

Castrol readies alternative plans to counter EV disruptions

Confident of robust growth in lubricants till 2040, says Sangwan, MD

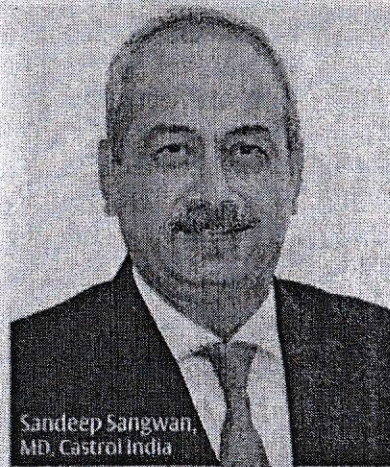
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Castrol India has devised a business strategy to counter market disruption expected by the rapid electrification of the automotive sector where demand for lubes will become nearly extinct.

The company is confident of growing its business at least for the next 20 years, banking on continued demand for fossil fuel-powered vehicles, but it has also started to work on plans that are not dependent on lubricant demand.

Since electric vehicles (EV) do not have engines, Castrol is exploring new ways of revenue generation—vehicle service and maintenance, EV fluids, EV bat-



Sandeep Sangwan,
MD, Castrol India

tery thermal management and vehicle accessories being some of them.

'Diversify, invest'

"I see robust growth in lubricants till about 2040. EVs are coming, but it's not that they'll wipe out the category in the next five years. Our core revenue will get impacted because of EVs. This is where we should diversify and invest, in an allied business concerning the EV business," said

EVs are coming, but it's not that they'll wipe out lubricants category in the next five years, the MD said, adding that the company's core revenue will get impacted. This is where we think we should diversify and invest, in an allied business concerning the EV business, he added

Sandeep Sangwan, MD, Castrol India. About 80 per cent of the company's revenue comes from the retail segment (open market purchases), while the balance is equally split between sales to original equipment manufacturers (OEMs) and industrial sales.

The switch to EVs so far, has been faster than expected. Electric three-wheelers, which come at a 30 per cent price premium, are outstripping the demand for

petrol/ diesel/ CNG-powered ones. Electric two-wheelers, on the other hand, have a waiting period of 6-8 months whereas petrol two-wheelers are available off-the-shelf.

'Still very relevant'

High price and issues regarding supply of parts have been major deterrents for a swift move to EVs in the passenger car space. Electric cars are priced almost twice that of petrol cars. Besides, with large companies such as Suzuki and Toyota declaring their intention to go for hybrids, demand for lubricants is expected to be kept alive.

"We focus on growth in our traditional businesses at least for the next 15-20 years. Castrol is still very relevant in an EV world. Whether it is EV fluids, battery thermal management or new services or maintaining the whole service and maintenance ecosystem, we are ready," Sangwan added.