



5 April 2021

**The BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001  
Scrip Code: 500870**

**National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex  
Plot No. C/1, 'G' Block  
Bandra (East), Mumbai 400051  
Symbol : CASTROLIND**

Dear Sir/Madam,

- Subject: 1. Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 – Electronic copy of the Notice of the 43<sup>rd</sup> Annual General Meeting and the Annual Report of Castrol India Limited for the financial year ended 31 December 2020**
- 2. Intimation of cut-off date of 23 April 2021 to determine the eligibility of members to cast their vote through remote e-voting and e-voting during the 43<sup>rd</sup> Annual General Meeting**

Please find enclosed electronic copy of the Notice of the 43<sup>rd</sup> AGM and the Annual Report for the financial year ended 31 December 2020 including the Audited Financial Statements for the financial year ended 31 December 2020 which is being sent by email to those Members whose email addresses are registered with the Company/Depository Participant(s). The requirements of sending physical copy of the Notice of the AGM and Annual Report to the Members have been dispensed with vide MCA Circular/s and SEBI Circular. The Notice of the 43<sup>rd</sup> AGM and the Annual Report are also available on the website of the Company at [https://www.castrol.com/content/dam/castrol/country-sites/en\\_in/india/castrol-india-limited-ar-2020.pdf](https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/castrol-india-limited-ar-2020.pdf) and we request you to also upload them on your website [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

Members of the Company holding shares in physical form who have not registered their email addresses with the Company can obtain the Notice of the 43<sup>rd</sup> AGM, Annual Report and/or login details for joining the 43<sup>rd</sup> AGM through VC/OAVM facility including e-voting, by sending details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA's email ID at [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) respectively. Members holding shares in demat form can update their email address with their Depository Participant.



In terms of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014 (as amended), the Company has fixed 23 April 2021 as the cut-off date to determine the eligibility of the members to cast their vote by remote e-voting and e-Voting during the 43<sup>rd</sup> AGM scheduled to be held on 30 April 2020 through VC/OAVM Facility.

Request you to kindly take the same on record.

Thanking you,

Yours faithfully,

**For Castrol India Limited**

**Chandana  
Dhar**

Digitally signed by  
Chandana Dhar  
Date: 2021.04.05  
10:19:11 +05'30'

**Chandana Dhar**

**Company Secretary & Compliance Officer**

Encl: As above

cc

Link Intime India Private Limited  
National Securities Depository Limited  
Central Depository Services (India) Limited

# MAKING TOMORROW BIGGER

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



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### R Gopalakrishnan

Independent director and chairman

#### Uday Khanna

Independent director

#### Sangeeta Talwar

Independent director

#### Rakesh Makhija

Independent director

#### Sashi Mukundan

Nominee director

#### A S Ramchander

Nominee director

#### Udayan Sen

Nominee director

#### Sandeep Sangwan

Managing director

#### Rashmi Joshi

Chief financial officer and wholtime director  
(up to and including 31 December 2020)

#### Jayanta Chatterjee

Wholtime director - supply chain  
(up to and including 31 December 2020)

#### Deepesh Baxi

Chief financial officer and wholtime director  
(w.e.f 1 January 2021)

### COMPANY SECRETARY AND COMPLIANCE OFFICER

Chandana Dhar

### AUDITORS

Deloitte Haskins & Sells LLP.

Chartered accountants

### BANKERS

Deutsche Bank

HDFC Bank Ltd.

The Hongkong and Shanghai  
Banking Corporation Ltd.

State Bank of India

Citibank N.A.

DBS Bank Ltd.

J P Morgan Chase Bank N.A.

Standard Chartered Bank

### REGISTERED OFFICE

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Mumbai 400 093, India.

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Tel: +91-22-6698 4100

Fax: +91-22-6698 4101

 investorrelations.india@castrol.com

 www.castrol.co.in

### REGISTRAR AND TRANSFER AGENT

Link Intime India Private Limited  
C-101, 247 Park,  
LBS Marg, Vikhroli West,  
Mumbai 400 011, India.

Tel: +91-22-4918 6000

Fax: +91-22-4918 6060

Toll-free number: 1800 1020 878

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 www.linkintime.co.in

## CONTENTS

### OVERVIEW

Message from managing director	01
Board of directors	02
Leadership team	03
Our response to Covid-19	04
Accelerating digital transformation	07
Powerful brands	09
Awards and accolades	12

### REPORTS

Management discussion and analysis report	13
Financial highlights	21
Board's report	23
Report on corporate governance	52
Business responsibility report	72
Independent auditor's report	84

### FINANCIALS

Balance sheet	92
Statement of profit and loss	93
Cash flow statement	94
Notes to financial statements	97

### NOTICE FOR ANNUAL GENERAL MEETING

140



## MESSAGE FROM MANAGING DIRECTOR

Dear shareholders,

2020 will be marked as an extraordinary year! One that required everyone – communities, businesses, governments and society at large to step up to the pandemic and the ensuing challenges. Despite being in difficult and volatile circumstances on numerous occasions this year, the team too rose to the occasion and fought every battle with the passion and spirit the Castrol India team is known for. Your company showed a strong commitment to its vision of making tomorrow bigger and made solid progress growing and transforming the business, while doing it in a responsible manner, to see it through this unforgettable period.

Your company showed tremendous ownership during the unprecedented lockdown post the outbreak of the pandemic. While most employees started working seamlessly from home, plant teams resumed operations strictly adhering to government health advisories and protocols, after a brief shutdown. Supply chain colleagues ensured product delivery despite several constraints, including dealing with natural calamities, to fulfill customer demands. The team consistently displayed a growth mindset and lived the philosophy of customer-first. They engaged deeply with existing customers virtually and gained new ones too. As one Castrol, your company supported mechanics, truck drivers and other impacted communities around its plants.

New ways of working were adopted with great agility. Your company introduced digital applications and interfaces, upskilled key stakeholders through online trainings and found innovative solutions to work in the



market. It undertook strategic interventions such as digital payment solutions and continued investments in brands to transform the business. It also took actions such as inventory reduction for distributors to improve their working capital and pricing actions to set up the business for growth.

Your company saved costs, drove efficiencies and cash performance to deliver a healthy balance sheet with strong cash on hand. It reported a resilient financial performance for FY 2020 as it gained good momentum in the second half with the revival of demand where revenue improved by 54% at INR 1,818 crores while profit from operations was 122% higher at INR 501 crores versus 1H 2020.

With the pioneering and innovative spirit that Castrol is known for, your company invested in cutting edge technology and launched several new brands in this tough year. Strong advances into new channels ascertained

easy accessibility to Castrol lubricants for millions of Jio-bp customers across over 1,350 Jio-bp sites.

As your company continued to drive sustained profitable growth, it was recognized externally for safety, quality, consistent delivery and performance along with effective and relevant marketing and social interest campaigns.

Your company is certain that the actions taken in this year will be the building blocks of its growth in 2021 as the economic environment improves and moves towards normalcy. It continues to bank on your confidence and trust as it shapes and strengthens the business by exploring avenues for future growth to offer sustained value and returns to its shareholders and stakeholders.

**Sandeep Sangwan**

## BOARD OF DIRECTORS



**R Gopalakrishnan**  
Independent director  
and chairman



**Uday Khanna**  
Independent director



**Sangeeta Talwar**  
Independent director



**Rakesh Makhija**  
Independent director



**Sashi Mukundan**  
Nominee director



**A S Ramchander**  
Nominee director



**Udayan Sen**  
Nominee director



**Sandeep Sangwan**  
Managing director



**Deepesh Baxi**  
Chief financial officer  
and wholtime director



## LEADERSHIP TEAM



**Sandeep Sangwan**  
Managing director



**Bhairavi Popat**  
Vice president - customer  
excellence and operations



**Deepesh Baxi**  
Chief financial officer  
and wholetime director



**Maria P Valles**  
Vice president - human  
resources



**Saugata Basuray**  
Vice president - indirect sales



**Rajeev Govil**  
Vice president - B2B sales



**Jaya Jamrani**  
Vice president - marketing



**Rajesh Madathingal**  
Head - technology



**Bindu Jayraj**  
Head - communications



**Mayank Pandey**  
Vice president - supply chain



**Siddharth Shetty**  
Managing counsel



**Sagar Vira**  
Vice president - industrial sales

## #INTHISTOGETHER - OURRESPONSE TO COVID-19



Personal sanitation kits with face masks, gloves, handwash and sanitizers were delivered complimentary to over 10,000 customers including distributors, dealers, independent workshops and franchise workshops.



Castrol India applauded the extraordinary efforts of essential service workers with complimentary lubricants and sanitization drives at independent workshops and Jio-bp fuel courts enabling them to maintain safe and hygienic workplaces.

## #INTHISTOGETHER - OUR RESPONSE TO COVID-19



Under the Castrol Eklavya CSR programme, a virtual training module was launched for independent mechanics to facilitate *learn from home* in a safe environment.



Medical and critical equipment to government and district hospitals across several states was provided as part of Castrol India's Covid-19 relief support.



Migrant daily wage earners received groceries and dry rations to survive the lockdown.



Food packets were provided to stranded truckers at various transport hubs.



Classes, with social distancing, were conducted for truck drivers at various centres across India, as part of the Castrol Sarathi Mitra CSR programme. These helped spread awareness of the safety and hygiene norms to be followed during the pandemic.

## #INTHISTOGETHER - OURRESPONSE TO COVID-19

Social interest campaigns were released digitally and on television during the pandemic to encourage the public to follow safety and hygiene norms, thank truckers for their efforts and support impacted communities.



Castrol #SaluteTruckers campaign encouraged citizens to thank the selfless efforts of truckers braving the pandemic to deliver essential goods and medicines.



Castrol Activ #HangUpYourKeys campaign reminded car and bike owners to stay at home during the lockdown.



Castrol CRB #IndiakaEngineAndarseStrong campaign paid tribute to trucker and farmer communities for their efforts during the pandemic and encouraged them to adopt a healthy lifestyle through a curated set of yoga aasanas.



Castrol Activ #ProtectIndiasEngine campaign supported small independent mechanics impacted by the lockdown.

# ACCELERATING DIGITAL TRANSFORMATION



*"Though it's been a while since I went back to school, these 4 days of education was a bright spot for me. I don't get to experience the knowledge banks of people at such a level."*

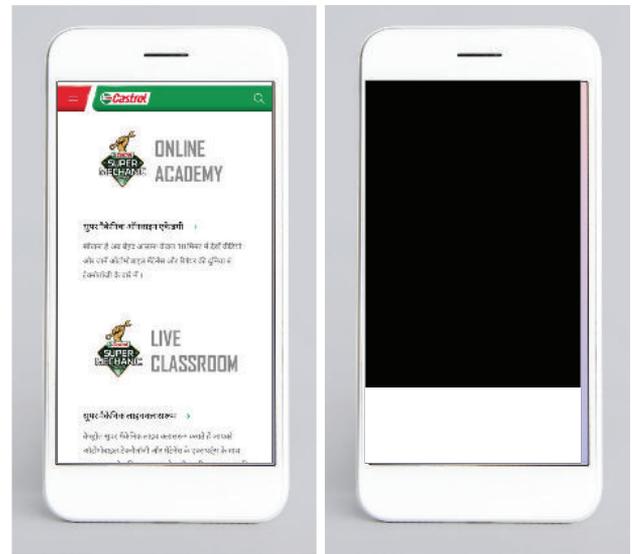
Premanand Shenoy  
Managing director  
Prerana Motors



Castrol Royals International Colloquium was conducted in association with the prestigious Cornell University to facilitate learning for franchise workshop dealers to drive innovation and growth in their organizations.



Value-added virtual offerings were developed for customers to support them in lead generation and for consumer engagements.

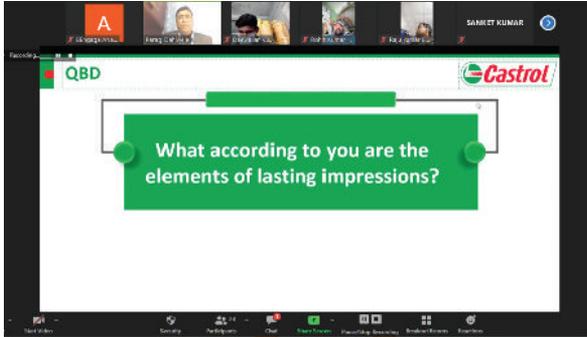


Castrol Super Mechanic Academy organized an online live classroom and upskilled over 35,000 mechanics and independent workshop owners enabling them to seamlessly resume business post lockdown.



Castrol India collaborated with IIM-Kozhikode to offer customers a two-day online learning programme on *managing business during uncertain times*.

## ACCELERATING DIGITAL TRANSFORMATION



Bespoke virtual trainings on customer excellence skills and workshop profitability engaged service advisors and managers of franchise workshops.



Castrol organized a virtual Renault DP World F1 Team garage tour live from the Abu Dhabi Grand Prix for its Renault dealers. There was also an interaction with the team's driver.



Castrol HEADSTART - a series of technical webinars kept heavy duty and industrial customers updated on the latest developments and best practices in lubrication.



The leadership team strengthened connections with industrial customers through virtual networking events during the pandemic.

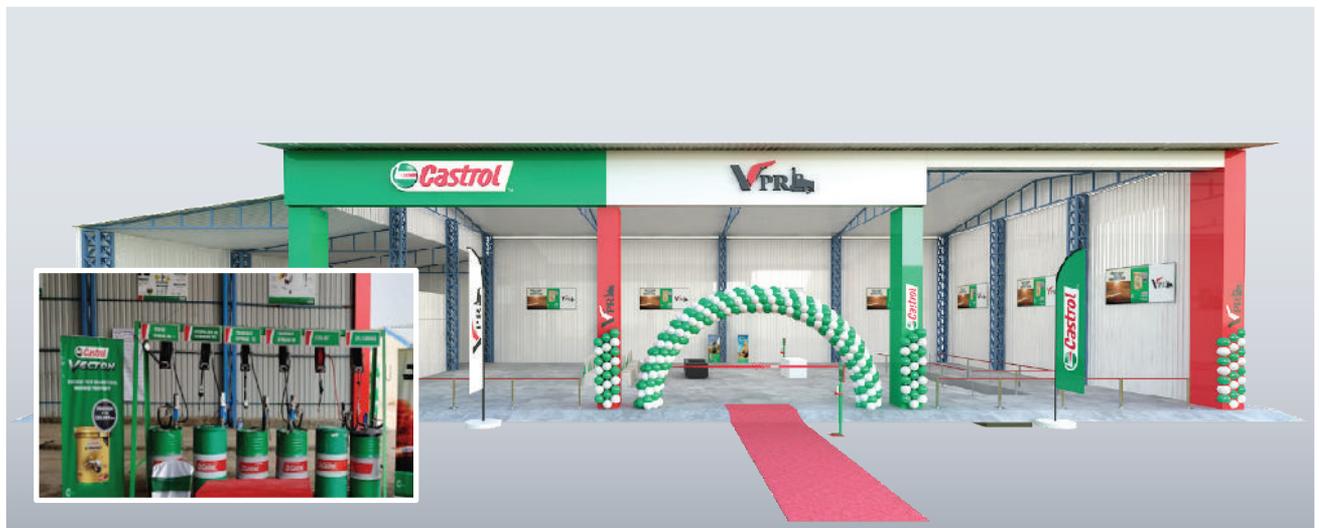
**POWERFUL BRANDS. POWERFUL PERFORMANCE.**



The newest addition to Castrol's range of cutting-edge and full synthetic motorcycle engine oils was Castrol POWER1 ULTIMATE, a unique 5-in-1 formula offering protection and performance for bikes, sports bikes and scooters.



Castrol GTX SUV hit the market with a differentiated proposition of 30% better engine protection under heavy loads to cater to the fast-growing commercial SUV segment.

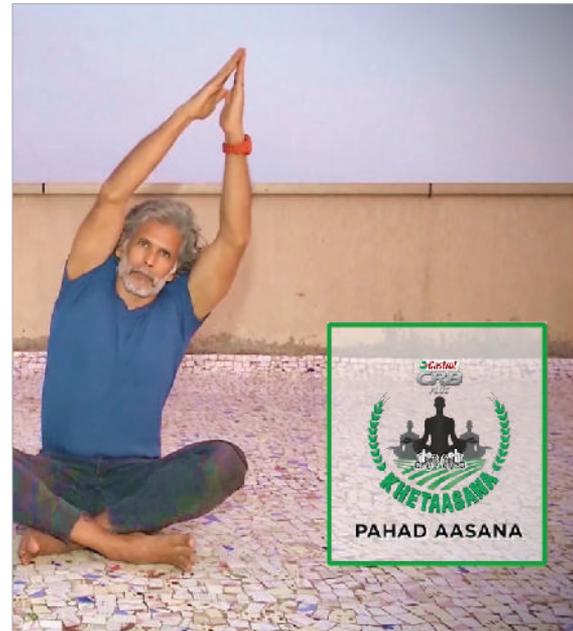


Castrol Lube Room offered mining and construction customers onsite assistance to streamline operations and increase machine efficiency which helped improve productivity and lower total cost of operations.

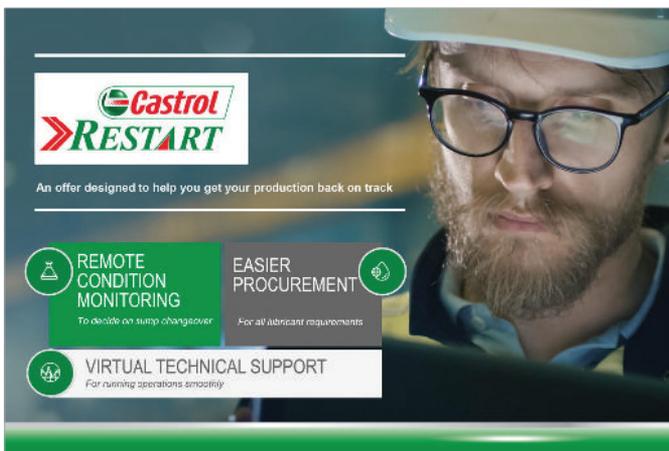
## POWERFUL BRANDS. POWERFUL PERFORMANCE.



Castrol Activ CRUISE 15W50 engine oil was launched to expand the range for cruiser and tourer bikes.



Castrol CRB's commitment to making *India ka engine andar se strong* was endorsed by actor and fitness enthusiast Milind Soman. He supported the Castrol CRB-ZEE Media Yoga Day initiative by encouraging truckers and farmers to adopt a healthier lifestyle through yoga.



Castrol RESTART provided remote assistance and virtual technical support to heavy duty and industrial customers to test the condition of their lubricants when operations resumed post lockdown.



Castrol lubricants are now available at over 1,350 Jio-bp fuel courts ensuring easy accessibility of superior quality lubricants to millions of Jio-bp customers.

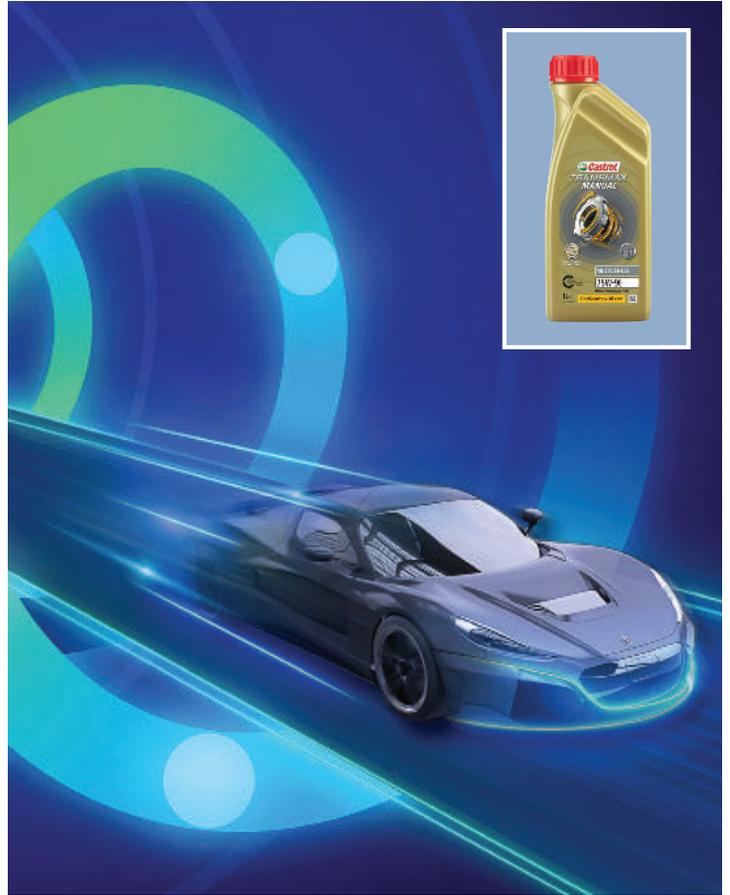
## POWERFUL BRANDS. POWERFUL PERFORMANCE.



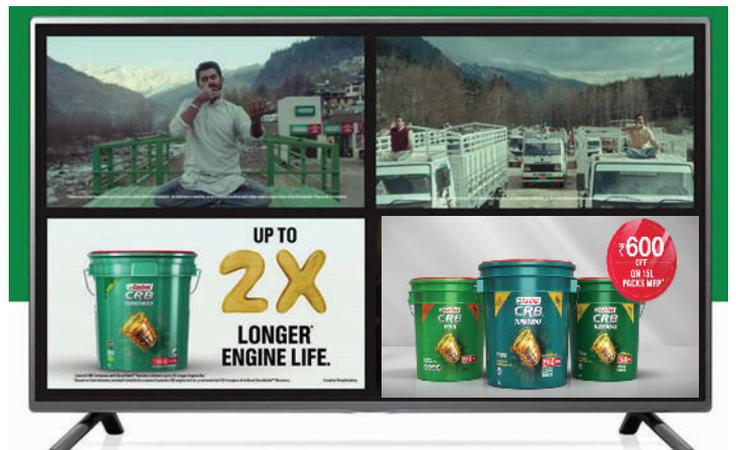
Castrol POWER1 participated in reputed youth-centric events such as Roadies, ISL and Sunburn to connect with performance seeking consumers.



