: Raw Material)

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY – We expect the stock to deliver more than 15% returns over the next 12 months

ADD – We expect the stock to deliver 5% - 15% returns over the next 12 months

REDUCE – We expect the stock to deliver -5% - +5% returns over the next 12 months

SELL – We expect the stock to deliver < -5% returns over the next 12 months

NR – **Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.

SUBSCRIBE – We advise investor to subscribe to the IPO.

RS – **Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.

NA – **Not Available or Not Applicable.** The information is not available for display or is not applicable

NM – **Not Meaningful.** The information is not meaningful and is therefore excluded.

NOTE – Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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