Post lockdown, the new Castrol Activ #NonStopProtection campaign reinforced its proposition of continuous protection among bikers.



Launched a future-ready product portfolio and entered the EV space with leading passenger car OEMs through exclusive lubricant recommendations.



Built preference for Castrol CRB through a high-impact television campaign, on-ground activations and an improved price value equation, yielding double digit volume growth in 4Q 2020.

## AWARDS AND ACCOLADES



The Paharpur plant won the Indian Chamber of Commerce Occupational Health and Safety Gold Award for high safety standards (left), while the Ford Q1 re-certification made the Silvassa plant the only lubricants plant in Asia Pacific to hold this coveted accreditation.



Castrol India won two bronze awards in the automotive segment at the prestigious Asia Pacific Effie Awards. The winning campaigns were Castrol Activ - *Protecting the real engine of India* and the Castrol SUPER MECHANIC Contest.



Castrol CONNEKT digital app won the Best B2B Campaign for the Castrol Super Mechanic contest at the ET Brand Equity India Digiplus Awards 2020.



Castrol India won recognition in the coveted ET Best Brands 2020 list.



Castrol India won the highest rating in Schaeffler's supplier evaluation on quality, delivery, environment and HSSE criteria.



Castrol India won many awards for its marketing campaigns at the Economic Times Brand Equity Kaleido Awards. A gold for best campaign in energy, two silvers for best use of media and best campaign in energy and a bronze for best campaign in the automotive and transport category.



JCB felicitated Castrol India with the Best Supplier Award for consistent delivery and performance at their annual supplier conference.

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Management Discussion and Analysis Report covering business performance and outlook (within limits set by Company's competitive position) is given below:



A health and safety briefing in progress at the Patalganga plant which resumed operations after a brief shutdown during the pandemic.

### THE COMPANY'S RESPONSE TO THE CORONAVIRUS PANDEMIC

The Coronavirus disease 2019 (Covid-19), declared a global pandemic by the World Health Organisation in March 2020, was an unprecedented worldwide crisis leading to over 2 million deaths and continuing to affect millions globally. Countries went into long periods of complete or partial lockdown which brought about an overall slowdown in the global economy.

The Government of India also announced a nation-wide lockdown for a little over two months in March and thereafter restricted it to containment zones based on their risk profile. This saw an economic slowdown and very limited demand for the Company's products and services. The second half of the year saw the economy opening up gradually resulting in the revival of demand.

The Company managed this unprecedented situation with three clear objectives – protecting its employees including contract workers, supporting communities and protecting the financial health of the business.

**Employees:** All employees excepting critical ones operated from home, despite lockdown restrictions being eased till the end of the year. The Company created safe operating guidelines for its sales teams and standard operating procedures for its manufacturing plants to operate, following government regulatory protocols and guidelines. The plants safely resumed operations in May and continued to operate thereon to fulfil customer demand.

The Company kept teams informed and well engaged, and offered them

psychological, ergonomic and IT support to work comfortably from home.

**Customers:** The Company fulfilled customer demands during this period despite several logistic challenges. Teams were in touch with them virtually and also conducted several virtual technical training programmes for them. Sanitization services were offered complimentary to franchise and independent workshops nationally which prepared them to restart their business.

The Company managed this unprecedented situation of the pandemic with three clear objectives – protecting its employees including contract workers, supporting communities and protecting the financial health of the business.



Sanitization services were offered complimentary to franchisee and independent workshops preparing them to restart their business.

**Communities:** As a responsible corporate citizen, the Company committed its support to actions as part of the country-wide response. It allocated Rs 11.5 crores from its CSR budget and worked with various non-governmental organisations to provide medical support and emergency supplies to hospitals nation-wide, groceries and dry rations to migrant daily wage earners, food for stranded truck drivers, protective gear to policemen and garbage collectors. It also made small monetary contribution to over 62,000 mechanics and their families to support them during this crisis and complimentary lubricants for vehicles belonging to essential service workers.

**Social interest campaigns:** The Company launched purpose-led campaigns applauding the efforts of people who helped communities during these testing times.

The Castrol Activ #HangUpYourKeys consumer awareness campaign showcased real-life stories of young Indians making a difference during the pandemic even while at home.

The Company started an appreciation campaign for truckers through the Castrol CRB #SaluteTruckers campaign which highlighted truckers' efforts and contribution in keeping India moving.

The Company also launched Castrol Activ #ProtectIndiasEngine campaign to salute selfless mechanics who serviced vehicles at no charge. Developed in

collaboration with Network18 and Mindshare, the initiative urged India's bikers to pledge support to mechanic upskilling programmes to help them prepare for business in the new normal.

**Business continuity plans:** The Company activated business continuity plans to respond effectively to the constantly evolving situation. Response plans were developed and continually monitored to protect the health and long-term sustainability of the company.

### INDUSTRY STRUCTURE AND DEVELOPMENTS

India is the world's third largest lubricants market<sup>1</sup> after US and China with approximately 2.8 billion litres of annual consumption<sup>2</sup>. The lubricants market in India is highly competitive and fragmented comprising national oil companies, several international majors and a large number of local companies. The Company operates in all major categories such as automotive, industrial and marine & energy applications. It is a well-entrenched leading international player in retail automotive lubricants and has a significant presence in specialized industrial lubricants.

#### Demand drivers

Lubricants play a major role in reducing friction generated by metal to metal contact. It also helps in reducing noise and heat generation of metal

As a responsible corporate citizen, the Company committed its support to various country-wide Covid-19 response activities and allocated Rs 11.5 crores from its CSR budget

parts - such as engines in automotive industry and cutting or honing parts in industrial applications. Detergents and dispersants in a lubricant help cleaning, while anti-wear agents help protect the metal surface from wear and tear as well as corrosion.

Automotive vehicles require engine oils, transmission fluids, brake fluids, hydraulic oils and greases, while industrial and manufacturing applications require lubricants for metal working, rust preventives and coolants.

Demand for automotive lubricants is driven by the expansion of vehicle population as well as the usage of vehicles in the country. This demand is also linked to economic growth and performance of the manufacturing and agricultural sector. Industrial lubricants demand is observed to have a strong co-relation with the Index of Industrial Production (IIP), which is largely driven by economic activity. In case of marine and energy lubricants, the demand drivers include global and local ship movements which facilitate large scale movement of cargo as well as the installed base of offshore rigs and their uptime.



India is the world's third largest lubricants market with approximately 2.8 billion litres of annual consumption.

### Supply drivers

Lubricants are manufactured by blending base oils with additives. This blending involves highly advanced formulations as per the specific purpose the lubricant serves, as well as in line with the OEM specifications and industry norms.

India is a net base oil deficit market leading to large scale import of base oil and additives. This exposes the lubricants business to fluctuations in foreign exchange rates.

### Major industry developments

#### Overall lubricants market

Overall vehicle sales declined severely compared to the previous year by ~24% ytd November 2020<sup>3</sup>. This was largely due to the tough operating environment and restricted activity in the first half of 2020 which showed subsequent signs of recovery in the latter half.

On the regulatory front, compliance with BS VI emission norms for all new vehicles sold from April 2020 has been a significant development within the year.

Industrial production, measured by the IIP, contracted sharply within the second quarter of 2020. It gradually recovered in October growing by 4.2% over the same month in 2019<sup>4</sup> with a phased re-opening of activities.

Globally, the shipping industry continued to face challenges with changes in fuel landscape, falling freight rates, Covid-19 induced slowdown and increasing lubricants and bunker prices.

#### Impact of foreign exchange, crude oil and raw material prices

2020 has witnessed huge volatility across forex, crude and base oil

prices due to the unprecedented situation caused by the pandemic. The lockdowns in the first half of 2020 saw the Indian economy plummeting to one of its lowest levels in decades and crude prices crashed to a multi-year low of ~ \$20bbl.

The Indian rupee experienced a sharp fall in the immediate aftermath of global lockdowns but showed a gradual recovery since May on the back of strong foreign fund inflows.

The Indian economy started to recover from 3Q 2020 but encountered multiple challenges around lower refinery operating levels, inland and sea logistics, and imbalance between demand and supply across several raw materials.

Lower fuel demand forced refiners to either shut their operations or operate at lower levels which in turn impacted base oil availability globally with the highest impact seen in Asia Pacific region. Base oil supply market and prices have been extremely volatile with prices dipping to historic lows in 2Q 2020 to highest levels in relation to crude in 4Q 2020.

The following graph indicates the trend of crude prices and INR/USD for 2020.

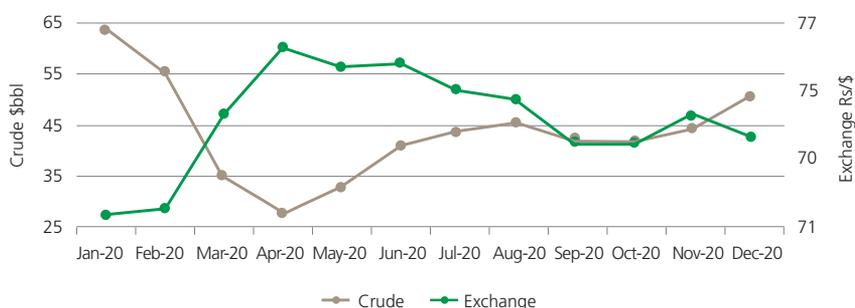
**With the growth of first-time users, increase in usage in smaller towns and rural areas, emerging new vehicle segments such as SUVs, premium bikes and gearless scooters, the Company is tapping these segments**

Despite this highly uncertain and challenging business environment, the Company continued to generate value for its investors through strategic sourcing, leveraging term contracts, value improvement initiatives, extensive focus on service and quality as well as continuous monitoring of costs.

### OPPORTUNITIES AND THREATS

- a. **Personal mobility:** With the growth of opportunities including the growth of first-time users, increase in usage in smaller towns and rural areas, emerging new vehicle segments such as SUVs, premium bikes and gearless scooters, the Company is tapping these segments through new introductions and sustained brand building campaigns.
- b. **Medium / light commercial vehicles (MLCV):** As last mile connectivity improves further, the MLCV segment is expected to grow, enabling the Company to continue its focus on this category.

**Brent crude & forex trend 2020**



3 Source: CRISIL vehicle sales reports 4 Open Government Data Platform

**c. Improving technology in trucks:**

With stricter emission norms resulting in newer technologies for trucks, the CI4+ segment is the fastest growing segment in the commercial vehicle category. The Company focused on this segment with an improved portfolio and sustained brand building efforts.

**d. Growth in agricultural sector:**

With the farming sector witnessing an uptick, the Company ensured augmented availability of its heavy duty lubricants and tractor oils, along with increased farmer connects through rural activations.

**e. Original Equipment Manufacturer (OEM) partnerships:**

The Company has built enduring associations such as with leading heavy duty equipment manufacturers and passenger vehicle OEMs. It also worked with OEMs on new technologies for critical electric vehicle fluids as well as BS VI ready engine oils.

**f. BS VI compliance:** The Company is poised to take advantage of further enhanced technologies as it became the first company in the industry to

have BS VI compliant products across all categories of automotive lubricants.

**g. Distribution:** While the Company focused on the strong and wide distribution network in retail and independent workshops which are enablers for future growth, it began selling its products online as an additional channel.

**h. Adjacencies:** Moving beyond lubricants the Company continued to explore different business models through adjacencies. It entered into a strategic collaboration with 3M India Limited for a range of quality vehicle care products for the automotive after-market.

**i. Digital initiatives:** Building on its digitization strategy, the Company launched numerous digital initiatives, including training programmes to offer a premium experience to customers and consumers. For instance, Castrol Fast Scan - a unique digital incentive platform for mechanics and retailers, Castrol Fast Lane - an online portal for retailers and the Castrol SUPER MECHANIC online academy which offered mechanics on demand digital access to technical and skill building training.

**j. Advance mobility solutions:** The Company is working on different solutions including improved lubricants for ICE technology, hybridization and biofuels. Globally, Castrol has developed e-fluids, transmission coolants and greases for electric vehicles as the space continues to evolve. In India, the Company already has supply agreements for e-fluids with two of the leading electric vehicle OEMs.

**k. Access to new channels:** In the newly launched Jio-bp retail network, the Company's lubricants were available across over 1,350

**In the newly launched Jio-bp retail network, the Company's lubricants were available across over 1,350 Jio-bp sites within just six months of the alliance**

Jio-bp sites within just six months of the alliance and saw good uptake, which ensured a much wider reach of its lubricants.

**(ii) Threats**

**a. Economic uncertainty:** Based on the current and future market environment estimates, the base oil trends are expected to continue to be volatile. GDP witnessed contraction in the second and third quarter of 2020 pushing the economy in a recession and estimates signal possibilities of a contraction early into 1Q 2021 as well before recovering in the latter part of the year.<sup>5</sup>

**b. Competitive activity:** Competition in the lubricants market is intense and likely to remain high in the foreseeable future. There is also a trend of OEMs introducing lubricants under their own brand name, further impacting the competitive landscape.

**c. Covid-19 pandemic:** With the threat of the pandemic continuing globally, several countries still in lockdown, the resultant economic slowdown, a large part of the Indian populace yet to be covered by the national vaccination programme and with no finite timeline to its end, the pandemic continues to be a risk.

**d. Electrification:** Growth of electric vehicles in future is likely to impact demand for lubricants in the long term. The company is keeping a close watch on developments in this area and preparing response plans to address these for the long term.



Castrol lubricants saw a good uptake at Jio-bp sites across the country within just six months of the alliance.

## PRODUCT-WISE PERFORMANCE

**Automotive lubricants:** The Company continued to drive premiumization and synthetization in the personal mobility segment, despite a challenging operating context.

The Company pursued growth opportunities and launched new products for cruiser bikes (Castrol Activ Cruise) and full synthetic performance oils in the premium segment for two-wheelers (Castrol POWER1 ULTIMATE).

In car oils, the Company drove synthetic products across mass and premium segments and launched Castrol GTX SUV oils for sports utility vehicles. It also ran a digital brand campaign for Castrol MAGNATEC SUV supplemented through on-ground mechanic engagements.

In commercial vehicle oils, the Company promoted Castrol CRB TURBOMAX with presence in mass media and engagement with mechanics virtually as well as through ground activations. It also stayed connected with farmers through local rural activations.

While the Company continued working in close association with its strategic OEM partners, it leveraged new channels like the Jio-bp retail network and the independent workshop channel, further increasing its footprint nationally.

**Industrial lubricants:** The Company worked closely with its customers in the industrial lubricants segment as operations slowly scaled up to build momentum, while aiding learning through virtual technical sessions, to support restart of their operations smoothly.

**Marine and energy lubricants:** The Company focused on providing best-in-class products and services, and offered value-added services, along with best practices from its

marine businesses globally, which strengthened customer confidence.

**Quality:** The Company focused on building a zero defect mindset across the organization through state-of-the-art testing facilities, application of international standards and concepts, as well as skill development and awareness programmes. The company successfully ended the year without any major quality incidents despite disruptions in operations due to the pandemic and natural calamities like cyclones Amphan and Nisarga.

The company completed the re-certification audit of ISO 9001:2015 and IATF 16949:2016 standards, and the Silvassa plant was the proud recipient of the Ford Q1 re-certification, a recognition of the plant's focus and delivery of quality excellence.

## OUTLOOK

The outlook for 2021 has been examined closely by the Company through the broad dimensions of demand drivers and distribution channels.

### Demand drivers

The key drivers of demand growth in each segment where the Company operates are explained below:

#### Automotive lubricants

**Personal mobility:** The two-wheeler and passenger car lubricants category which saw a demand drop in 2020, is now seeing a demand resurrection as the economy is slowly opening up.

**The Silvassa plant was the proud recipient of the Ford Q1 re-certification, a recognition of the plant's focus and delivery of quality excellence.**



A new commercial for Castrol MAGNATEC SUV was promoted on digital platforms to build awareness and recruit new users from the fast growing SUV segment.

While the long term outlook is positive, the Company will continue to drive growth in this segment backed by wide distribution reach, strong brand building and leveraging growth of synthetic oils.

**Commercial vehicles:** Despite short term challenges, this segment is expected to grow once economic activities pick up with a strong and growing vehicle parc. Growth in construction and off-highway sectors due to investment in infrastructure is likely to lead to lubricants demand growth in this category. With the farming sector performing well, strong lubricant demand is expected from the agricultural sector also.

#### Industrial lubricants

The demand for industrial lubricants saw a marginal slowdown due to the decline in IIP in the year. However, the industrial lubricants demand is likely to grow with economic reforms gaining momentum as India's long-term prospects for growth remain optimistic. As global OEMs continue their focus in India, growth prospects are likely to get bolstered further.

**Marine and energy lubricants**

World trade shows signs of bouncing back from a deep, Covid-19 induced slump, but World Trade Organization economists caution that any recovery could be disrupted by the ongoing pandemic effects. Trade volume growth should rebound to 7.2% in 2021<sup>6</sup> but will remain well below the pre-crisis trend.

**Channels of distribution**

The Company's products are distributed through over 350 distributors who service close to one lakh customers and sub-distributors who reach out to additional outlets in semi-urban and rural markets. It also leverages its distribution channels to reach a wider network of independent workshops. The Company also serves close to 3,000 key institutional accounts directly, and in some cases through its distributors. Over the last few years, the focus on priority channels has contributed to growth in the Company's business.

The Company continued to drive simplification in systems and processes to bring in more speed and efficiency in various back-end operations. It has also leveraged digitization to create a superior and premium experience for customers in their interaction with the Company.

The Company invested in training and development to build distributor staff capability to compete and excel in the marketplace.

Aligned to the long-term strategic direction and on the back of continued investments in technology and brands, robust growth plans, innovative marketing programmes and delivery of premium customer experience at

**The Company continued to drive simplification in systems and processes to bring in more speed and efficiency in various back-end operations.**

multiple touch points, the Company is confident of continuing to deliver robust business performance.

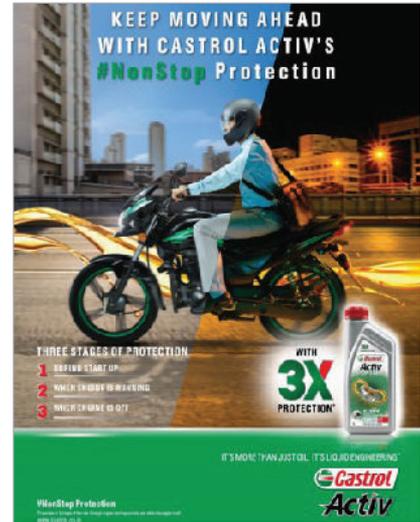
**RISKS AND CONCERNS**

Covid-19 highlighted the need to proactively define and implement strategies to address pandemic risk as one of the key business risks facing the Company. The Risk Committee maintains an active oversight of this risk and the effectiveness of the risk mitigation strategies and plans put in place by the Company.

The general slowdown of the economy due to disruptions caused by the pandemic as well as continued volatility in input costs and foreign exchange remains a risk. The Company has appropriate mitigation plans to protect margins while continuing to grow and transform the business. While the Company's focus on long term strategic drivers and brand building continues, during 2020 appropriate strategic and pricing interventions as well as cost and efficiency management programmes were undertaken keeping in mind input costs, competitive positioning and product brand strategy.

The Company actively managed its cyber security risk including the impact of greater remote working required during the pandemic by promoting the right behaviors and using tools and processes to protect its information, systems, assets and people against current and emerging cyber security threats. The Company's Risk Management Committee actively monitors and reviews cyber security risks.

With India being a growth market, opportunities for employability and for commensurate roles are higher. The Company's strong capability offer which nurtures and develops its talent, makes its employees more relevant to the market, thereby increasing the risk of attrition for the Company.



The new Castrol Activ #NonStopProtection campaign was launched as the economy gradually started to open up.

Health, Safety, Security and Environment are critical focus areas for the Company. Road safety is an area of particular focus given that its frontline team and transporters drive across the country on business; though this year the frontline team has largely stayed off the roads and worked from home. Similarly, product quality and integrity continue to be another focus area. Its vision for Quality, 'right quality first time every time,' and 'zero defect' is a key enabler to help provide a premium customer experience.

The Company has a robust risk mitigation plan to minimize identified risks through continuous monitoring and mitigating actions as may be required.

**INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company maintains adequate and effective internal control systems commensurate with its size and complexity. It believes that these systems provide, among other things, a reasonable assurance that transactions are executed with management authorization. It also ensures that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting

principles, along with the assets of the Company being adequately safeguarded against significant misuse or loss. An independent internal audit function is an important element of the Company's internal control systems. This is supplemented through an extensive internal audit programme and periodic review by the management and the Audit Committee.

## DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company's Gross Profit declined by 19% in 2020 over 2019. This was due to lower volume owing to disruptions caused by the pandemic and a slowdown in the economy.

Operating and other expenses decreased by INR 60 crores as compared to the previous year on account of judicious cost management and efficiency programmes leading to robust working capital management. This generated healthy cash flow from operations for FY 2020 of INR 893 crores which is 1.5 times of Profit after Tax.

Profit before Tax decreased by about 32% over previous year to INR 785 crores.

Overall the Company delivered a resilient performance for the year despite the challenging external environment with declining IIP levels and muted consumer offtake.

## KEY FINANCIAL RATIOS

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended till 2019, the Company is required to give details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios.

## Key financial ratios

Particulars	Unit	2020	2019	% change
Debtors turnover	Times	9.05	8.87	2%
Inventory turnover	Times	3.77	4.59	-18%
Current ratio	Times	2.05	2.18	-6%
Operating profit margin	%	26%	30%	-11%
Net profit margin	%	19%	21%	-9%
Return on net worth*	%	42%	65%	-35%

\* Return on net worth is a measure of profitability of a company expressed in percentage. It is calculated by dividing profit for the year by average capital employed during the year. The decline in current year is on account of lower PBT. This was due to lower volume owing to disruptions caused by the pandemic and a slowdown in the economy.

Interest coverage ratio and debt equity ratio are not applicable to the Company since there are no borrowings. However, there is some finance cost in financial statements that wholly relates to the finance lease of corporate office (IND AS 116) which commenced in the financial year 2020.

Debtors turnover ratio indicates a company's effectiveness in collecting its receivables from customers. It is computed by dividing the revenue from operations by average trade receivables.

Inventory turnover ratio indicates the number of times a company sells and replaces its inventory during the period. It is calculated by dividing the cost of goods sold by the average inventory.

Current ratio is a liquidity ratio that measures a company's ability to pay obligations that are due within twelve months. It is calculated by dividing the current assets by current liabilities.

Operating profit margin is a profitability or performance ratio used to calculate the percentage of profit a company produces from its operations. It is calculated by dividing the earnings before interest & taxes (EBIT) by revenue from operations.

Net profit margin is equal to how much net income or profit is generated as a percentage of revenue. It is calculated by dividing the profit for the year by revenue from operations.

## MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

People are the Company's key assets and the focus in 2020 was their safety and well-being during the pandemic.

The Company used every opportunity to turn this crisis into a learning and help employees emerge stronger and ready for the new normal. This was achieved through skill building and capability enhancement as employees spent ~6,700 hours on various technical, behavioral, safety and leadership trainings.

**Judicious cost management and efficiency programmes led to robust working capital management thus generating healthy cash flow from operations for FY 2020**

Employees spent ~6,700 hours on various technical, behavioral, safety and leadership trainings.

It drove the agenda of creating better manager – subordinate relations by encouraging regular check-ins and feedback during the performance cycle. Internal candidates continued to be successfully hired for vacancies with 43% positions being filled internally.

Hiring practices continued to ensure recruitment of diverse candidates with no compromise on meritocracy. The overall number of women in the managerial population is 20% in 2020 and overall at 19%.

In 2020, as part of a review of internal controls over financial reporting, key controls in human resources and payroll processes were reviewed by the internal audit team to provide assertions to the management on design and operating effectiveness of these key controls.

The Company enjoyed cordial relations at plants with internal and external stakeholders. There was focused engagement with workmen and contractors at plants by senior leadership through townhalls, team meetings, plant performance reviews and recognition of exemplary safety and quality performance.

The Company supported employees and their families during the pandemic through help with hospitalization, medical facilities and an on-call health manager. It also focused on mental health initiatives along with physical well-being to focus on holistic employee wellness.

An organisation transformation and restructuring took place during the year as part of a global programme to reinvent bp. The total number of people employed in the Company as



The Patalganga plant received the silver award in the manufacturing sector at the National Safety Council of India Safety Awards 2020

on 31 December 2020, including factory workmen, was 690.

**Health, Safety, Security and Environment (HSSE)**

The Company accorded the highest priority to health and safety of the workforce with a commitment to comply with all applicable laws and regulations. The Company has a HSSE policy applicable to every member of the workforce including contractors. It maintained the highest standards of occupational HSSE with the leadership team reviewing business safety performance on a monthly basis.

The Company implemented best-in-class internal standards and an Operating Management System (OMS) to ensure safe, systematic, reliable and environment-friendly operations. The leadership team of the company frequently checked the effectiveness of implementation and compliance of OMS and demonstrated visible safety leadership through field inspection programmes.

All manufacturing plants are certified to the Environment Management

**The plants won several external recognitions for their exemplary HSSE performance and practices during 2020.**

System (ISO 14001:2015), Occupational Health and Safety Management System (OHSAS 18001:2007) and Quality Management System Standard (ISO 9001:2015), with two of the plants certified against Automotive Quality Management System IATF 16949:2016.

The plants won several external recognitions for their exemplary HSSE performance and practices during 2020.

As a part of resource optimization, the Company focused on reducing energy, water and waste contributing towards minimizing its environmental footprint. The Company is also undertaking several programmes under the sustainability agenda.

The Company's top priority is safety first with the primary objective that everyone goes home safely, every single day.

On behalf of the Board of Directors

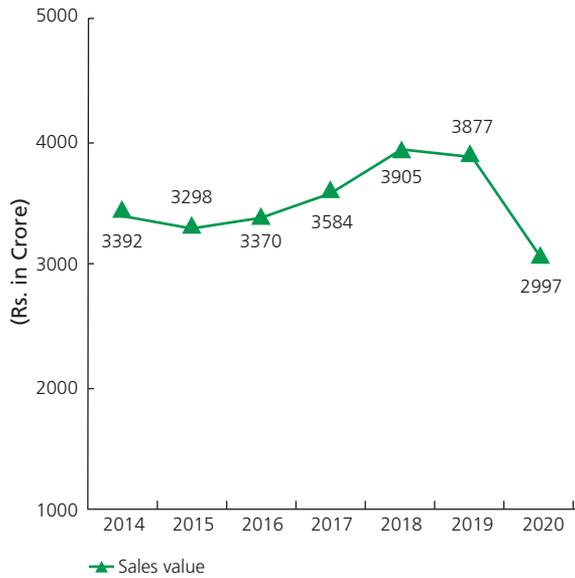
**Sandeep Sangwan**  
Managing director  
DIN: 08617717

**Deepesh Baxi**  
Chief financial officer  
& wholtime director  
DIN: 02509800

Place: Mumbai  
Date: 23 March 2021

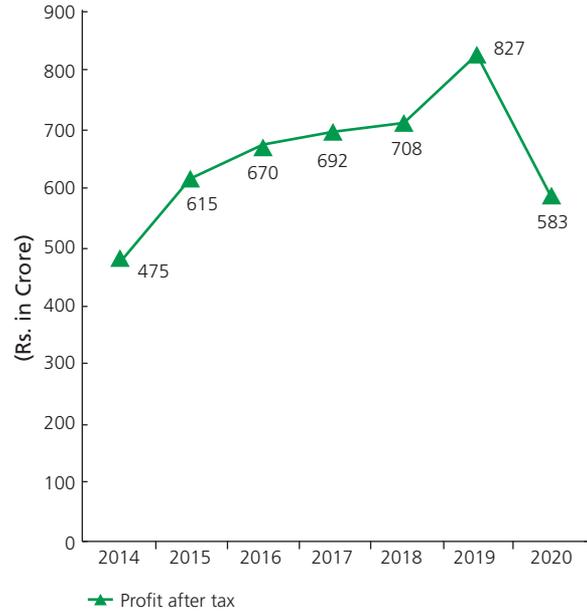
## FINANCIAL HIGHLIGHTS

### SALES

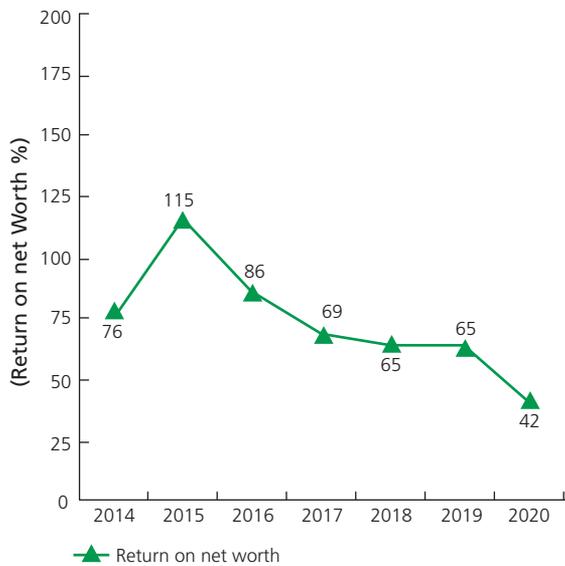


\* Sales value includes other operating revenue and excludes excise duty

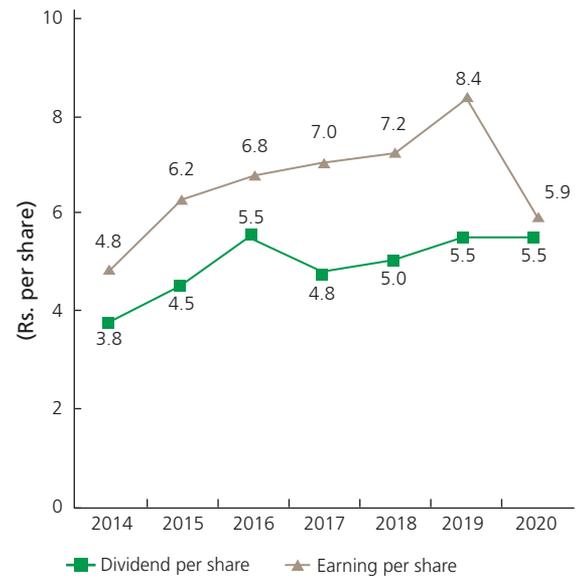
### PROFIT AFTER TAX



### RETURN ON NET WORTH



### DIVIDEND AND EARNING PER SHARE\*



\* After considering adjustment for issue of bonus shares in 2017

## FINANCIAL HIGHLIGHTS

Particulars	Ind AS					IGAAP	
	2020	2019	2018	2017	2016	2015	2014
	<b>Rupees in Crores</b>						
Revenue from Operations (gross)	2996.92	3,876.82	3,904.55	3,851.56	3,875.96	3,791.42	3,918.62
Less: Excise Duty	—	—	—	^ 267.24	^ 505.63	493.39	526.29
<b>Revenue from operations (net)</b>	<b>2996.92</b>	<b>3,876.82</b>	<b>3,904.55</b>	<b>3,584.32</b>	<b>3,370.33</b>	<b>3,298.03</b>	<b>3,392.33</b>
Other income	62.03	64.77	84.31	83.65	87.39	95.87	48.10
Cost of materials consumed	1266.34	1,747.65	1,906.56	1,665.90	1,531.59	1,600.79	1,937.50
Employee benefits and other expenses	916.47	976.1	927.22	885.30	839.39	802.36	738.11
Depreciation and amortisation expense	86.62	69.74	55.57	45.50	44.96	38.97	36.13
Finance Costs	4.16	1.19	1.09	1.20	1.48	0.83	2.38
<b>Profit before exceptional items and tax</b>	<b>785.36</b>	<b>1,146.91</b>	<b>1,098.42</b>	<b>1,070.07</b>	<b>1,040.30</b>	<b>950.95</b>	<b>726.31</b>
Exceptional item	—	—	—	—	—	—	—
<b>Profit before tax</b>	<b>785.36</b>	<b>1,146.91</b>	<b>1,098.42</b>	<b>1,070.07</b>	<b>1,040.30</b>	<b>950.95</b>	<b>726.31</b>
Current taxation (Net of reversal of earlier years)	207.4	323.33	387.58	365.14	388.04	323.80	260.60
Deferred taxation	(4.98)	(3.79)	2.48	13.12	(18.12)	11.89	(8.85)
<b>Profit after taxation</b>	<b>582.94</b>	<b>827.37</b>	<b>708.36</b>	<b>691.81</b>	<b>670.38</b>	<b>615.26</b>	<b>474.56</b>
Total other comprehensive income / (expense) for the year	3.67	(4.29)	(1.13)	(2.10)	1.35	—	—
Total Comprehensive income for the year	586.61	823.08	707.23	689.71	671.73	615.26	474.56
<b>Net assets</b>	<b>1414.23</b>	<b>1,366.95</b>	<b>1,165.66</b>	<b>1,020.15</b>	<b>981.54</b>	<b>575.61</b>	<b>496.78</b>
Share capital	494.56	494.56	494.56	494.56	247.28	247.28	247.28
Reserves & surplus	919.67	872.39	671.10	525.59	734.26	328.33	249.50
<b>Net worth</b>	<b>1414.23</b>	<b>1,366.95</b>	<b>1,165.66</b>	<b>1,020.15</b>	<b>981.54</b>	<b>575.61</b>	<b>496.78</b>
<b>Earning per share*</b>	<b>5.89</b>	<b>8.36</b>	<b>7.16</b>	<b>6.99</b>	<b>6.78</b>	<b>6.22</b>	<b>4.80</b>
<b>Dividend per share</b> (On proposed basis)*	<b>5.50</b>	<b>5.50</b>	<b>5.00</b>	<b>4.75</b>	<b>‡ 5.50</b>	<b>4.50</b>	<b>3.75</b>
<b>Book value per share*</b>	<b>14.30</b>	<b>13.82</b>	<b>11.78</b>	<b>10.31</b>	<b>9.92</b>	<b>5.82</b>	<b>5.02</b>

^ Excise duty has been netted off from sales to make it comparable with previous years.

\* After considering adjustments for issue of bonus shares in 2017.

‡ Includes Special Dividend of equivalent Rs. 1 per share (Pre bonus Rs. 2.00 per share).

## BOARD'S REPORT

### To the Members,

Your Company's Board of Directors ("Board") is pleased to present the Forty Third Annual Report of Castrol India Limited ("Castrol" or "Company") for the financial year ended 31 December 2020 ("year under review" or "year" or "FY20").

In compliance with the applicable provisions of Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), this report covers the financial results and other developments during the financial year ended 31 December 2020 and upto the date of the Board meeting held on 1 February 2021 to approve this report, in respect of Castrol India Limited.

## 1. FINANCIAL RESULTS

**The Company's financial performance for the financial year ended 31 December 2020 is summarized below:**

Particulars	For the year ended 31 December 2020 (INR in crores)	For the year ended 31 December 2019 (INR in crores)
Sales (a)	<b>2,997</b>	3,877
Other income (b)	<b>62</b>	65
<b>Total Revenue (a+b)</b>	<b>3,059</b>	3,942
Profit before tax and depreciation	<b>872</b>	1,217
Depreciation and amortization	<b>87</b>	70
Profit before tax	<b>785</b>	1,147
Tax expense (including deferred tax)	<b>202</b>	320
Profit after tax	<b>583</b>	827
Other Comprehensive income (net of tax)	<b>4</b>	(4)
Total Comprehensive income	<b>587</b>	823
Balance brought forward	<b>840</b>	643
Profit available for appropriation	<b>583</b>	827
Dividend (incl. tax)	<b>544</b>	626
Balance carried forward	<b>882</b>	840

## 2. PERFORMANCE

Revenue from operations of your Company has declined by 23% mainly on account of lower volume due to disruptions owing to the Covid-19 pandemic resulting in a continued slowdown of the economy including decline in lubricants consumption. Costs of materials were lower by about 28% over the previous year mainly due to decline in input costs and efficiency management programmes. Operating and Other expenses decreased

by INR 60 Crores as compared to the previous year on account of judicious cost management. Profit before Tax decreased by about 32% over previous year to INR 785 Crores. Your Company's performance has been discussed in detail in the 'Management Discussion and Analysis Report'. Your Company does not have any subsidiary or associate or joint venture company. There are no material changes and commitments affecting the financial position of your Company, which have occurred between the end of the year and date of this report. Further, there has been no change in the nature of business of the Company.

### RESERVES

There is no amount proposed to be transferred to the reserves.

### CHANGES IN SHARE CAPITAL

During the year under review, there was no change in the paid-up share capital of the Company.

### 3. RETURNS TO INVESTORS (DIVIDEND)

The Board of Directors of the Company had approved the Dividend Distribution Policy in line with Regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy is separately provided as **Annexure I** forming an integral part of this Report and is also uploaded on the website of the Company at [https://www.castrol.com/content/dam/castrol/country-sites/en\\_in/india/home/corporate-governance/dividend\\_distribution\\_policy.pdf](https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/dividend_distribution_policy.pdf)

The Board has recommended a final dividend of INR 3/- per equity share for the financial year ended 31 December 2020 (2019: second interim dividend INR 3/- per equity share in place of final dividend) subject to approval of members at the ensuing Annual General Meeting of the Company. Owing to delay in holding the 42<sup>nd</sup> Annual General Meeting (AGM) of the Company due to spread of the coronavirus pandemic and nationwide lockdown, the Board decided to revoke and cancel the final dividend of 2019 and declared a second interim dividend of INR 3/- per equity share

(which is at the same rate as recommended by the Board as Final Dividend for the approval by the Shareholders at the 42<sup>nd</sup> AGM of the Company) for the financial year ended 31 December 2019 on 17 June 2020. The Board also declared interim dividend of INR 2.50/- per equity share for the financial year ended 31 December 2020 on 27 October 2020. (2019: interim dividend INR 2.50/- per equity share)

The dividend payout for the year under review is in accordance with your Company's policy to pay sustainable dividend linked to long-term growth objectives of your Company to be met by internal cash accruals.

### 4. TRANSFERS TO THE INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

Pursuant to applicable provisions of the Companies Act, 2013 ("Act") read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), all unpaid or unclaimed dividends are required to be transferred by the Company to the Investor Education and Protection Fund ("IEPF" or "Fund") established by the Central Government, after completion of seven years from the date the dividend is transferred to unpaid/unclaimed account. Further, according to the Rules, the shares in respect of which dividend has not been paid or claimed by the members for seven consecutive years or more shall also be transferred to the demat account created by the IEPF Authority.

The Company had sent individual notices and also advertised in the newspapers seeking action from the members who have not claimed their dividends for seven consecutive years or more. Thereafter, the Company has transferred such unpaid or unclaimed dividends and corresponding shares to IEPF, up to and including the interim dividend for the financial year ended 31 December 2013. The Company has transferred the unpaid or unclaimed dividends within the timelines extended by the Ministry of Corporate Affairs due to COVID-19 pandemic.

Members/claimants whose shares, unclaimed dividend, have been transferred to the IEPF demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF – 5 (available on <http://www.iepf.gov.in>) along with requisite fee as decided by the IEPF Authority from time to time. The member/claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

The Company will be transferring the final dividend and corresponding shares for the financial year ended 31 December 2013 and the interim dividend and corresponding shares for the financial year ended 31 December 2014 within statutory timelines. Members are requested to ensure that they claim the dividends and shares referred above, before they are transferred to the said Fund. The due dates for transfer of unclaimed dividend to IEPF are provided in the report on Corporate Governance.

Details of shares/shareholders in respect of which dividend has not been claimed, are provided on website of the Company at [https://www.castrol.com/en\\_in/india/home/investors/statement-of-unclaimed-dividend-and-shares.html](https://www.castrol.com/en_in/india/home/investors/statement-of-unclaimed-dividend-and-shares.html). The shareholders are encouraged to verify their records and claim their dividends of all the earlier seven years, if not claimed.

## 5. SUPPLY CHAIN

2020 was an extraordinary year and the world over people, businesses and organizations faced unprecedented challenges. In a business environment wrought with supply and demand challenges, your company's supply chain function remained a critical enabler for the organization.

Health, Safety, Security and Environment, remained at the core of our operations and more so in light of global pandemic affecting operations. With the country wide lockdowns during March – April we were forced to shut our plants and logistics operations for a few weeks and we utilized that time to plan out multiple scenarios for supply resilience. With relaxation in lock down norms,

we resumed operations with extensive protocols in place for personnel and manufacturing & distribution operations.

The business environment remained challenging throughout the year with supply chains remaining affected globally. This did put pressure on our supply side and exposed us to unforeseen vulnerabilities. However, with agile and diligent planning we maintained a resilient finished goods supply in the market as demand picked up through second half of 2020.

Continuing our focus on customer excellence, we launched New products across our bikes, cars and commercial vehicle segments, bringing new and improved products to our customers. Customer service and product availability was a key focus throughout the year and we're pleased to share that in some instances during the peak of the pandemic restrictions we managed to service successfully some of our critical customers who provide emergency services. Our plants which were operational through most of the pandemic, went above and beyond in supporting our transporter staff who in many instances were stuck on account of lockdown restrictions and interstate movements being restricted.

In the midst of this challenging year, with safety being at the heart of our operations, our plants were recognized for excellence in safety management with external recognitions. Patalganga plant won National Safety Council Award and Paharpur plant won the Indian Chamber of Commerce (ICC) Occupational Health & Safety 2020 Gold Award for the second time in a row as also the Apex India Foundation Platinum Award under Lubricant Oil category for outstanding achievement in Occupational Health & Safety Management.

Throughout the year, there was a strong focus on generating value through efficient processes and optimized operations to support our business delivery. Efficient sourcing in line with our decarbonize agenda and transportation initiatives, focusing on cost optimization, were led successfully, helping deliver additional value for the business.

## 6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The following are the changes in the Directors and Key Managerial Personnel during the financial year ended 31 December 2020:

- a. appointment of Mr. Sandeep Sangwan (DIN: 08617717) as an Additional Director and the Managing Director of the Company for a period of five (5) years with effect from 1 January 2020, subject to the approval of the Central Government.
- b. appointment of Mr. Udayan Sen (DIN: 02083527) as Nominee Director on Board of the Company with effect from 2 April 2020.
- c. cessation of Mr. Jayanta Chatterjee (DIN: 06986918) as a Wholetime Director-Supply Chain on the Board of the Company with effect from the close of business hours on 31 December 2020.
- d. cessation of Ms. Rashmi Joshi (DIN: 06641898) as a Chief Financial Officer & Wholetime Director on the Board of the Company with effect from the close of business hours on 31 December 2020.
- e. appointment of Mr. Deepesh Baxi (DIN: 02509800) as a Chief Financial Officer & Wholetime Director on the Board of the Company with effect from 1 January 2021.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Sandeep Sangwan (DIN: 08617717), Managing Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment. Details of the Director proposed to be re-appointed at the ensuing Annual General Meeting, as required by Regulation 36(3) of the SEBI Regulations, 2015 ("SEBI Listing Regulations 2015") and SS - 2 (Secretarial Standards on General Meetings) are provided at the end of the Notice convening the

43<sup>rd</sup> Annual General Meeting of the Company. Further, details of the directorships held by Mr. Sandeep Sangwan (DIN: 08617717) in other companies, are given in the Corporate Governance Report.

The Independent Directors of your Company have certified their independence to the Board, stating that they meet the criteria for independence as mentioned under Section 149 (6) of the Act. There was no change in the composition of the Board of Directors and Key Managerial Personnel during the year under review, except as stated above.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of finance, people management, strategy, auditing, tax and risk advisory services, banking, financial services, investments; and they hold highest standards of integrity.

The Independent Directors of the Company have registered themselves with the Indian Institute of Corporate Affairs, Manesar ('IICA') as required under Rule 6 of Companies (Appointment and Qualification of Directors) Rules, 2014. The Independent Directors of the Company have served for more than three years on board of listed entities and hence shall not be required to pass the online proficiency self-assessment test as per the proviso to Rule 6(4) of Companies (Appointment and Qualification of Directors) Rules, 2014

## 7. POLICY ON NOMINATION, INDEPENDENCE, REMUNERATION, DIVERSITY AND EVALUATION.

The Policy on Nomination, Independence, Remuneration, Diversity and Evaluation, approved by the Nomination and Remuneration Committee of your Company and which has been adopted by the Board of Directors, is annexed as **Annexure II** to this report of the Board to the members. This policy is available on the website of the Company at [https://www.castrol.com/content/dam/castrol/country-sites/en\\_in/india/home/corporate-governance/nrc\\_policy\\_cil\\_2018.pdf](https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/nrc_policy_cil_2018.pdf)

## 8. BOARD EVALUATION

The Nomination and Remuneration Committee of your Company approved the Policy on Nomination, Independence, Remuneration, Diversity and Evaluation (“Policy”), which has been adopted by the Board of Directors. The Policy provides for evaluation of the Board, the committees of the Board and individual directors, including the Chairman of the Board. The Policy provides that evaluation of the performance of the Board as a whole and the Board Committees and individual Directors shall be carried out annually.

Your Company has appointed a reputed agency that engages with the Chairman of the Board and Chairman of the Nomination and Remuneration Committee in respect of the evaluation process. The agency prepares an independent report which is used for giving appropriate feedback to the Board/Committees/Directors for discussions in the meetings.

During the year, the evaluation cycle was completed by the Company which included the evaluation of the Board as a whole, Board Committees and individual Directors. The evaluation process focused on various aspects of the Board and Committees’ functioning such as composition of the Board and its committees, experience and competencies, performance of specific duties, obligations and governance issues. A separate exercise was carried out to evaluate the performance of individual Directors on parameters such as attendance, contribution and exercise of independent judgment.

The results of the evaluation of the Board and its committees were shared with the Board and its respective committees. The Chairman of the Board had discussions with members of the Board to discuss the performance feedback based on self-appraisal and peer review. The Nomination and Remuneration Committee Chairman discussed the performance review with the Chairman of the Board.

The Independent Directors met on 27 October 2020 to review performance evaluation of Non-Independent Directors and the Board

of Directors and also of the Chairman taking into account views of Executive Directors and Non-Executive Directors.

Based on the outcome of the evaluation, the Board and its committees have agreed on various action points, which would result in each Director, Board Committees and the Board, playing more meaningful roles to increase shareholder value.

## 9. BOARD AND COMMITTEES

The Board met six times during the year, details of which are given in the Corporate Governance Report that forms part of this annual report. The intervening gap between the meetings was within the period prescribed under the Act and the SEBI Listing Regulations 2015 and as per the Circulars issued by the Ministry of Corporate Affairs and SEBI. Details of all the committees of the Board have been given in the Corporate Governance Report.

## 10. CORPORATE GOVERNANCE

Your Company is part of BP Group which is known globally for best standards of governance and business ethics. Your Company has put in place governance practices as prevalent globally. The Corporate Governance Report and the Auditor’s Certificate regarding compliance of conditions of Corporate Governance are made part of the Annual Report.

## 11. CORPORATE SOCIAL RESPONSIBILITY

At Castrol India Limited, we believe that we have a responsibility to bring enduring positive value to communities we work with. In line with our core theme to keep India moving, we have and will continue to build enduring and engaging relationships with key stakeholders in the mobility sector.

Truck drivers and mechanics are two key partners who play a significant role in keeping the wheels of this sector moving. Truck drivers carry the majority of freight traffic in the country while mechanics service one of the largest automotive markets in the world. However, their skills, livelihood

opportunities and socio-economic conditions need more focus.

At Castrol India Limited, we are committed to making a positive impact in the lives of truck drivers and mechanics by preparing them to face today's reality and leverage tomorrow's opportunity.

In line with this vision, Castrol India Limited now focusses on two key flagship CSR programmes:

- Programme for holistic development of truck drivers - Castrol Sarathi Mitra
- Programme for mechanics with an aim to strengthen skills development in automotive and industrial sectors, with a focus on technology – Castrol Eklavya

Additionally, Castrol India Limited continues to support community development initiatives around areas of operations and presence. The Company, from time to time, supports humanitarian aid activities in India, by providing relief and rehabilitation to people impacted by natural disasters.

The Corporate Social Responsibility Policy is available on the website of the Company at [https://www.castrol.com/en\\_in/india/home/castrol-story/corporate-social-responsibility.html](https://www.castrol.com/en_in/india/home/castrol-story/corporate-social-responsibility.html).

The annual report on CSR activities is annexed to this report as **Annexure III**.

## 12. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Sections 134(3)(c) and 134(5) of the Act, with respect to the Directors' Responsibility Statement, it is hereby confirmed:

- a. in the preparation of the annual accounts for the year ended 31 December 2020, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;
- b. the Directors have selected such accounting policies and applied them consistently and

made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31 December 2020 and of the profit of your Company for the year ended on that date;

- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on a 'going concern' basis;
- e. the Directors have laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and are operating effectively and
- f. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are efficient and operating effectively.

## 13. RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Your Company has set up a Risk Management Committee. Your Company has also adopted a Risk Management Policy, the details of which are given in the Corporate Governance Report that forms part of this Annual Report.

Your Company maintains an adequate and effective internal control system commensurate with its size and complexity. We believe that these internal control systems provide, among other things, a reasonable assurance that transactions are executed with management authorization and that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles and that the assets of your Company are adequately safe-guarded against significant misuse or loss. An independent internal audit function is an important element of your Company's internal

control system. The internal control system is supplemented through an extensive internal audit programme and periodic review by management and Audit Committee.

Your Company has in place, adequate Internal Financial Controls with reference to financial statements. During the year, such controls were tested and no reportable material weaknesses in the design or operation were observed.

#### **14. RELATED PARTY TRANSACTIONS**

Your Company has adopted a Related Party Transactions Policy. The Audit Committee reviews this policy from time to time and also reviews and approves all related party transactions, to ensure that the same are in line with the provisions of applicable law and the Related Party Transactions Policy. The Committee approves the related party transactions and wherever it is not possible to estimate the value, approves limit for the financial year, based on best estimates. All related party transactions are reviewed by an independent accounting firm to establish compliance with policy and limits approved.

All related party transactions entered during the year were in the ordinary course of the business and on an arms length pricing basis. No material related party transactions were entered into during the year by your Company. Accordingly, the disclosure of related party transactions as required under Section 134(3)(h) of the Act, in Form AOC-2 is not applicable to your Company.

In conformity with the requirements of the Act, read with SEBI Regulations, the policy to deal with related party transactions is also available on Company's website at [https://www.castrol.com/en\\_in/india/home/investors/corporate-governance.html](https://www.castrol.com/en_in/india/home/investors/corporate-governance.html)

#### **15. DEPOSITS**

Your Company has not accepted any deposits under Chapter V of the Act during the financial year and as such, no amount on account of principal or interest on deposits from public is outstanding as on 31 December 2020.

#### **16. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED**

There are no loans, guarantees and investments made by your Company pursuant to Section 186 of the Act.

#### **17. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D) AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars relating to conservation of energy, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act, are provided as **Annexure IV**.

#### **18. MATERIAL CHANGES OCCURRED AFTER END OF FINANCIAL YEAR**

No material changes and commitments which could affect your Company's financial position have occurred between the end of the financial year of your Company and date of this report.

#### **19. AUDITORS**

##### **STATUTORY AUDITOR**

The statutory auditors of your Company namely, Deloitte Haskins & Sells LLP, Chartered Accountants, were appointed for a period of five years at the Annual General Meeting held on 31 May 2017. The Companies (Amendment) Act, 2017 has waived the requirement for ratification of the appointment by the members at every Annual General Meeting. Hence, the approval of the members is not being sought for the re-appointment of the statutory auditor and in line with their resolution of appointment passed at the Annual General Meeting held on 31 May 2017, the statutory auditor will continue to hold office till the conclusion of the 44<sup>th</sup> Annual General Meeting of the Company. The statutory auditor confirmed their eligibility and submitted the certificate in writing that they are not disqualified to hold the office of the statutory auditor. The report given by

the statutory auditor on the financial statements of the Company is part of the Annual Report. There is no qualification, reservation, adverse remark or disclaimer given by the statutory auditor in their report.

### **COST AUDITOR**

M/s. Kishore Bhatia & Associates, cost accountants carried out the cost audit for the Company. They have been re-appointed as cost auditors for the financial year ending 31 December 2021. The Company has maintained cost records as specified under sub-section (1) of section 143 of the Companies Act, 2013 and the same shall be audited by the cost auditor i.e. M/s. Kishore Bhatia & Associates, Cost Accountants for the financial year 2021.

### **SECRETARIAL AUDITOR**

The Board had appointed M/s. S. N. Ananthasubramanian & Co., Company Secretaries in Whole-time Practice, to carry out secretarial audit under the provisions of Section 204 of the Act, for the financial year ended 31 December 2020. The secretarial auditor's report to the shareholders does not contain any qualification, and is annexed to this report marked as **Annexure V**.

## **20. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS**

During the financial year, your Company has complied with applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

## **21. PARTICULARS OF EMPLOYEES**

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of the Act, and Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 have been annexed to this report as **Annexure VI**.

Details of employee remuneration as required under provisions of Section 197 of the Act, and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, form part of this report. As per the provisions of Section 136 of the Act, the Report and Financial Statement are being sent to the Members of your Company and others entitled thereto, excluding the statement on particulars of employees. Copies of said statement are available at the registered office of the Company during the designated working hours from 21 days before the Annual General Meeting till date of the Annual General Meeting. Any member interested in obtaining such details may also write to the corporate secretarial department at the registered office of the Company.

## **22. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE**

Your Company firmly believes in providing a safe, supportive and friendly workplace environment – a workplace where our values come to life through the supporting behaviors. Positive workplace environment and a great employee experience are integral part of our culture. Your Company believes in providing and ensuring a workplace free from discrimination and harassment based on gender.

Your Company educates its employees as to what may constitute sexual harassment and in the event of any occurrence of an incident constituting sexual harassment. Your Company has created the framework for individuals to seek recourse and redressal to instances of sexual harassment.

Your Company has a Sexual Harassment Prevention and Grievance Handling Policy in place to provide clarity around the process to raise such a grievance and how the grievance will be investigated and resolved. An Internal Complaints Committee has been constituted in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year there was no complaint of sexual harassment that was reported.

## 23. VIGIL MECHANISM

Your Company has a very strong whistle blower policy viz. 'Open Talk'. All employees of your Company also have access to the Chairman of the Audit Committee in case they wish to report any concern. Your Company has provided a dedicated e-mail address for reporting such concerns. All cases registered under Whistle Blower Policy of your Company are reported to and are subject to the review of the Audit Committee.

## 24. ANNUAL RETURN

The annual return of the Company as required under the Companies Act, 2013 will be available on the website of the Company at [https://www.castrol.com/en\\_in/india/home/investors/general-meeting.html](https://www.castrol.com/en_in/india/home/investors/general-meeting.html)

## 25. GENERAL DISCLOSURES

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
2. Issue of Equity Shares (including Sweat Equity Shares) to employees of your Company, under any scheme.
3. Your Company has not resorted to any buy back of its Equity Shares during the year under review.
4. Your Company does not have any subsidiaries. Hence, neither the Managing Director nor the Wholetime Directors of your Company received any remuneration or commission during the year, from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and your Company's operations in future.
6. No fraud has been reported by auditors under sub-section (12) of section 143.

## 26. AWARDS AND RECOGNITIONS

Your Company was recognized with many prestigious and diverse external accolades in 2020 which include:

1. Castrol India being recognized in Economic Times Best Brands 2020 list.
2. Asia Pacific Effie Awards for marketing campaigns for Castrol Super Mechanic (bronze in influencer segment) and Castrol Activ nonstop democracy (bronze in automotive segment).
3. Silver at Indian Digital Marketing Awards for best integrated media campaign – social cause for Castrol Activ's #RideForVote campaign.
4. Economic Times Brand Equity Kaleido Awards (gold) for best campaign in energy for Castrol's CRB Plus #KhetAasana campaign.
5. Silver for best use of media for Castrol Activ's #RideForVote campaign at the Economic Times Brand Equity Kaleido Awards.
6. Silver for best campaign in Energy for Castrol Activ's #RideForVote at the Economic Times Brand Equity Kaleido Awards.
7. Economic Times Brand Equity Kaleido Awards (bronze) for best campaign in automotive and transport category to Castrol POWER1 #POWERTOPlay campaign.
8. Castrol CONNEKT digital app won the best B2B campaign for the Castrol Super Mechanic contest at the ET Brand Equity India Digiplus Awards 2020.
9. Castrol Activ's #RideForVote campaign won the best cause marketing through content (bronze) at BuzzInContent Awards 2020.
10. Indian Chamber of Commerce Occupational Health & Safety Award (gold) for Paharpur plant.
11. Apex India Foundation Platinum Award for outstanding achievement in occupational health and safety management for Paharpur plant.

12. Ford Q1 recertification for Silvassa plant making it the only lubricants plant in Asia Pacific region to hold this coveted award.
13. National Safety Council of India Award for Patalganga plant towards leadership and implementation of HSSE programmes.
14. Highest rating for Castrol India in Schaeffler's supplier evaluation on quality, delivery, environment and HSSE criteria.
15. JCB Best Supplier Award for Castrol India's consistent delivery and performance.

results under difficult conditions. The Board also wishes to thank the Members, distributors, vendors, customers, bankers, government and all other business associates for their support during the year.

**On behalf of the Board of Directors**

**Sandeep Sangwan**  
**Managing Director**  
**DIN: 08617717**

**Deepesh Baxi**  
**Chief Financial Officer**  
**& Wholetime Director**  
**DIN: 02509800**

## **27. ACKNOWLEDGEMENT**

The Board wishes to place on record its sincere appreciation of the efforts put in by your Company's employees for achieving encouraging

**Place : Mumbai**

**Date : 1 February 2021**

# Annexure I

## DIVIDEND DISTRIBUTION POLICY

### 1. Objective

The objective of this Policy document is to articulate Castrol India Limited's Dividend Distribution Policy.

This Policy applies to all types of Dividend declared or recommended by the Board of Directors of the Company and seeks to conform to the requirements of Section 123 of the Companies Act, 2013, the notified rules thereof and other such provisions.

### 2. Philosophy

At Castrol we respect, and are committed to, our role towards shareholders and meeting our obligations to the communities in which we do business. We believe that sustainable growth can be achieved by creating wealth and jobs, developing useful skills, and investing time and money in people.

Castrol aims to share its prosperity with the shareholders by way of declaring dividend subject to liquidity and growth requirement.

### 3. The Regulatory Framework

Pursuant to Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, top 500 Listed Companies in India as per Market Capitalization as on the preceding Financial Year shall formulate a dividend distribution policy.

Castrol falls within the list of Top 500 Listed Companies.

### 4. Definitions

Unless repugnant to the context:

- 4.1 "Act" shall mean the Companies Act, 2013 including the Rules made thereunder.
- 4.2 "Company or Castrol" shall mean Castrol India Limited.

4.3 "Chairman" shall mean the Chairman of the Board of Directors of the Company.

4.4 "Board" or "Board of Directors" shall mean Board of Directors of the Company.

4.5 "Dividend" shall mean Dividend as defined under Companies Act, 2013 or SEBI Regulations.

4.6 "SEBI Regulations" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 together with the circulars issued thereunder, including any statutory modifications or re-enactments thereof for the time being in force.

### 5. Policy

#### 5.1 Frequency of payment of dividend:

- 5.1.1 Castrol believes in rewarding its shareholders as and when the funds are available for distribution as dividend and generally strive to declare Interim Dividend at least once in a year and to recommend Final Dividend to the Members at the Annual General Meeting of the Company.
- 5.1.2 If the frequency of Interim Dividend is more than once, Castrol may not recommend Final Dividend for that year.

#### 5.2. Internal and external factors that would be considered for declaration of dividend:

- 5.2.1 Castrol considers several Internal and External Factors before deciding declaration or recommendation of dividend.
- 5.2.2 The Internal Factors are adequacy of profits for last year and likely profits for next year, allocation of capital towards capital expenditure,

probable mergers and acquisitions, loan repayments and working capital requirements.

- 5.2.3 The External Factors that would impact dividend payout are interest rate on surplus funds, taxation on distribution of dividend including taxation on dividend received from subsidiaries and dividend payout ratios of comparable companies.

### **5.3. The financial parameters that will be considered while declaring dividends:**

- 5.3.1 In order to maximize corporate value over the long term, internal capital resources will be secured for measures that will increase corporate value. These measures include investments in R&D and Capital Investments, which are vital to future business expansion.
- 5.3.2 After taking into consideration the required investments for future growth and the level of free cash flow, surplus will be distributed to the shareholders to the maximum extent possible.
- 5.3.3 For dividends in each financial year, Castrol's policy is to enhance stable, uninterrupted profit distributions by taking into account consolidated results as well as indicators including dividends on equity (DOE), which is return on equity (ROE) multiplied by the payout ratio, although this is subject to the level of internal capital resources necessary.
- 5.3.4 Other Financial Parameters like Net Free cash generation after factoring internal parameters like Net Operating Profit after Tax, working capital and capital expenditure requirements, loan repayments and payouts towards any probable merger

and acquisition will be considered by the Company before declaring or recommending dividend.

### **5.4. The circumstances under which their shareholders can or cannot expect dividend:**

In an event where Company has undertaken a significant project requiring higher allocation of capital or Merger or Acquisitions which demands higher capital allocation or in event where the company profits are inadequate or company makes losses, the Company would like to use the Company's reserves judiciously and not declare dividend or declare dividend lower than its normal rate of dividend.

### **5.5. Policy as to how the retained earnings will be utilized:**

- 5.5.1 The Company would like to retain the balances in Reserves and Surplus to give the required strength to the balance sheet for exploring leverage options for supporting growth.
- 5.5.2 The Company would be very cautious in declaring dividend out of past profits and reserves.

### **5.6. Transfer of Profits to Reserves:**

The Company will not transfer any amount to reserves unless otherwise statutory.

### **5.7. Provisions regarding class of shares:**

Currently, the Company has issued only Equity Shares and this Policy shall be applicable to Equity Shares.

As and when the Company issues other kind of shares, the Board shall amend this Policy along with Rationale at the time or before issue of other class of shares.

## **6. Procedure**

- 6.1 The Chief Financial Officer in consultation with the Managing Director of the Company shall recommend any amount to

be declared as Dividend to the Board of Directors of the Company.

- 6.2 The Company Secretary & Compliance Officer of the Company shall ensure compliance of Insider Trading Rules of the Company and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 6.3 The Agenda of the Board of Directors where Dividend declaration is proposed shall contain the rationale of the proposal.
- 6.4 The Board of Directors shall approve the declaration or recommendation of Dividend after ensuring compliance of Act, SEBI Regulations and this Policy.
- 6.5 The Company shall ensure compliance of provisions of Act, SEBI Regulations and this Policy in relation to dividend.
- 6.6 Item on Confirmation of Interim Dividend(s) declared by the Board of Directors of the Company shall form part of Notice of every Annual General Meeting of the Company.

## **7. General**

- 7.1 This Policy would be subject to revision/ amendment in accordance with the guidelines as may be issued by Ministry of Corporate Affairs and/or Securities Exchange Board of India from time to time, on the subject matter.
- 7.2 The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- 7.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

# Annexure II

## POLICY ON NOMINATION, REMUNERATION, DIVERSITY AND EVALUATION

(Consolidated Policy approved by the Board of Directors on 6 February 2018)

This Policy of Castrol India Limited (the “Company”) shall be referred to as “Policy on Nomination, Remuneration, Diversity and Evaluation (the “Policy”). This Policy shall act as a guideline for “Nomination and Remuneration Committee” (the “Committee”) on matters relating to Appointment of Directors including Independent Directors, Remuneration of Directors, Key Managerial Personnel (KMPs) and Senior Management Personnel, Board evaluation and Board Diversity. This Policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 (the “Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the “SEBI Listing Regulations, 2015”) and is subject to the provisions of other applicable laws as amended from time to time.

### 1. Policy

The Committee is responsible for recommending this Policy to the Board including any amendments to be made in this Policy.

### 2. Review of the Policy

The Board of Directors (the “Board”) is responsible for approving and overseeing implementation of this Policy and the same will be reviewed and reassessed by the Committee as and when required and appropriate. Recommendations shall be made to the Board to update this Policy for reasons that include but are not limited to regulatory changes.

Implementation of this Policy shall be the responsibility of the Company Secretary & Compliance Officer who shall advise the Board from time to time. All the terms like Director, Managing Director, KMP, Independent Director, Remuneration, Committee shall have the same meaning as assigned under the Act read with SEBI Listing Regulations, 2015.

The power to interpret and administer the Policy shall rest with the Chairperson of the Committee

whose decision shall be final and binding. The Chairperson is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or placed before the Committee, from time to time, to ensure the Committee’s oversight on these issues.

### 3. Policy on Appointment of Directors:

- a. In accordance with Company’s Articles of Association, the Board determines, from time to time, the size of the Board and may fill any vacancies that occur between annual general meetings. The Committee periodically evaluates and makes recommendations to the Board concerning the appropriate size of the Board based upon the needs of the Board.
- b. Appointment of a Director will be based on the outcome of a proper planning. The Committee shall consider the standards of qualification, expertise and experience of the candidates for appointment as Director and accordingly recommend to the Board his/her appointment. The Committee will assess skill-sets, the Board needs to have for the industry the Company operates in and also in view of Group corporate philosophy and governance standards.
- c. The Committee shall request reference internally for a candidate having relevant experience or from external consultants or any other source as deemed appropriate by the Committee.
- d. For inducting Directors, the Committee members shall personally meet the potential candidate and assess suitability of the candidate for the role in view of Castrol values and standards of governance.
- e. The Committee shall recommend appointment of the shortlisted candidate for directorship to the Board for its consideration. The Committee shall also recommend compensation that can be paid to a Director, commensurate to the industry norms and position.

- f. If position of a Director suddenly becomes vacant by unanticipated occurrence of any event, the Committee shall meet at the earliest opportunity to discuss succession and fill such vacancy.
- g. Criteria for selection:
- i. The Board candidate should be of the highest ethical character and share the values of Castrol as reflected in the Code of Conduct and Corporate Governance principles. Board candidate should have reputation, both personal and professional, consistent with the image and reputation of Castrol.
  - ii. The Board candidate should be of the highest moral and ethical character. The candidate must exhibit independence, objectivity and be capable of serving as a representative of the stockholder.
  - iii. The Board candidate should have the personal qualities to be able to make a substantial active contribution to Board deliberations. These qualities include intelligence, self-assuredness, a high ethical standard, inter-personal skills, independence, courage, and willingness to ask the difficult questions, communication skills and commitment.
  - iv. The Board candidate must be willing to commit, as well as have, sufficient time available to discharge the duties of Board membership and should not have any prohibited interlocking relationships or conflict of interest.
  - v. Board Candidate should be highly accomplished in its respective field, with superior credentials and recognition.
  - vi. In recognition of the fact that the foundation of the Company is in lubricants industry, the Board should prefer person who has relevant experience. A candidate should have extensive and relevant leadership experience including understanding of the complex challenges of enterprise leadership. International experience will in many cases be considered a significant positive characteristic in a Board candidate's profile. An ideal Board candidate will have gained this experience in one or more of the settings outlined below:
    - Business – The Board candidate is or has been the Chief Executive Officer, Chief Operating Officer or other major operating officer of a major corporation, with a background in law / marketing / finance / business operations / strategic management.
    - Industry – The Board candidate has experience in the fast-moving consumer goods (FMCG) industry/automobile industry or other complementary field.
    - Information Technology – The Board candidate should have fair understanding of information technology, e-commerce or digital marketing and also of regulatory framework in which the industry operates.
    - In considering candidates for election to the Board of Directors, the Board should constantly be striving to achieve the diversity of the communities in which the Company operates. The Committee shall work with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience as per Diversity Policy of the Company.
- 4. Policy on Independence of Directors**
- For the Independent Directors, the Committee shall assess the independence of Directors at the time of appointment/re-appointment and the Board

shall assess the same annually as per the 'Policy on Independence of Directors'. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Act. This policy is subject to the provisions of the Companies Act, 2013 and Listing Regulations issued by Securities and Exchange Board of India (SEBI) from time to time and that the Nomination and Remuneration Committee/ Board to assess the Independence of Independent Directors of the Company according to the criteria of Independence laid down by the Companies Act, 2013 read with Listing Regulations.

## 5. Policy on Remuneration of Directors

While determining Remuneration, the Committee shall take into account –

- a. Salary level of new director/employee is competitive, relative to the peer group.
- b. Variable remuneration is awarded within the parameters and is subject to a requirement of continued service and corporate performance condition.
- c. Where an existing employee is promoted to the Board, the Company will honour all existing contractual commitments including any outstanding share awards or pension entitlements.
- d. Where an individual is relocating in order to take up the role, the Company may provide certain one-off benefits such as reasonable relocation expenses, accommodation for a period following appointment and assistance with visa applications or other immigration issues and ongoing arrangements such as tax equalization, annual flights home, and housing allowance.
- e. Where an individual would be forfeiting valuable remuneration in order to join the Company, the Committee may award appropriate compensation based on evidence.

In making/revising remuneration package, the Committee would balance shareholder expectations, current best practice and the requirements of any new recruit.

The Committee may recommend to the Board, changes in remuneration terms of Directors, Key Managerial Personnel or Senior Management Personnel subject to the provisions of the Act and applicable Group policies, regulations of Service, Code of Ethics and Principles of legal compliance framed and adopted by the Company from time to time. The Directors and Key Managerial Personnel/ Senior Management Personnel shall superannuate as per the applicable provisions of the regulation and prevailing policy of the Company. The Board of Directors will have the discretion to retain the Whole-time Director, Key Managerial Personnel and Senior Management Personnel in the same position/remuneration or revised remuneration after attaining the age of superannuation, for organizational development reasons.

The Committee will discuss succession plans for the Directors, Key Managerial Personnel and Senior Management Personnel in consonance with the Company's policies, as applicable from time to time.

### (i) Remuneration for Independent Directors (IDs) and Non-Independent Non-Executive Directors (NED)

The remuneration should be sufficient to attract, motivate and retain world-class, non-executive talent. Remuneration practice should be consistent with recognized best practice standards for Chairman and NED remuneration. The aggregate annual remuneration payable to the NEDs is determined by shareholder resolution, subject to the limits of Law. The Non-Executive Directors nominated by Promoters are not entitled to receive any remuneration.

- a. Directors Sitting Fees – The NEDs are entitled to sitting fees as determined by the Board from time to time for attending Board/ Committee meetings thereof in accordance with the provisions of Act. Sitting fees amount may be subject to review on a periodic basis, as required. Within the

parameters prescribed by law, the payment of sitting fees will be recommended by the Committee and approved by the Board.

- b. Profit-linked Commission – The profit-linked commission shall be paid to the NEDs within the monetary limit approved by the shareholders of the Company subject to the same not exceeding 1% of the net profits of the Company computed as per the applicable provisions of the Act. Amount of Commission would be determined considering the overall performance of the Company, attendance at the meetings of Board/Committees, Membership/Chairmanship of Committees and contribution by the respective NEDs. The Committee will recommend to the Board, the quantum of commission for each Director based upon the outcome of the evaluation process.
- c. The IDs and NEDs are not entitled to any stock options of the Company.

NEDs are supported through the Company Secretary's office. This support includes assistance with travel and transport, security advice (when needed) and administrative services. NEDs shall be issued letters of appointment that recognize that, their service is at the discretion of shareholders.

The quantum and structure of the Chairman's remuneration is set by the Board based upon a recommendation from the Nominations Committee. The Chairman is not involved in setting his own remuneration. The Chairman's office is not maintained by the Company however he is provided administrative support and all reasonable travelling, communication and other expenses incurred in carrying out his duties are reimbursed.

**(ii) Remuneration for Managing Director (MD)/ Whole-time Directors (WTDs)/Key Managerial Personnel (KMPs) and Senior Management Personnel (SMPs)**

- a. The remuneration policy for the Managing Director (MD)/Whole-time Directors (WTDs)/

KMPs and Senior Management Personnel (SMPs) shall be guided by five key principles.

- i. Linked to strategy: A substantial proportion of remuneration is linked to success in implementing the Company's strategy.
  - ii. Performance related: The major part of total remuneration varies with performance, with the largest elements being share based, further aligning with shareholders' interests.
  - iii. Long term: The structure of pay is designed to reflect the long-term nature of Castrol's business and the significance of safety and environmental risks.
  - iv. Informed judgement: There are quantitative and qualitative assessments of performance with the Committee making informed judgement within a framework approved by shareholders.
  - v. Fair treatment: Total overall pay takes account of both the external market and Company conditions to achieve a balanced, 'fair' outcome.
- b. The aim of this policy is to ensure that whole-time directors are remunerated in a way that reflects the Company's long-term strategy. Consistent with this, a high proportion of directors' total potential remuneration has been, and will be, strongly linked to the Company's long-term performance. Salaries will normally be set in the home currency of the Director and reviewed annually. Remuneration shall comprise of two broad components; fixed and variable. Fixed portion comprises of Base pay and perquisites and variable pay termed as Performance Linked Bonus (PLB) comprises of a pre-determined maximum compensation that can be paid at the end of the performance year. Entire remuneration shall be paid as per the contract approved by the Board and terms approved by shareholders, as under:

- i. Fixed Component – This includes Salary and other perquisites/benefits. This provides base-level fixed remuneration to reflect the scale and dynamics of the business and to be competitive with the external market. Basic/fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition to the basic/fixed salary, the Company may provide employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company may also provide all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imburements or insurance cover and accidental death and dismemberment through personal accident insurance.
- ii. Performance Linked Bonus (PLB) – The specific amount payable to the MD/EDs would be based on performance as evaluated by the Board. It provides a variable level of remuneration dependent on short-term performance against the annual plan. Total overall Bonus is based on performance relative to measures and targets reflected in the annual plan, which in turn reflects Company's strategy.
- iii. Retirals in the form of contribution to Provident Fund, Superannuation and Gratuity be paid as per statutory requirements.
- iv. Based on the organizational need for retaining high performing employees and also those who are playing critical roles, from time to time, certain retention features may be rolled out as part of the overall compensation package. These may take form of Retention Bonuses, group Share Value Plan etc.
- v. Severance Pay may be awarded (under supervision and with approval of the Committee) to the eligible MD/WTDs/KMPs/SMPs in case of major organizational structuring(s).
- vi. Long Term Incentives may be awarded (under supervision and with approval of the Committee) to the eligible MD/WTDs/KMPs/SMPs based on their contribution to the performance of the Company, relative position in the organization, and length of service.
- c. Annual Compensation Review – The compensation review year will be financial year of the Company. The annual compensation review, as a part of the performance management system cycle, shall be guided by Industry/business outlook, employee differentiation based on individual performance rating achieved during the applicable performance year.

## 6. Board Evaluation

- a. The Board is committed to assessing its own performance as a Board in order to identify its strengths and areas in which it may improve its functioning. Towards this end, the Committee shall establish the criteria and processes for evaluation of performance of Individual Directors, Chairperson of the Board, the Board as a whole and the Committees of the Board and recommend the same to the Board.
- b. The Board is responsible for monitoring and reviewing of the Board Evaluation framework.
- c. The Committee shall
  - i. formulate criteria for evaluation of performance of independent directors and the board of directors;
  - ii. carry out evaluation of every director's performance;
  - iii. determine whether to extend or continue the term of appointment of the independent director, on the

basis of the report of performance evaluation of independent directors.

- d. The performance evaluation shall take place annually. It shall be the responsibility of the Chairperson of the Committee to organize the evaluation process.
- e. The appointment/re-appointment/continuation of Directors on the Board shall be subject to the outcome of the yearly evaluation process.
- f. The process and criteria for evaluation shall be guided by the “Guidance Note on Board Evaluation” issued by SEBI (No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 5 2017), applicable provisions of the SEBI Listing Regulations, 2015 and the Act and amendments/modifications thereto made from time to time.

## 7. Meeting of Independent Directors

The Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of Non-independent Directors and members of the management.

Such meeting shall:

- a. review the performance of Non-independent Directors and the Board as a whole;
- b. review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-executive Directors;
- c. assess the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Independent Directors may call such meeting(s) at any point of time as desired.

## 8. Board Diversity Policy

1. The Board Diversity Policy aims to set out the approach to achieve diversity on the Board of

Directors of the Company. Building a diverse and inclusive culture is integral to the success of Company. Ethnicity, age and gender diversity, underpinned by meritocracy are areas of strategic focus for the employee base and the same principle is applied to the composition of Board.

## 2. Policy Statement

The Board of Directors shall comprise of Directors having expertise in different areas/ fields like Strategic Planning, Finance, Law, Sales, Engineering or as may be considered appropriate. In designing the Board’s composition, Board diversity shall not be limited to gender, age, cultural and educational background, ethnicity, professional experience, skills and knowledge. The Board shall have at least one Board member who has accounting or related financial management expertise and at least one woman director.

The Board recognizes the benefits that diversity brings to the Board. In considering the composition of the Board, directors will be mindful of:

- a. Diversity: ensuring the Board and the Company reflects the global communities in which it works;
- b. Inclusiveness: creating an environment where all board members, employees and business partners are valued and can give of their best;
- c. Meritocracy: ensuring that Board appointments are made on the basis of merit alone.

The Board delegates the search and nomination of new directors to the Committee. When considering the nomination of new directors, the Committee will evaluate the balance of skills, knowledge and experience on the Board in order to identify the capabilities desirable for a particular appointment. Such evaluations will also consider the diversity the individual brings to the overall Board and will aim to ensure as diverse a mix as possible.

# Annexure III

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

### 1. A brief outline of the Company's CSR policy, including overview of projects / programmes undertaken

At Castrol India Limited ("CIL"), we believe that we have a responsibility to bring enduring positive value to communities we work with. In line with our core theme to keep India moving, we have and will continue to build enduring and engaging relationships with key stakeholders in the mobility sector.

Truck drivers and mechanics are two key partners who play a significant role in keeping the wheels of this sector moving. Truck drivers carry the majority of freight traffic in the country while mechanics service one of the largest automotive markets in the world. However their skills, livelihood opportunities and socio-economic conditions need more focus.

At CIL, we are committed to making a positive impact in the lives of truck drivers and mechanics by preparing them to face today's reality and leverage tomorrow's opportunity.

#### **Vision:**

Transforming the lives of truck drivers and mechanics towards a sustainable livelihood and building pride in their professions.

#### **Mission:**

To prepare truck drivers and mechanics in India for today's reality and tomorrow's opportunity by:

- i. Enabling sustainable livelihoods and making them future-ready through upskilling
- ii. Providing opportunities for socio-economic growth through financial literacy and entrepreneurship development

- iii. Building pride in their professions through multiple programmatic interventions and platforms

In line with this vision, CIL now focusses on two key flagship CSR programmes:

- Programme for holistic development of truck drivers - Castrol Sarathi Mitra
- Programme for mechanics with an aim to strengthen skills development in automotive and industrial sectors, with a focus on technology – Castrol Eklavya

Additionally, CIL continues to support community development initiatives around areas of operations and presence. The Company, from time to time, supports humanitarian aid activities in India, by providing relief and rehabilitation to people impacted by natural disasters.

The Company follows an approach of initiating pilot projects to test on-ground relevance with leading non-governmental organisations (NGOs). Based on stakeholder response, partner experience and contribution to agenda, the projects are accordingly scaled up or redesigned. Encouraged by the response, the portfolio continues to grow with expanding partnerships and investments. The Company's CSR Policy for 2020 can be viewed at: [http://www.castrol.com/en\\_in/india/about-us/csr.html](http://www.castrol.com/en_in/india/about-us/csr.html)

### 2. Composition of the CSR Committee

- Mr. Rakesh Makhija – Chairman
- Ms. Sangeeta Talwar – Member
- Mr. Sashi Mukundan – Member
- Mr. Sandeep Sangwan – Member
- Ms. Rashmi Joshi – Member (up to close of business hours on 31 December 2020)
- Mr. Jayanta Chatterjee- Member ( up to close of business hours on 31 December 2020)
- Mr. Deepesh Baxi- Member (w.e.f 1 January 2021)

### 3. Average net profit of the Company for last three financial years

Average net profit of the Company for last three financial years (2017, 2018 and 2019) calculated in accordance with the provisions of the Section 198 of the Companies Act, 2013 is INR 1130.2 Crores.

### 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)

Two percent of the average net profit for last three financial years is INR 22.6 Crores

### 5. Details of CSR spend during the financial year

- The Company spent an amount of Rs. 25.4 crores on various CSR programmes as detailed in the CSR policy of the Company.
- Amount unspent, if any: Nil
- Manner in which the amount was spent during the financial year is detailed below:

(All figures in INR Crores)

CSR project / activity identified	Sector in which the project is covered	Projects/Programmes (1) Local area or other (2) Specify the State and district where projects/programs were undertaken	Amount outlay (budget) project/program wise	Amount spent on the projects/programs	Cumulative expenditure up to reporting period	Amount spent: Directly or through Implementing Agency (IA)
<b>Flagship Programmes</b>						
Programme for mechanics- Castrol Eklavya : Strengthening skills in the automotive and industrial sectors, with a focus on technology	Livelihood enhancement projects	Chhattisgarh, Uttar Pradesh, Maharashtra, Himachal Pradesh, Tamil Nadu, Madhya Pradesh, Karnataka and Kerala	8.8	8.8	8.8	IA – Social Empowerment and Economic Development Society, Pravah, Ambuja Cement Foundation, Friends Union for Energising Lives
Programme for truck drivers – Castrol Sarathi Mitra: holistic development of truck drivers	Promotion of Road Safety	Maharashtra, Delhi/NCR, Rajasthan, Tamil Nadu, West Bengal, Karnataka and Uttar Pradesh	6.8	6.8	6.8	IA – Social Empowerment and Economic Development Society; Synergie
<b>Other Programmes</b>						
Community Development in the areas of operation and presence	Promoting education, community programmes and employment enhancing vocation skills	Silvassa, Patalganga and Paharpur	0.4	0.4	0.4	IA – Ambuja Cement Foundation, Empower Pragati and Learning Links Foundation
Humanitarian Aid	Disaster Relief – COVID-19 relief programme including supporting hospital with medical equipments and other supplies, providing food and essentials to daily wage earners, migrant labourers and to the communities around our plants and offices	COVID-19 relief programmes across 8 states in the country and in communities around areas of operations and presence	8.4	8.4	8.4	IA – Americares India, Habitat for humanity India
Administrative Overheads			1.0	1.0	1.0	Direct
<b>Total</b>			<b>25.4</b>	<b>25.4</b>	<b>25.4</b>	

### 6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

Not Applicable (The Company spent over 2% of the average net profit of the last three financial years in 2020)

### 7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The Board of Directors and its CSR Committee are whole-heartedly committed to fulfilling the Company's CSR vision of transforming the lives of

truck drivers and mechanics towards a sustainable livelihood and building pride in their professions aspiring to be a trusted partner while striving to contribute to a safer and better quality of life.

The Company's focus area approach on flagship programmes, governance structure and efforts are designed to deliver mutually set out objectives with our partners. Ensuring an active oversight and guidance of the Company's CSR investments are key responsibility of the Board and are therefore taken up with regularity and rigour.

We look forward to working together with our peers, the Government and civil society towards nation building.

**On behalf of the Board of Directors**

<b>Rakesh Makhija</b>	<b>Sandeep Sangwan</b>
<b>Chairman, CSR Committee</b>	<b>Managing Director</b>
<b>DIN: 00117692</b>	<b>DIN: 08617717</b>

**Place : Mumbai**

**Date : 1 February 2021**

# Annexure IV

## PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO REQUIRED UNDER THE COMPANIES (ACCOUNTS) RULES, 2014

### A) Conservation of Energy

#### I. Capital investment on energy conservation equipment

- Optimization of electrical heating system for storage tank, saving 8000 KWH / year.
- Replacement of old air conditioners in certain areas with energy efficient cooling systems
- Separation of lighting circuit for separate lighting arrangement during night at one of the plants thus resulting in power savings
- Capital investment of INR 14 Lakhs to install lawn sprinklers to re-use treated waste water for green area irrigation
- Installation of organic waste composter (OWC) with an investment of Rs. 4.5 Lakh
- Installation of solar power plant to generate electrical power up to 22 MWH/year in one of the plants

#### II. Steps taken or impact on conservation of energy

- Complete migration to LED technology for Energy efficient lighting
- Modification of air-conditioning system in a Quality lab for reduction of electrical load for cooling requirement.
- Continuous focus on blending operation optimization resulted in to savings of 25594 KWH of energy savings
- Monitoring & optimization of energy consumption across different processes & areas in the plant

### III. Sustainability

- Reuse of ~ 6 million litres of waste water using lawn sprinklers
- Generating ~5% of a manufacturing facility's energy consumption through Solar Power
- Waste Oil Reduction for soluble cutting oils.
- Optimizing of flush oil generation & consumption within the plants through fine tuning of process & product testing

In addition, Energy Audit & consumption Benchmarking is being undertaken across manufacturing to comprehensively develop a continuous improvement roadmap in line with the organization's commitment to energy efficiency & Sustainability.

### B) Technology Absorption

#### (i) Efforts made towards technology absorption

- The Company continued to derive sustainable benefits from technology with the analytical testing and blending laboratory facilities operating out of Silvassa and the technology deployment activities carried out from Mumbai.
- This was another year where the Company's product development capability helped the business meet pressing consumer needs, partner closely with its customers and leverage strengths of its global affiliates to meet the needs of the local India market.
- The Company launched products throughout financial Year 2020 in motorcycle, passenger cars, commercial vehicles, Industrial & HD spaces, with superior benefits to

consumers. The company continued with its introduction of BS VI ready products across all spaces which will help the country with its low carbon future.

- The Company also launched BS VI compliant product for new next generation cars in OEM space.
  - The company launched Castrol GTX SUV, which is a synthetic blend engine oil available in 5W-30 grade. Its double-action formula has been proven to clean away the sludge that can block engine oilways and helps prevent new sludge. It is specially designed to tackle challenges of SUV engines which run under heavy loads and for long hours. It provides 30% better protection against deposits in gasoline and diesel engines under heavy load. Helps extend engine life of SUVs and Pick-ups in heavily loaded conditions
  - The company introduced product in the ACTIV portfolio with introduction of ACTIV Cruise 15W-50 for cruiser bikes. The product protects against the ill effects of long rides and fights harmful deposit build up and delivers 3X protection to the motorcycle i.e. during start-up, running and even when engine is off.
  - The company introduced POWER1 Ultimate range of fully synthetic motorcycles oils with 5-in-1 formula for bikes and Scooters. The product is crafted to help unlock ultimate performance for bike's engine through its unique 5-in-1 formula, that delivers the thrill of outstanding performance through five key benefits of Excellent acceleration, Excellent protection, Enduring performance, Smooth riding and Keeps engine cool
  - In Industrial and HD Space, the company launched new products like Ilocut 1945, Iloform BWN 320, Techniclean HP, Rustilo DW 310. The products are successfully running in several applications at customers across India.
- (ii) Benefits derived like product improvement, cost reduction, product development or import substitution**
- Company upgraded Magna SW D, Perfecto X & Rustilo DW 205 products with improved performance.
  - Company introduced Tribol BW 32, Magna CTX 320 as new products.
  - Company launched next generation rust preventive product with reduced VOC elements.
- (iii) Imported technology**
- Automotive: High performance automotive lubricants were introduced into Indian market within the last 3 years: VECTON CI-4 Plus with extend drain interval claim of 60,000 km, VECTON LONG DRAIN 15W-40 CK-4/E9 proven up to 120,000KM ODI, MAGNATEC STOP-START 0W-20 & 5W-30 with up to 60L fuel savings per annum, ACTIV with 3X protection, GTX Ultraclean with superior engine cleanliness.
  - Industrial: High performance and metal working lubricants were introduced into the Indian market within last 3 years: Environment friendly products Hysol SL 35 XBB, Alusol SL 61 XB and Techniclean 80 XBC which delivers prolonged fluid life with an improved health and safety profile; Optitemp 6590, Optitemp XBT1LF, Optigear Synthetic CT 320 and Molub Alloy 6080/460-1.5 for High Performance application.

<b>(iv) Expenditure on R&amp;D</b>	<b>(INR in Crores)</b>
Capital	0.24
Recurring	5.05
<b>Total</b>	<b>5.29</b>

### **(C) Foreign Exchange Earnings and Outgo**

#### **1. Activities relating to Export**

There were no significant exports by the Company during the year. However, some quantities of the products were exported to China, Thailand and Indonesia.

#### **2. Earnings and Outgo**

	<b>(INR in Crores)</b>
Foreign Exchange Earnings	14.28
Foreign Exchange Outgo	720.76

**On behalf of the Board of Directors**

<b>Sandeep Sangwan</b>	<b>Deepesh Baxi</b>
<b>Managing Director</b>	<b>Chief Financial Officer and</b>
<b>DIN: 08617717</b>	<b>Whole-time Director</b>
	<b>DIN: 02509800</b>

**Place : Mumbai**  
**Date : 1 February 2021**

## Annexure V

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]*

To,

**The Members,  
Castrol India Limited  
CIN L23200MH1979PLC021359**

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Castrol India Limited** (hereinafter called the Company) for the financial year ended **31<sup>st</sup> December 2020**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended **31<sup>st</sup> December, 2020**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31<sup>st</sup> December, 2020** according to the provisions of:

- i. The Companies Act, 2013 ("the Act"), and the rules made thereunder.
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder.
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – **Not applicable to the extent of Overseas Direct Investment and External Commercial Borrowings as there was no reportable event during the financial year under review.**
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act' -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – **Not Applicable as there was no reportable event during the financial year under review;**
  - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – **Not Applicable as the Company has not issued any shares / options to directors / employees under the said regulations during the financial year under review;**
  - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – **Not Applicable as the Company has not issued and listed debt securities during the financial year under review;**
  - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client – **Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;**
  - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not Applicable as the Company has not delisted/proposed to delist its**

**equity shares from any Stock Exchanges during the financial year under review;** and

- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not applicable as the Company has not bought back/proposed to buy-back its equity shares during the financial year under review.**
- vi. The management has identified and confirmed the following law as specifically applicable to the Company:

**The Petroleum Act, 1934 and Rules made thereunder.**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India;
- (ii) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Listing Agreement entered into with BSE Limited and National Stock Exchange of India Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

The Company is in the process of collecting data required for the purpose of filing Form 1A as required under Rule 4A of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 with Investor Education and Protection Fund w.r.t amounts transferred to IEPF during FY 1999, 2000, 2002, 2005, 2007.

**We further report that:**

- The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors including at least one Women Independent Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent seven days in advance before the meeting except where consent of Directors was received for circulation of agenda and notes to Agenda at a shorter notice. There exists system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- All decisions of the Board and Committee meeting were carried with requisite majority.

**We further report that** based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Managing Counsel and taken on record by the Board of Directors at their meeting(s), we are of the opinion that there are adequate systems and processes in place in the Company which commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines:

- As informed, the Company has responded appropriately to notices received from various statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.

**We further report that** during the audit period there were no specific events/actions having a major bearing on Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines, standards, etc., referred to above.

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

**For S. N. ANANTHASUBRAMANIAN & CO.**

**Company Secretaries**

**ICSI Unique Code: P1991MH040400**

**Peer Review Cert. No.: 606/2019**

**S. N. Ananthasubramanian**

**Partner**

**FCS: 4206 | COP No.: 1774**

**ICSI UDIN: F004206B002379326**

**Date: 1<sup>st</sup> February, 2021**

**Place: Thane**

## Annexure A

To,

The Members,

**Castrol India Limited**

**CIN L23200MH1979PLC021359**

Technopolis Knowledge Park,

Mahakali Caves Road,

Chakala, Andheri ( East),

Mumbai –400 093

Our Secretarial Audit Report for the financial year ended **31<sup>st</sup> December 2020** of even date is to be read along with this letter.

### **Management's Responsibility**

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively.

### **Auditor's Responsibility**

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances.
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion.
4. Wherever required, we have obtained the management's representation about the compliance of laws, rules and regulations and happening of events etc.

### **Disclaimer**

5. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
6. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company..

**For S. N. ANANTHASUBRAMANIAN & CO.**

**Company Secretaries**

**ICSI Unique Code: P1991MH040400**

**Peer Review Cert. No.: 606/2019**

**S. N. Ananthasubramanian**

**Partner**

**FCS: 4206 | COP No.: 1774**

**ICSI UDIN: F004206B002379326**

**Date: 1<sup>st</sup> February, 2021**

**Place: Thane**

## Annexure VI

### DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- (i) Ratio of the remuneration of each Director to the median remuneration of employees of the Company for the Financial Year 2020, percentage increase in remuneration of the Chief Executive Officer, the Chief Financial Officer and other Executive Directors and the Company Secretary during the Financial Year 2020:

Sr. No.	Name of Director/KMP	Designation	Remuneration of Director/KMP for FY 2020 (Rs. in crores)	Percentage increase in Remuneration in the Financial Year 2020	Ratio of remuneration of each Director/KMP to median remuneration of employees
1.	Mr. Sandeep Sangwan	Managing Director	3.72	-	18.5
2.	Ms. Rashmi Joshi	Chief Financial Officer & Wholetime Director	2.31	15.7	11.5
3.	Mr. Jayanta Chatterjee	Wholetime Director – Supply Chain	2.45	7.7	12.2
4.	Mr. Uday Khanna*	Independent Director	-	-	-
5.	Mr. R. Gopalakrishnan*	Independent Director	-	-	-
6.	Ms. Sangeeta Talwar*	Independent Director	-	-	-
7.	Mr. Rakesh Makhija*	Independent Director	-	-	-
8.	Mr. Udayan Sen ( w.e.f 2 April 2020)	Nominee Director	-	-	-
9.	Mr. Sashi Mukundan	Nominee Director	-	-	-
10.	Mr. Ramchander Subramaniam Avanavadi	Nominee Director	-	-	-
11.	Ms. Chandana Dhar	Company Secretary & Compliance Officer	0.92	10	4.5

\* The Independent Directors of the Company are entitled to sitting fees and commission as per the statutory provisions and within the limits approved by the Board of Directors and Shareholders. The details of remuneration of Independent Directors are provided in the Corporate Governance Report.

(ii) Other details:

Permanent employees on the rolls of the Company as on 31 December 2020	690
Percentage increase in the median remuneration of employees* in the Financial Year	1.4%

\* excluding Managing Director and Wholetime Directors.

- (iii) The average percentage increase made in salaries of employees (other than managerial personnel) was 9.8% while increase in managerial remuneration was 11.3%. Please note that the average increase for employees includes the Salary data of workmen who are covered under three different Long Term Settlement (LTS) for a period of 4 years generally. The increase in salaries during the year are based on remuneration policy/reward philosophy of the company and on annual appraisals of employees (excluding workmen who get covered under respective LTS).

On behalf of the Board of Directors

**Sandeep Sangwan**  
Managing Director  
DIN: 08617717

**Deepesh Baxi**  
Chief Financial Officer & Wholetime Director  
DIN: 02509800

Place : Mumbai  
Date : 1 February 2021

## REPORT ON CORPORATE GOVERNANCE

[Pursuant to Part C of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015].

### 1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Good governance practices stem from the value system and philosophy of the organization and at Castrol, we are committed to optimize shareholder returns, governance processes and an entrepreneurial, performance focused, conducive work environment.

The values of the Company i.e. Safety, Respect, Excellence, Courage and One Team in its ways of working, are fundamental drivers of sustainable business performance.

The Board is collectively responsible to ensure that Corporate Governance processes are structured to direct the Company's actions and agents to achieve this purpose, while complying with the Code of Governance. The Company's policies cover aspects such as ethical conduct, care for health, safety and environment; control and finance; commitment to employees and relationships as rooted in the Company's Governance Principles. Key aspects of the Company's Governance processes are:

- Clear statements of Board processes and the Board's relationship with the Management;
- A framework of prudent and effective controls which enable risks to be assessed and mitigated;
- Set the Company's values and standards and ensure that obligations to shareholders and other stakeholders are understood and fulfilled. The Board recognizes that in conducting its business, the Company should be responsive to other relevant stakeholders;
- Review and where appropriate determine the long term strategy and the annual plan for the Company based on proposals made by the Management, for achieving the Company's purpose.

### 2. BOARD OF DIRECTORS

#### Composition and Category

The Board of Directors of the Company comprises of an optimum combination of executive and non-executive directors, which is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015"). As of the year ended 31 December 2020, the Board consisted of ten (10) directors comprising of three (3) executive directors, three (3) non-executive directors nominated by Castrol Limited, UK as provided under the Articles of Association of the Company and four (4) independent directors. The Chairman of the Board is a non-executive, independent director. None of the Directors of the Company is related to each other.

During the year under review, following are the changes in the composition of Directors:

- a. appointment of Mr. Sandeep Sangwan (DIN: 08617717) as an Additional Director and the Managing Director of the Company for a period of five (5) years with effect from 1 January 2020, subject to the approval of the Central Government.
- b. appointment of Mr. Udayan Sen (DIN: 02083527) as Nominee Director of the Company with effect from 2 April 2020.
- c. cessation of Mr. Jayanta Chatterjee (DIN: 06986918) as a Wholetime Director-Supply Chain on the Board of the Company with effect from the close of business hours on 31 December 2020.
- d. cessation of Ms. Rashmi Joshi (DIN: 06641898) as a Chief Financial Officer & Wholetime Director on the Board of the Company with effect from the close of business hours on 31 December 2020.

- e. appointment of Mr. Deepesh Baxi (DIN: 02509800) as a Chief Financial Officer & Wholetime Director on the Board of the Company with effect from 1 January 2021.

### Appointment and Tenure

The Directors of the Company except nominee directors are appointed by members at the General Meetings and two-third of total number of Directors (other than independent directors and nominee directors) retire by rotation pursuant to the provisions of the Companies Act, 2013. The executive directors serve in accordance with the terms of their contract of service with the Company.

### Board Independence

Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, all the non-executive, independent directors including the Chairman are independent in terms of Listing Regulations, 2015.

The composition of the Board, directorships/committee membership positions in other companies as on year ended 31 December 2020, numbers of meetings held and attended during the year are as follows:

Name of Director	Designation	Category of Directorship	Board Meetings during the year		Attendance at last AGM	Directorships in listed companies (including Castrol India Limited)	Memberships of Board Committees (including Castrol India Limited)	
			Held	Attended			Member	Chairman
Mr. R. Gopalakrishnan	Chairman and Independent Director	Non-Executive Director	6	6	Yes	1	2	1
Mr. Uday Khanna	Independent Director	Non-Executive Director	6	6	Yes	4	5	3
Ms. Sangeeta Talwar	Independent Director	Non-Executive Director	6	6	Yes	4	8	2
Mr. Rakesh Makhija	Independent Director	Non-Executive Director	6	6	Yes	2	4	0
Ms. Rashmi Joshi*	Chief Financial Officer and Wholetime Director	Executive Director	6	6	No	1	2	0
Mr. Jayanta Chatterjee**	Wholetime Director – Supply Chain	Executive Director	6	6	Yes	1	0	0
Mr. Sashi Mukundan (representing Castrol Limited, UK)	Nominee Director	Non-Executive Director	6	5	Yes	1	0	0
Mr. A. S. Ramchander (representing Castrol Limited, UK)	Nominee Director	Non-Executive Director	6	5	Yes	1	1	0
Mr. Sandeep Sangwan+	Managing Director	Executive Director	6	6	Yes	1	1	0
Mr. Udayan Sen@ (representing Castrol Limited, UK)	Nominee Director	Non-Executive Director	5	4	No	1	1	0

+ Mr. Sandeep Sangwan (DIN: 08617717) was appointed as Managing Director with effect from 1 January 2020

@ Mr. Udayan Sen (DIN: 02083527) was appointed as a Non-Executive, Nominee Director of the Company with effect from 2 April 2020.

\* Ms. Rashmi Joshi resigned at the close of business hours on 31 December 2020

\*\* Mr. Jayanta Chatterjee resigned at the close of business hours on 31 December 2020

**Membership of Directors in other listed Companies:**

Name of the Director	Name of the Company	Designation
Mr. R. Gopalakrishnan	Nil	-
Mr. Uday Khanna	Pfizer Limited	Non-Executive Independent Director
	Kotak Mahindra Bank Limited	Non-Executive Independent Director
	Pidilite Industries Limited	Non-Executive Independent Director
Ms. Sangeeta Talwar	HCL Infosystems Limited	Non-Executive Independent Director
	TCNS Clothing Co. Limited	Non-Executive Independent Director
	Mahindra Holidays & Resorts India Limited	Non-Executive Independent Director
Mr. Rakesh Makhija	Axis Bank Limited	Non-Executive Independent Director
Ms. Rashmi Joshi	Nil	-
Mr. Jayanta Chatterjee	Nil	-
Mr. Sashi Mukundan	Nil	-
Mr. A. S. Ramchander	Nil	-
Mr. Udayan Sen	Nil	-

Note: Other Directorships exclude Directorships in Foreign Companies. Other Board Committees' Memberships include memberships of Audit Committee and Stakeholders Relationship Committee of public limited companies, whether listed or not. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all public companies in which they are Directors.

Mr. Uday Khanna holds 1,600 equity shares of the Company, Mr. Ramchander Avanavadi Subramaniam holds 20 equity shares and Mr. Udayan Sen holds 1508 equity shares of the Company as on 31 December 2020. No other non-executive director holds any shares in the Company. The Company has not issued any convertible securities.

**Board Meetings**

The Board meets at regular intervals to discuss and decide on the business policy and strategy of the Company apart from other Board business. A tentative annual calendar of the Board and committee meetings is circulated to the directors well in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolutions by circulation, as permitted by law, which is noted and confirmed in the subsequent board meeting.

The notice of board meeting is given well in advance to all directors. Usually, meetings of the Board are held in Mumbai. The agenda and pre-

reads are circulated well in advance before each meeting, to all directors, for facilitating effective discussion and decision making. Considerable time is spent by the directors on discussions and deliberations at the board meetings.

The Company Secretary and Compliance Officer is responsible for collation, review and distribution of all papers submitted to the board and committees thereof for consideration. The Company Secretary and Compliance Officer is also responsible for preparation of the agenda and convening of the Board and committee meetings. The Company Secretary and Compliance Officer attends all meetings of the Board and its committees, advises/ assures the Board on compliance and governance principles and ensures appropriate recording of minutes of the meetings.

In addition to the formal meetings, interactions outside the Board meetings also take place between the Chairman and the independent directors and with other Directors.

During the financial year, total 6 (six) Board meetings were held i.e. on 31 January 2020, 12 June 2020, 17 June 2020, 28 July 2020, 27 October 2020 and

30 November 2020 respectively. The maximum interval between any two meetings was within the maximum allowed gap pursuant to the Companies Act, 2013 and SEBI Listing Regulations read with the Circulars issued by MCA and SEBI with respect to increase in the gap and extension for holding meetings pursuant to COVID-19 pandemic.

### Independent Directors' Meeting

During the year, the independent directors of the Company met separately on 27 October 2020 without the presence of other directors or management representatives, to review the performance of non-independent directors, the Board and the Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

### Directors' Induction and Familiarization

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarize themselves with the Company's procedures and practices. Periodic presentations are made at the Board and the committee meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

Independent directors and executive directors are issued letters of appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. The induction process for non-executive, independent directors includes interactive sessions with the management, business and functional heads, visits to markets/plants, etc.

The independent directors, from time to time, request the management to provide detailed understanding of any specific project, activity or process of the Company. The management provides such information and training either at the meeting of Board of Directors or otherwise.

Web link giving the details of familiarization programme imparted to the Independent Directors

[https://www.castrol.com/content/dam/castrol/country-sites/en\\_in/india/home/corporate-governance/fam\\_policy.pdf](https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/fam_policy.pdf)

Given below are the key skills / expertise / competence identified by the Board of Directors which are required by them in the context of the business and sector of the Company to function effectively and available with them:

Skills / Expertise / Competence	Sandeep Sangwan	R. Gopalakrishnan	Uday Khanna	Rakesh Makhija	Sangeeta Talwar	Rashmi Joshi	Jayanta Chatterjee	Sashi Mukundan	Ramchander Avanavadi	Udayan Sen
Business Leadership & Operations- knowledge of the Lubricant Industry to provide important insights and perspectives to the Board on the Company's commercial, strategic, manufacturing, legal and other functions. Leadership experience resulting in a practical understanding of the Company's processes, develop talent, succession planning and driving the long term growth strategy of the Company	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Risk Management & Governance- knowledge and understanding of business risks to provide insights and perspective to the Board on enterprise risk. Develop highest levels of governance practices, provide insights about maintaining Board and management accountability and to protect stakeholders interest			✓			✓	✓			✓

Skills / Expertise / Competence	Sandeep Sangwan	R. Gopalakrishnan	Uday Khanna	Rakesh Makhija	Sangeeta Talwar	Rashmi Joshi	Jayanta Chatterjee	Sashi Mukundan	Ramchander Avanavadi	Udayan Sen
Finance & Accounting- Provide financial expertise to the Board, including an understanding and analysis financial statements, corporate finance, accounting and capital markets			✓			✓				✓
Business Expertise- understanding of the lubricant operating and business environment, market access and healthcare solutions. Respond to change with agility, optimism and innovation. Sound knowledge of Business Technology, Digital Marketing, Strategic Development, Public Affairs, etc	✓	✓		✓	✓	✓	✓		✓	✓
Understanding of Consumer and Customer Insights in diverse environments and conditions- Experience of having managed organisations with large customer interface in vital business environment and economic conditions which helps in leveraging consumer insights for business benefits.	✓	✓			✓	✓			✓	✓
Understanding use of Digital / Information Technology across the FMCG value chain- Understanding the use of Information Technology across the value chain, ability to foresee technological driven changes and disruption impacting business and appreciation of the need of cyber security and controls across the organisation.	✓					✓	✓	✓	✓	✓

## Board Evaluation

The Nomination and Remuneration Committee has specified the criteria for performance evaluation of the directors, the Board and its committees. The Board is committed to evaluating its own performance as a Board and evaluating performance of individual directors, in order to identify strengths and areas in which it may improve functioning. Further, overall effectiveness of the Board is measured to decide the appointments and re-appointments of directors. The details of annual Board evaluation process for directors have been provided in the Board's Report.

Following are the major criteria applied for performance evaluation —

1. attendance and contribution at Board and committee meetings and application of his/her expertise, leadership qualities and knowledge to

give overall strategic direction for enhancing the shareholders' value.

2. his/her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
3. his/her ability to monitor the performance of the management and satisfy himself/herself with integrity of the financial controls and systems in place, etc.

Independent directors' performance is evaluated also based on his/her help in bringing an independent judgment to bear on the Board's deliberations especially on issues of strategy, performance, risk management, resources, key appointments and standards of conduct and his/her ability to bring an objective view in the evaluation of the performance of the Board and the management.

### **Directors seeking appointment / re-appointments:**

The details of directors seeking appointments / re-appointments forms a part of the Notice of the 43<sup>rd</sup> Annual General Meeting of the Company.

## **3. COMMITTEES OF THE BOARD**

The Board committees are set up to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. Minutes of proceedings of committee meetings are circulated to the directors and placed before Board meetings for noting. The Board has currently established the following Committees:

### **(A) Audit Committee**

Members of the Audit Committee have wide exposure and knowledge in areas of finance and accounting. The terms of reference of the Audit Committee have been drawn up in line with Regulation 18 of Listing Regulations, 2015 and Section 177 of the Companies Act, 2013.

The Audit Committee, *inter alia*, provides reassurance to the Board on the existence of an effective internal controls environment.

The terms of reference of the Audit Committee are briefly described below:

1. oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommending to the Board, the appointment, re-appointment and, if required, the replacement of the statutory auditor and the fixation of audit fees;
3. reviewing and monitoring the auditor's independence and performance;
4. recommending to the Board, the appointment and remuneration of cost auditor;
5. approval of payment to statutory auditor for any other services rendered by the statutory auditor;
6. reviewing, with the Management, the annual financial statement and quarterly financial information;
7. reviewing with the Management, performance of internal auditor and adequacy of the internal control systems;
8. reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and frequency of internal audit;
9. discussing with internal auditor any significant findings and follow-up thereon;
10. reviewing the findings of any internal investigations by the internal auditor into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
11. discussion with statutory auditor before the audit commences;
12. to look into the reasons for substantial defaults, if any, in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
13. to review the functioning of the whistle blower mechanism;
14. approval or any subsequent modification of transactions of the Company with related parties;
15. to evaluate internal financial controls and risk managements systems;
16. approval of appointment of Chief Financial Officer (CFO).

As on 31 December 2020, the Audit Committee comprises of six (6) members viz. Mr. Uday Khanna, Mr. R. Gopalakrishnan, Ms. Sangeeta Talwar, Mr. Rakesh Makhija, Mr. A. S. Ramchander and Mr. Udayan Sen. Mr. Uday Khanna is the Chairman of the Committee.

During the year under review, Mr. Udayan Sen was appointed as the member of the Audit Committee with effect from 2 April 2020. No other changes in the composition of the Committee.

Meetings of Audit Committee are also attended by the Managing Director, the Chief Financial Officer, the statutory auditors and the internal auditors as permanent invitees. The cost auditors attend the Audit Committee meeting where cost audit reports are discussed. The Company Secretary and Compliance Officer acts as the secretary to the Audit Committee.

The Chairman of the Audit Committee attended the Annual General Meeting for the year ended 31 December 2019.

Five (5) Audit Committee meetings were held during the financial year ended 31 December 2020 on 31 January 2020, 12 June 2020, 28 July 2020, 27 October 2020 and 30 November 2020. The attendance of each member of the Committee is given below:

Name of Director	Designation	No. of Meetings held	No. of Meetings attended
Mr. Uday Khanna	Chairman	5	5
Mr. R. Gopalakrishnan	Member	5	5
Ms. Sangeeta Talwar	Member	5	5
Mr. A. S. Ramchander	Member	5	4
Mr. Rakesh Makhija	Member	5	5
Mr. Udayan Sen	Member	4	4

(w.e.f 2 April 2020)

## (B) Nomination and Remuneration Committee

In terms of Section 178(1) of the Companies Act, 2013 and Regulation 19 of Listing Regulations, 2015, the Nomination and Remuneration Committee (“NRC”) has been constituted.

Role (in brief) of the NRC is as follows:

1. identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the

criteria laid down, recommend to the Board their appointment / removal.

2. carry out evaluation of every director's performance.
3. devising a policy on Board diversity;
4. formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.
5. formulation of criteria for evaluation of performance of independent directors and the Board of Directors;
6. to decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
7. recommend to the Board, all remuneration, in whatever form, payable to senior management.

As on 31 December 2020, the NRC comprised of five (5) members viz. Ms. Sangeeta Talwar, Mr. R. Gopalakrishnan, Mr. Uday Khanna, Mr. Rakesh Makhija and Mr. Sashi Mukundan. The NRC is chaired by Ms. Sangeeta Talwar.

During the year under review there were no changes in the NRC.

The Company has adopted a policy on Nomination, Independence, Remuneration, Diversity and Evaluation (“Policy”). The Policy is in compliance with all applicable provisions of the Companies Act, 2013, particularly Section 178 read together with the applicable rules thereto and Regulation 19(4) of Listing Regulations, 2015. The Policy is designed to attract and retain best talent, who has the potential to drive growth and enhance shareholder value, it is essential to adopt comprehensive compensation policy which is in synchronization with the industry trends.

The Company has also adopted the Policy which is based on the principle that the Company's Board of Directors should have a balance of skills, experience and diversity of perspectives appropriate to the Company's business.

The Company recognizes that a Board composed of appropriately qualified people with a broad spectrum of experience relevant to the business is important for effective corporate governance and sustained commercial success of the Company. The Company aims to achieve a sustainable and balanced development by building a diverse and inclusive culture. The Policy is annexed to the Board's Report.

Four (4) NRC meetings were held during the year ended 31 December 2020 on 31 January 2020, 26 August 2020, 27 October 2020 and 30 November 2020. The Chairperson of the committee had attended the 42<sup>nd</sup> Annual General Meeting of the Company for the year ended 31 December 2019, held on 15 July 2020. The Company Secretary and Compliance Officer acts as the Secretary to the committee.

The attendance of each member of the NRC is given below:

Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
Ms. Sangeeta Talwar	Chairperson	4	4
Mr. R. Gopalakrishnan	Member	4	4
Mr. Sashi Mukundan	Member	4	4
Mr. Uday Khanna	Member	4	4
Mr. Rakesh Makhija	Member	4	4

## Remuneration of Directors

### (i) Pecuniary Relationship of Non-Executive Directors

The Company has no pecuniary relationship or transaction with its non-executive and independent directors other than payment of sitting fees to them for attending Board and committee meetings and commission as approved by members and Board for their invaluable services to the Company.

### (ii) Details of remuneration paid to Directors

The executive directors are paid salary and performance linked bonus, which is calculated, based on pre-determined parameters of performance. The independent directors are paid sitting fees and commission as determined by the Board from time to time. Other non-executive directors do not receive any remuneration including sitting fees. Sitting fees to the

independent directors are being paid as permissible under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Criteria of making payments to the independent directors are disclosed in the Policy and the same is available on [https://www.castrol.com/content/dam/castrol/country-sites/en\\_in/india/home/corporate-governance/nrc-policy\\_cil\\_2018.pdf](https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/nrc-policy_cil_2018.pdf)

Details of remuneration of executive directors for the financial year ended 31 December 2020 is as under:

(Amount in INR)

Name of Director	Salary	Perquisites	Retiral Benefits*	Performance based incentives**	Total
Mr. Sandeep Sangwan	2,26,88,571	70,10,192	14,17,500	61,26,013	3,72,42,276
Ms. Rashmi Joshi	1,59,60,376	24,52,920	8,39,790	38,50,413	2,31,03,499
Mr. Jayanta Chatterjee	1,43,32,800	34,48,650	15,70,428	51,19,596	2,44,71,474

\* Retiral benefits consist of Provident Fund, and Pension.

\*\* Performance based incentive for the year 2019 paid in the year 2020.

- the key parameters for the performance based pay/variable component of remuneration availed by the directors are considered by the Board of directors based on the recommendations of the Nomination and Remuneration committee. Variable pay/Performance Linked Bonus (PLB) is dependent on short-term performance against the annual plan. The total overall bonus is based on performance relative to measure and targets reflected in the annual plan which in turn reflects Company's strategy.
- the agreement with each Wholetime Directors and the Managing Director is made for a period of 5 and 1 year(s) respectively. Further, either party to the agreement is entitled to terminate the agreement by giving not less than three months' notice in writing to the other party.
- the appointment of executive directors, key managerial personnel, the management and other employees is by virtue of their employment with the Company and therefore, their terms of employment *vis-à-vis* salary, variable pay, service contract, notice period and severance fee, if any,

are governed by the applicable policies of the Company at the relevant point in time.

- presently, the Company does not have a scheme for grant of stock options to its employees. However, the management is entitled to the shares of BP PLC (Ultimate Holding Company) under the 'BP Share-Match' and 'BP Share Value Plan' Schemes, as in force.

Details of remuneration of Non-Executive, Independent Directors for the financial year ended 31 December 2020 is as under:

(Amount in INR)

Name of Director	Commission	Sitting Fees	Total
Mr. R. Gopalakrishnan	20,00,000	8,50,000	28,50,000
Mr. Uday Khanna	16,00,000	8,00,000	24,00,000
Ms. Sangeeta Talwar	16,00,000	9,00,000	25,00,000
Mr. Rakesh Makhija	16,00,000	9,00,000	25,00,000

### (C) Stakeholders Relationship Committee

Stakeholders Relationship Committee ("SRC") has been constituted to monitor and review investors' grievances. As on 31 December 2020, it comprises of Mr. R. Gopalakrishnan (Independent Director), Mr. Sandeep Sangwan and Ms. Rashmi Joshi. Mr. R. Gopalakrishnan is the Chairman of the Committee.

During the year under review, Mr. Sandeep Sangwan was appointed as the Member of the Committee w.e.f. 1 January 2020.

Ms. Chandana Dhar, Company Secretary and Compliance Officer of the Company, is the Compliance Officer for redressal of shareholder's/ investors' complaints.

One (1) committee meeting was held during the year ended 31 December 2020 on 31 January 2020 and all members attended the meeting. The Chairman of the committee attended the Annual General Meeting for the year ended 31 December 2019. The Company Secretary and Compliance Officer acts as the Secretary to the Committee.

The attendance of each member of the SRC is given below:

Name of Director	Designation	No. of Meetings	
		held	attended
Mr. R. Gopalakrishnan	Chairman	1	1
Ms. Rashmi Joshi	Member	1	1
Mr. Sandeep Sangwan (w.e.f. 1 January 2020)	Member	1	1

Ms. Rashmi Joshi ceased to be a member of the Committee w.e.f close of business hours on 31 December 2020 consequent to her cessation as Chief Financial Officer and Wholtime Director of the Company. Mr. Deepesh Baxi, Chief Financial Officer and Wholtime Director was appointed as a member w.e.f 1 January 2021

### Details of Shareholders'/Investors' Complaints

During the Financial Year ended 31 December 2020, 11 complaints were received from the shareholders. Out of the total complaints received during the year Nil were pending as on 31 December 2020. The complaints relate to non-receipt of annual report, dividend, share transfers, etc.

Opening as on 1 January 2020	02
Received during the year	09
Disposed of during the year	11
Closing as on 31 December 2020	0

### (D) Corporate Social Responsibility (CSR) Committee

As on 31 December 2020, the Corporate Social Responsibility Committee comprises of Mr. Rakesh Makhija, Ms. Sangeeta Talwar, Mr. Sashi Mukundan, Mr. Sandeep Sangwan, Ms. Rashmi Joshi and Mr. Jayanta Chatterjee. Mr. Rakesh Makhija is the Chairman of the Committee.

During the year under review there were following changes in the CSR:

- Mr. Sandeep Sangwan was appointed as the Member of the Committee w.e.f. 1 January 2020.

2. Ms. Rashmi Joshi and Mr. Jayanta Chatterjee ceased to be the members of the Committee w.e.f close of business hours on 31 December 2020 consequent to their cessation as Chief Financial Officer and Wholetime Director and Wholetime Director – Supply Chain of the Company, respectively.

The Company Secretary and Compliance Officer acts as the Secretary to the committee. Two (2) meetings of the Committee were held during the year ended 31 December 2020 viz. on 31 January 2020 and 27 October 2020.

The attendance of each member of the CSR Committee is given below:

Name of Director	Designation	No. of Meetings held	No. of Meetings attended
Mr. Rakesh Makhija	Chairman	2	2
Ms. Sangeeta Talwar	Member	2	2
Mr. Sashi Mukundan	Member	2	2
Mr. Sandeep Sangwan (w.e.f. 1 January 2020)	Member	2	2
Ms. Rashmi Joshi	Member	2	2
Mr. Jayanta Chatterjee	Member	2	2

Please refer to the Board's Report and its annexures for details regarding CSR activities carried out by the Company during the year ended 31 December 2020.

#### (E) Risk Management Committee

As on 31 December 2020, the Risk Management Committee (RMC) comprises of Mr. Sandeep Sangwan, Managing Director as the Chairman of the Committee and other members viz. Ms. Rashmi Joshi, Chief Financial Officer and Wholetime Director and Mr. Jayanta Chatterjee, Wholetime Director – Supply Chain and Mr. Siddharth Shetty, Managing Counsel. The Company Secretary and Compliance Officer acts as the Secretary to the Committee.

Two (2) meetings of the RMC were held during the year ended 31 December 2020 viz. on 21 April 2020 and 23 September 2020.

Ms. Rashmi Joshi and Mr. Jayanta Chatterjee ceased to be the members of the Committee w.e.f close of business hours on 31 December 2020 consequent to their cessation as Chief Financial Officer and Wholetime Director and Wholetime Director – Supply Chain of the Company, respectively

The attendance of each member of the RMC is given below:

Name of Director	Designation	No. of Meetings held	No. of Meetings attended
Mr. Sandeep Sangwan (w.e.f. 1 January 2020)	Chairman	2	2
Ms. Rashmi Joshi	Member	2	2
Mr. Jayanta Chatterjee	Member	2	2
Mr. Siddharth Shetty	Member	2	2

#### Internal Controls and Risk Management

The Company has laid down internal financial controls framework through a combination of entity level controls, process level controls and IT general controls, *inter-alia*, to ensure orderly and efficient conduct of business, including adherence to the Company's policies and procedures, accuracy and completeness of accounting records and timely preparation and reporting of reliable financial statements/information, safeguarding of assets, prevention and detection of frauds and errors.

The evaluation of these internal financial controls was done through the internal audit process, established within the Company and also through appointing professional firm to carry out such tests by way of systematic annual internal audit program. Based on the review of these reported evaluations, the Directors confirm that, for the preparation of financial accounts for the year ended 31 December 2020, the applicable Accounting Standards have been followed and the design of the internal financial controls were found to be adequate and that no significant deficiencies were noticed.

During the year, on the recommendation of the audit committee, the Board of Directors re-appointed Aneja and Associates, Chartered Accountants as the Internal Auditor of the Company.

#### 4. AFFIRMATION AND DISCLOSURE

- there were no materially financial or commercial transaction, between the Company and members of the management that may have a potential conflict with the interest of the Company at large.
- all details relating to financial and commercial transactions where directors may have a pecuniary interest are provided to the Board and the interested directors neither participate in the discussion nor vote on such matters.

##### Code of Conduct

The Company's Code of Conduct (CoC) is based on its values and clarifies the principles and expectations for everyone who works at Castrol India Limited. It applies to all Castrol India Limited employees, officers and members of the Board. The Code of Conduct is available on the website of the Company [https://www.castrol.com/content/dam/castrol/country-sites/en\\_in/india/home/corporate-governance/bp\\_coc.pdf](https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/bp_coc.pdf)

The Board of Directors are responsible for ensuring that rules are in place to avoid conflict of interest by the Board members and the Management. The Board has adopted the Code of Conduct for the members of the board and senior management team. The Code provides that the directors are required to avoid any interest in contracts entered into by the Company. If such an interest exists, they are required to make adequate disclosures to the Board and to abstain from discussion, voting or otherwise influencing the decision on any matter in which the concerned Director has or may have such interest. The members of the Board and the management annually confirm the compliance of the Code of Conduct to the Board.

The Code of Conduct for the members of the Board and senior management team is in addition to the Code of Conduct of the Company. A copy of the said Code of Conduct is available on the website of the Company at – [https://www.castrol.com/content/dam/castrol/country-sites/en\\_in/](https://www.castrol.com/content/dam/castrol/country-sites/en_in/)

[india/home/corporate-governance/coc\\_board\\_sr\\_mgt\\_2020.pdf](https://www.castrol.com/india/home/corporate-governance/coc_board_sr_mgt_2020.pdf)

#### 5. GENERAL BODY MEETINGS

##### Location and time of the last three AGMs of the Company:

Location	Date	Time	Special Resolution
Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")	15 July 2020	3.00 p.m.	1. Re-appointment of Mr. R. Gopalakrishnan (DIN: 00027858) as an Independent Director of the Company for a term of 5 (five) years effective 1 October 2019 2. Re-appointment of Mr. Uday Khanna (DIN: 00079129) as an Independent Director of the Company for a term of 5 (five) years effective 1 October 2019.
Yashwantrao Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg, Nariman Point, Opp. Mantralaya, Mumbai-400021	15 May 2019	10.00 am	NIL
Pama Thadhani Auditorium, Jai Hind College, 'A' Road, Churchgate, Mumbai- 400020	03 May 2018	10.00 am	NIL

##### Postal Ballot

During the year no resolutions were passed through postal ballot. There is no proposal to conduct any business through Postal Ballot at the forthcoming AGM.

#### 6. MEANS OF COMMUNICATION WITH SHAREHOLDERS

The Company regularly interacts with shareholders through multiple channels of communication such as results' announcements, annual report, media releases, Company's website and subject specific communications.

The quarterly, half yearly and annual results of the Company's performance are published in leading newspapers such as Business Standard and Sakal.

The aforesaid results are also made available on the website of the Company – [https://www.castrol.com/en\\_in/india/home/investors/financial-results.html](https://www.castrol.com/en_in/india/home/investors/financial-results.html). The website also displays vital information

relating to the Company and its performance and official press releases.

The quarterly results, shareholding pattern and all other corporate communication to the stock exchanges are filed through NSE Electronic Application Processing System (NEAPS) and BSE Listing Centre, for dissemination on their respective websites.

Presentations, if any, referred to during analysts and institutional investors' meets / calls every quarter are displayed on the Company's website [https://www.castrol.com/en\\_in/india/home.html](https://www.castrol.com/en_in/india/home.html).

## 7. GENERAL SHAREHOLDER INFORMATION

### Forty-third (43<sup>rd</sup>) Annual General Meeting

<b>Date</b>	:	Friday, 30 April 2021
<b>Time</b>	:	3.00 pm
<b>Venue</b>	:	Annual General Meeting through Video Conferencing/ Other Audio-Visual Means (VC/OAVM facility) [Deemed Venue for Meeting: Registered Office: Technopolis Knowledge Park, Mahakali Caves Road, Chakala, Andheri (East), Mumbai 400093].

**Last date for receipt of proxy forms:** Not Applicable

**Book Closure Dates :** Saturday, 24 April 2021 to Friday, 30 April 2021

**Dividend Payment Date :** on or before 30 May 2021

### Financial Year

**1 January to 31 December**

The Company has obtained approval from the Company Law Board vide order No. 19 dated 23 April 2015 to follow financial year other than April to March.

### Tentative calendar of Board Meetings for Financial Year ending 31 December 2021

The tentative dates of meeting of board of directors for consideration of quarterly financial results for

the financial year ending 31 December 2021 are as follows:

First Quarter Results	Not later than 14 May 2021
Second Quarter/Half Yearly Result	Not later than 14 August 2021
Third Quarter Results	Not later than 14 November 2021
Fourth Quarter/Annual Results	Not later than 1 March 2022

### Due Dates for Transfer of Unclaimed Dividend to the Investor Education and Protection Fund (IEPF)

Year	Dividend	Date of Declaration	Due Date for transfer to IEPF
2013	Final	13.05.2014	18.06.2021
2014	Interim	31.07.2014	05.09.2021
2014	Final	14.05.2015	19.06.2022
2015	Interim	29.07.2015	03.09.2022
2015	Final	05.05.2016	10.06.2023
2016	Interim	27.07.2016	01.09.2023
2016	Special	21.02.2017	29.03.2024
2016	Final	31.05.2017	06.07.2024
2017	Interim	23.08.2017	28.09.2024
2017	Final	03.05.2018	08.06.2025
2018	Interim	31.07.2018	05.09.2025
2018	Final	15.05.2019	20.06.2026
2019	Interim	29.07.2019	03.09.2026
2019	2 <sup>nd</sup> Interim	17.06.2020	23.07.2027
2020	Interim Dividend	27.10.2020	02.12.2027

### Listing on Stock Exchanges — Equity Shares

#### BSE Limited (BSE)

Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai 400 001.

#### National Stock Exchange of India Limited (NSE)

"Exchange Plaza",  
Bandra-Kurla Complex,  
Bandra (E), Mumbai 400 051.

#### Payment of Listing Fees

Annual listing fees for the financial year 2020-21 have been paid by the Company to BSE and NSE

#### Stock Code

BSE Limited	500870
National Stock Exchange of India Limited	CASTROLIND
ISIN	INE172A01027

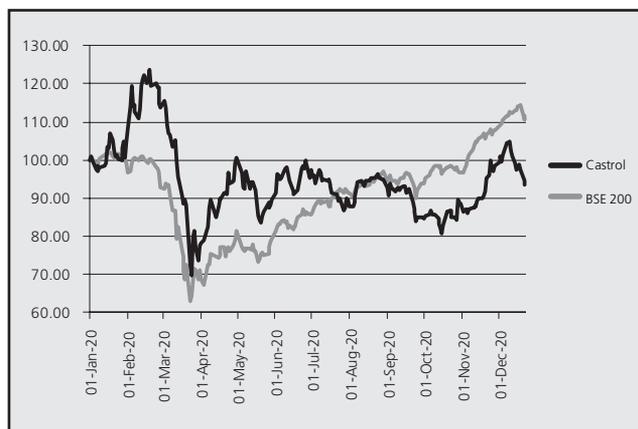
## Market Price Data

Monthly high and low quotation of the equity shares of the Company traded on the BSE and the NSE during the year ended 31 December 2020.

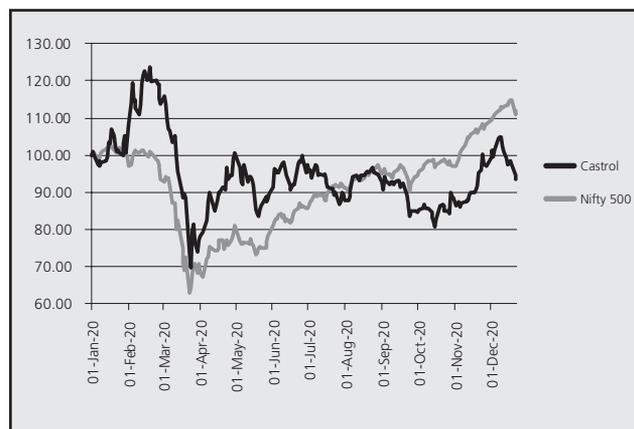
MONTHS	BSE		NSE	
	High (INR)	Low (INR)	High (INR)	Low (INR)
January 2020	140.00	123.60	140.00	123.55
February 2020	162.05	135.00	162.20	134.90
March 2020	153.90	89.65	153.50	89.55
April 2020	132.60	98.15	132.80	98.15
May 2020	130.60	106.00	130.80	106.00
June 2020	131.20	116.35	131.40	116.30
July 2020	126.85	109.90	126.95	109.80
August 2020	125.85	113.00	125.90	113.10
September 2020	124.45	107.00	124.50	106.20
October 2020	120.30	104.00	120.40	104.00
November 2020	130.40	110.40	130.80	110.40
December 2020	137.25	119.35	137.25	119.35

## Stock Performance in comparison to the BSE 200 and NSE Nifty 500 Indices

**BSE 200 VS CASTROL INDIA LIMITED  
SHARE PRICE (INDEXED)**



**NSE NIFTY 500 VS CASTROL INDIA LIMITED  
SHARE PRICE (INDEXED)**



During the financial year ended 31 December 2020, securities of the Company have not been suspended from trading on any of the stock exchanges where they are listed.

### The Registrar and Share Transfer Agent of the Company

Link Intime India Private Limited is the Registrar and Share Transfer Agent of the Company as on 31 December 2020.

Address for Correspondence

### Link Intime India Private Limited

(Registrar and Share Transfer Agent)

C-101, 247 Park, L.B.S. Marg,  
Vikhroli West, Mumbai-400 083

Phone: 022 4918 6000

Toll free number: 1800 1020 878

Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## Share Transfer System

All shares sent for transfer in physical form are registered by the Registrar and Share Transfer Agents as per the Listing Regulations, 2015. Request for transfer and transmissions are approved by the Share Transfer Agent under the authority granted by the Board. Shares under objection are returned within two weeks. All requests

for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) within 15 days. Acceptance of fresh application for transfer of shares in physical mode has been discontinued w.e.f. 1 April 2019 also the resubmitted cases shall not be accepted after 31 March 2021 as per SEBI Circular.

## Distribution of shareholding by size class:

No. of Shares held	No. of shares	No. of shareholders	% of shareholders
Upto 500	23633402	189595	80.72
501 – 1000	14873384	18930	8.06
1001 – 2000	16807110	11188	4.76
2001 – 3000	10530353	4159	1.77
3001 – 4000	8780596	2443	1.04
4001 – 5000	7664174	1666	0.71
5001 – 10000	25093594	3452	1.47
10001 and above	881739771	3447	1.47
<b>Total</b>	<b>989122384</b>	<b>234880</b>	<b>100.00</b>

## Distribution of shareholding by ownership:

Sr. No.	Category	No. of shareholders	No. of shares held	% of the total paid up capital
I	Foreign Promoter Company	3	504452416	51.00
II	Foreign Collaborator	0	0	0
III	Foreign Institutional Investors & FPI & Foreign National	169	118617687	11.99
IV	Overseas Bodies Corporate	0	0	0
V	Non-Resident Indians	4751	7416564	0.75
VI	Public Financial Institutions	3	5968732	0.60
VII	Indian Mutual Funds & Alternate Investment Fund	54	30786367	3.11
VIII	Nationalised Banks/	11	1494165	0.15
(a)	Non-Nationalized Bank	3	3424	0.00
(b)	Other Banks (Foreign Bank)	11	19276	0.00
IX	Domestic Companies (Other Bodies Corporate)	1192	12349814	1.25
X	Resident Individuals	222941	166562892	16.84
XI	Directors and Relatives	3	3128	0.00
XII	Others (Clearing member, HUF, Insurance companies, IEPF, NBFC, Trust)	5739	141447919	14.30
<b>Total</b>		<b>234880</b>	<b>989122384</b>	<b>100.00</b>

As on 31 December 2020, about 99.08% of the paid-up share capital of the Company has been dematerialized. Trading in equity shares of the Company is permitted only in dematerialized form. Promoter's holding is held in dematerialized form.

The Company does not maintain any demat suspense account and/or unclaimed suspense account.

**Outstanding GDRs/ADRs/Warrants or any convertible instruments, conversion date and likely impact on equity**

The Company has not issued any GDRs/ADRs/ Warrants or any convertible instruments.

**Plant Locations**

The Company's plants are located at Patalganga in Maharashtra; Paharpur in West Bengal and Silvassa (Union Territory).

**Address for Correspondence (other than queries relating to shares)**

Castrol India Limited  
Technopolis Knowledge Park, Mahakali Caves Road,  
Andheri (East), Mumbai 400 093  
Email ID for investors:  
[investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com),  
Phone: +91 22 6698 4100

**Commodity price risks/Foreign exchange risk and hedging activities**

The Company is subject to commodity price risks due to fluctuation in prices of base oil. A part of the Company's payables are in foreign currencies and due to fluctuations in foreign exchange prices, it is subject to foreign exchange risks. The Company has in place a robust risk management framework for identification and monitoring and mitigation of foreign exchange risks.

**8. OTHER DISCLOSURES**

**(a) Disclosures on materially significant related party transactions having potential conflict with the interests of the Company at large**

In line with the applicable statutory requirements, the Company has formulated a Policy on Related Party Transactions which is also available on Company's website at [https://www.castrol.com/content/dam/castrol/country-sites/en\\_in/india/home/corporate-governance/related\\_party\\_transactions\\_policy\\_cil\\_2018.pdf](https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/related_party_transactions_policy_cil_2018.pdf)

The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and Related Parties. There were no related party transactions that may have potential conflict with the interest of the Company at large.

**(b) Whistle Blower Policy/Vigil Mechanism**

The Company has a robust whistle-blower mechanism called "OpenTalk". The employees are encouraged to raise any of their concerns by way of whistle-blowing and all employees have been given access to the Audit Committee Chairman through a dedicated e-mail address [indiaauditcommitteec@bp.com](mailto:indiaauditcommitteec@bp.com). No employee has been denied access to the Audit Committee pertaining to the Whistle Blower Policy.

**(c) Details of payment to Statutory Auditors**

Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) have been appointed as the Statutory Auditors of the Company. During the year ended 31 December 2020, the Company has paid a consolidated sum of INR 1.55 Crores to the Statutory Auditors

**(d)** The Company has complied with all mandatory items of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**(e)** As per Clause 13 of Part C of Schedule V to the Listing Regulations, the Company has made disclosures of the compliance with corporate governance requirements specified in Regulation 17 to 27 and Clauses (b) to (i) of Sub-regulation (2) of Regulation 46 on the website of the Company.

**9. Discretionary Requirements**

**A. The Board**

The Chairman of the Board does not maintain a Chairman's office at the Company's expense. However, the Company, from time to time, reimburses the expenses in relation to the Chairman's office in connection with performance of his duties as the Chairman of the Company.

**B. Shareholders’ Rights – Half yearly results**

As the Company’s quarterly yearly results are published in an English newspapers having a circulation all over India and in a Marathi newspaper (having a circulation in Mumbai), the same are not sent separately to the shareholders of the Company, but hosted on the website of the Company.

**C. Audit Qualification**

There are no qualifications contained in the audit report.

**D. Separate positions of the Chairman and the CEO/Managing Director**

The positions of the Chairman and the Managing Director are separate.

**E. Reporting of Internal Auditors**

The internal auditors of the Company report to the audit committee and make detailed presentation at quarterly meetings.

**F.** The Company has no subsidiary and hence there is no need to frame any policy for determining “material” subsidiary.

**G.** There is no non-compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of the Part C of Schedule V of the Listing Regulations, 2015.

**H.** Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Sr. No.	Particulars	No. of Complaints
a.	Number of Complaints filed during the Financial Year	0
b.	Number of Complaints disposed of during the Financial year	0
c.	Number of complaints pending as on the end of the Financial year	0

**DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT OF THE COMPANY**

In accordance with requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Sandeep Sangwan in my capacity as the Managing Director of the Company hereby confirm that all members of the Board of Directors and the Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct of the Company for the Board of Directors and the Senior Management, for the Financial Year ended 31 December 2020.

**Sandeep Sangwan**  
**Managing Director**  
**DIN: 08617717**

**Place : Haryana, India**  
**Date : 27 January 2021**

## CERTIFICATE BY A COMPANY SECRETARY IN PRACTICE

[Pursuant to Regulation 34(3) and Schedule V Para C Clause (10)(i) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To,

The Board of Directors

**Castrol India Limited**

**CIN: L23200MH1979PLC021359**

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

We have examined the following documents:

- i) Declaration of non-disqualification as required under Section 164 of Companies Act, 2013 ('the Act')
- ii) Disclosure of concern or interests as required under Section 184 of the Act; (hereinafter referred to as 'relevant documents')

as submitted by the Directors of Castrol India Limited CIN: L23200MH1979PLC021359 and having its registered office at Technopolis Knowledge Park, Mahakali Caves Road, Andheri - East, Mumbai 400 093., to the Board of Directors of the Company ('the Board') for the Financial Year 2020 and Financial year 2021 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (LODR) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/ Statutory Authorities. It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion based on our verification.

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)), in our opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we hereby certify that for the Financial Year ended 31<sup>st</sup> December, 2020 none of the Directors on the Board of the Company, as listed hereunder, have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	Director Identification Number (DIN)	Date of Appointment	Date of cessation
1	Mr. Ramabadrn Gopalakrishnan	00027858	17-10-2000	NA
2	Mr. Sashi Alankarath Mukundan	02519725	21-04-2009	NA
3	Mr. Uday Chander Khanna	00079129	03-01-2012	NA
4	Ms. Rashmi Satish Joshi	06641898	01-08-2013	31-12-2020
5	Mr. Jayanta Chatterjee	06986918	30-10-2014	31-12-2020
6	Ms. Sangeeta Talwar	00062478	23-07-2018	NA
7	Mr. Ramchander Subramaniam Avanavadi	00046647	29-04-2019	NA
8	Mr. Rakesh Makhija	00117692	01-10-2019	NA
9	Mr. Sandeep Sangwan	08617717	01-01-2020	NA
10	Mr. Udayan Sen	02083527	02-04-2020	NA
11	Mr. Deepesh Baxi	02509800	01-01-2021	NA

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the Financial Year ended 31<sup>st</sup> December, 2020.

**For S. N. ANANTHASUBRAMANIAN & CO**

**Company Secretaries**

**ICSI Unique Code P1991MH040400**

**Peer Review Cert. No. 606/2019**

**S.N. Ananthasubramanian**

**Partner**

**FCS : 4206**

**COP No. : 1774**

**ICSI UDIN : F004206B002354235**

**Date: 01 February, 2021**

**Place: Thane**

## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

### TO THE MEMBERS OF CASTROL INDIA LIMITED

1. This certificate is issued in accordance with the terms of our engagement letter dated July 28, 2020.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Castrol India Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on December 31, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

#### Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

#### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

#### Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended December 31, 2020.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 117366W / W-100018

**Samir R. Shah**

Partner

Membership No. 101708

UDIN: 21101708AAAAAT1616

Place: Mumbai

Date: February 01, 2021

## BUSINESS RESPONSIBILITY REPORT

### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Information
1.	Corporate Identity Number (CIN) of the Company	L23200MH1979PLC021359
2.	Name of the Company	Castrol India Limited
3.	Registered Address	Technopolis Knowledge Park, Mahakali Caves Road, Chakala, Andheri (East), Mumbai-400 093.
4.	Website	<a href="http://www.castrol.com">www.castrol.com</a>
5.	E-mail id	<a href="mailto:investorrelations.india@castrol.com">investorrelations.india@castrol.com</a>
6.	Financial Year Reported	1 January 2020 – 31 December 2020
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	271000.61 – Lubricating oils
8.	List three key products/services that the Company manufactures/provides (as in balance sheet):	Lubricating oils
9.	Total number of locations where business activity is undertaken by the Company	<ul style="list-style-type: none"> <li>• Number of International Locations (Provide details of major 5): None</li> <li>• Number of National Locations: 8               <ul style="list-style-type: none"> <li>▪ Corporate Office – 1</li> <li>▪ Regional Offices – 4</li> <li>▪ Plants – 3</li> </ul> </li> </ul>
10.	Markets served by the Company – Local/State/ National/International	National

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

Sr. No.	Particulars	Information
1.	Paid up Capital (INR)	494.56 Crores
2.	Total Turnover (INR)	2996.92 Crores
3.	Total profit after taxes (INR)	582.94 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	4.4% of PAT (Rs. 25.37 Cr on PAT of Rs. 582.94 Cr)
5.	List of activities in which expenditure in 4 above has been incurred:	Please refer to CSR Annual Report at page no. 42

### SECTION C: OTHER DETAILS

**1. Does the Company have any Subsidiary Company/Companies?**

The Company does not have any Subsidiary Company.

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).**

Not Applicable.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]**

The Code of Conduct of the Company is applicable to all the business entities who do business with the Company. The business partners however do not directly participate in Business Responsibility initiatives of the Company.

## SECTION D: BR INFORMATION

### Details of Director/Directors responsible for BR

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies:

Particulars	Details	
<b>DIN Number</b>	08617717	06641898
<b>Name</b>	Mr. Sandeep Sangwan	Ms. Rashmi Joshi
<b>Designation</b>	Managing Director	Chief Financial Officer and Wholetime Director

(b) Details of the BR head:

Sr. No.	Particulars	Details	
1.	<b>DIN Number (if applicable)</b>	08617717	06641898
2.	<b>Name</b>	Mr. Sandeep Sangwan	Ms. Rashmi Joshi
3.	<b>Designation</b>	Managing Director	Chief Financial Officer and Wholetime Director
4.	<b>Telephone number</b>	+91-22-6698 4100	
5.	<b>E-mail ID</b>	investorrelations.india@castrol.com	

### 2a. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sr. No.	Questions	P	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8	9
		Business Ethics	Sustainability	Employees' well-being	Stakeholders' Welfare	Human Rights	Environment	Regulatory Policy	Equitable Development	Customer Responsibility
1.	Do you have a policy/policies for...	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national /international standards? If yes, specify? (50 words)	Majority of the company policies are aligned with BP group policies which incorporates global best practices. The Company is an ISO 9001 Company and the manufacturing locations are 14001 and 18001 certified.								

Sr. No.	Questions	P	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8	9
		Business Ethics	Sustainability	Employees' well-being	Stakeholders' Welfare	Human Rights	Environment	Regulatory Policy	Equitable Development	Customer Responsibility
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Code of Conduct link: <a href="https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/bp_coc.pdf">https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/bp_coc.pdf</a> Customer policy <a href="https://www.castrol.com/en_in/india/home/castrol-story/customer-policy.html">https://www.castrol.com/en_in/india/home/castrol-story/customer-policy.html</a> HSE link : <a href="https://www.castrol.com/en_in/india/home/castrol-story/hse-policy.html">https://www.castrol.com/en_in/india/home/castrol-story/hse-policy.html</a> CSR policy <a href="https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/csr/policy.pdf">https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/csr/policy.pdf</a>								
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10.	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

**2b. If answer to Sr. No. 1 against any principle, is 'No', please explain why: Not Applicable****3. Governance related to BR**

•	<b>Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.</b>
	The Board of Directors of the Company assesses various initiatives forming part of the BR performance of the Company at least once a year.
•	<b>Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?</b>
	The Company publishes the information on BR in the Annual Report of the Company available on the website of the Company at <a href="https://www.castrol.com/en_in/india/home/investors/annual-reports.html">https://www.castrol.com/en_in/india/home/investors/annual-reports.html</a>

**SECTION: PRINCIPLE-WISE PERFORMANCE****Principle 1 - Ethics, Bribery and Corruption, Transparency****Code of Conduct**

The Company's Code of Conduct (also referred to as the 'Code') is a public statement that the Company is committed to doing the right thing.

The Code is based on the Company's values and clarifies the ethics and compliance expectations for everyone who works for the Company. The Code includes sections on operating safely, responsibly and reliably; Company's people; Company's business partners; the governments and communities the Company works with and its assets and financial integrity. The Code includes references to Company's relevant internal standards including anti-bribery and anti corruption, anti-money laundering, competition and anti-trust laws and trade sanctions. The Company conducts due diligence on all its vendors and customers in accordance with these policies.

**To Whom the Code of Conduct applies to**

Our Code applies to all BP employees, officers, and members of the Board. Business partners, including operated joint ventures and third parties, can have a direct impact on our reputation through their behavior. For this reason, we want to work with business partners that share our commitment to safety and ethics and compliance. We expect and encourage all our contractors and their employees to act in a way that

is consistent with our Code. We will take appropriate measures where we believe they have not met our expectations or their contractual obligations.

The Company collaborates closely with all stakeholders in order to initiate and foster fair business practices in all spheres of business to create and sustain an ethical and transparent environment.

**Certifying the Code**

Each year, the Company engages its employees in Code of Conduct certification. It is embedded in the annual performance contract of all employees to comply with the Code.

**Fostering a 'Speak Up' culture**

The Company is committed to providing an open environment where its employees, contractors and other stakeholders are comfortable speaking up whenever they have a question about the Code or think that laws, regulations or the Code may have been breached. All stakeholders are encouraged to raise concerns with the Company's management team or the helpline number available to all stakeholders.

In financial year 2020, a total of 11 complaints, issues and concerns were reported under the Speak up policy of the Company and were investigated/ are under investigation in accordance with the Code of Conduct protocols of the Company.

For details on shareholders'/investors' complaints, refer to Corporate Governance Report on Page 60.

## Principle 2 – Products Lifecycle Sustainability

### Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

The Company has ISO certificates of ISO 9001:2015, IATF 16949:2016, ISO 14001:2015 and OHSAS 18001:2007. The company's commitment to sustainability is demonstrated through maintaining products like Castrol VECTON RX fuelsaver with 3% fuel efficiency & Castrol VECTON LONG DRAIN CK4, Castrol Professional range which is carbon neutral in the portfolio.

In Industrial and HD Space, We have products like Techniclean 80 XBC industrial cleaner compatible with XBB (Boron and Biocide free) products which will significantly contribute to meet customers specific environmental and productivity targets. In greases, we have environment friendly Mine Grease for Construction and Mining space and Molub Alloy 6080/460-1.5 for steel industry. We are also offering sustainable carbon neutral Optigear CT 320 for wind industry. The company launched Castrol GTX T 0W-20 which is a fully synthetic catalyst friendly product approved by TATA Motors for full range of gasoline and diesel cars, meeting BS VI emission norms. It is extensively tested and approved by Tata Motors to provide optimum performance in Tata Motors Cars. In line with our strategy to support the transition to a low carbon world, the company has continued the Carbon Neutral program in India to help automotive dealerships reduce their carbon footprint. The company also supports the dealerships with option of Carbon Neutral products.

The raw material sourcing and finished goods distribution systems of the Company are both optimized with a view to reduce the distance travelled and environmental impact. High capacity vehicles account for about 57% of our entire fleet including tankers and finished goods' trucks. Hence while the volumes grew, the total kilometers travelled by the trucks and tankers remained unchanged – a significant contribution towards lowering road safety risk and to the environment.

The Company has taken various energy efficiency measures at its plants including:

- Reduced generation and efficient utilization of flushing oils Using energy efficient technology like solar and LED lights to reduce energy consumption
- Optimizing power and utility operations
- Continued usage of recycling treated water from effluent treatment plant for sanitation, resulting in reduction of fresh water consumption
- Improved boiler efficiency through optimized running of blending operation, reduced power consumption by improving power factor and reduced water consumption through various initiatives.
- Use of cleaner fuels in plant operations. The Company sources its packaging materials locally. To ensure vendors are developed to match the quality requirements of the Company, regular quality checks and audits are conducted, and findings actioned appropriately. These actions continue to form the basis of overall system improvement continuously & sustainably.

## Principle 3 – Employees' Well-being

### Businesses should promote the well-being of all employees

The Company's approach for managing its core asset i.e. its people is founded on the following beliefs:

1. People's safety is our first priority
2. BP grows best by growing its own people
3. Our people have potential - we need to develop it
4. Diversity matters - so does inclusion
5. We need the best talent and need to meet the expectations of the best talent.

In its constant endeavor to be a contemporary organization, the Company reviews its policies and benchmarks them against the best in class to ensure that the Company's agenda on employee well-being and engagement is serviced effectively. The Company gets feedback from its employees through an annual internal survey.

The last survey indicated that overall employee engagement score for the Company was in the top quartile indicating very good engagement. Harmonious

and cordial industrial relations are prevalent at all plants. The count for CIL employees as on 31 December 2020 was 516, of which 98 are female employees and additional 168 workmen. The Company does not have any employees with permanent disability. Workers' trade unions are active in each of the plants and approximately 25% of permanent employees are members of these trade unions. In summary, the Company's people agenda is focused on the following principles

### 1. Health, Safety, Security and Environment

(HSSE) is at the heart of everything that the Company does and is a key enabler of its business strategy. The Company is committed to the goal of 'no accidents, no injury to people and no damage to the environment'. Safety is the Company's first priority and the Company's goal is to ensure that everyone who works for Castrol goes home safely every day.

The Company expects every employee to be a safety leader. Road safety continues to be a focus area for the Company and thus all professional drivers (those driving on company business) undergo rigorous defensive driver training and all road safety related incidents, howsoever minor, are reported and investigated in an attempt to adopt lessons learnt. The same driving standards are used while working with contractors engaged in transporting raw material and finished goods.

All new employees, permanent and contract undergo HSSE training within five days of joining the Company. The Company has fully implemented a Global Operating Management System (OMS) to continuously improve the delivery of safe, responsible and reliable operations. OMS has helped the Company to manage four key elements of operations – People, Plants, Processes and Performance effectively. The Company has been regularly providing annual preventive health checks for all employees. Furthermore, to contribute to employees' better management of work-life balance, the Company has taken several initiatives including:

- Employee Wellbeing Programme: This is a personal, confidential and professional counseling service for

employees and their family members provided by professional consultants through telephone, email or face to face in English and regional languages and available at all times. Employee well-being took a center stage this year for all in Castrol.

Along with health and physical well-being we also ensured we helped employees remain mentally and emotionally fit and agile.

- Agile Working: A core component of the Company's diversity and inclusion ambition is agile working which encompasses a wide range of working options enabling employees to work flexibly at full potential. Part-time working, job share, homeworking and flexible hours are some options granted under this initiative.
- Career Break and Maternity/Paternity Leave: These benefits are available to employees of the Company irrespective of their levels.
- Workplace facilities: The Company aims to provide an ergonomically safe and comfortable work environment at all offices and plants. In addition there are fun activities conducted periodically to engage teams, recognise people and celebrate birthdays and welcome new joiners across all offices.

2. **Leadership development:** Building people's functional capability is one of the key elements of the Company's investment in people. There is an emphasis on employee engagement, and building line manager and employee capability via trainings covering a range of key people and Human Resource (HR) processes. Robust talent management sessions are conducted with focus on managers having talent conversations with their teams. All eligible employees captured their development needs in a structured format following talent conversations with their line managers. Internal candidates filled in 36% of the vacancies the Company had in 2020. Global Capability week was introduced for the very first time in the Company in 2017. We continued with this theme in 2018 and in 2019 as well. In 2020, During the lockdown and continued work from

home we used this as an opportunity to upskill our employees on various technical and behavioral topics. We had the CLT members lead sessions for the teams which brought in motivation and more realistic learning opportunities. We had a total of 6700 hours spent by our employees attending virtual sessions on various technical, behavioral and leadership aspects. Our plant technicians focused on safety related aspects when the plants reopened. Various teams came together to remodel the safety protocols in the plants under guidelines by bp and the local laws. Employee capability continued to form a critical pillar of the Company's development architecture. The Company continued to actively drive Ethics & Compliance via mandatory training programs and by organizing focused sessions on Ethics & Compliance stressing the importance of key themes including Speak Up / Listen Up, Always do the right thing, zero-retaliation and zero tolerance to non-compliance. We continued to monitor our Cyber scores and generate cyber awareness across all teams and locations.

3. **Diversity and Inclusion:** The Business Resource Groups (BRGs) on diversity and inclusion is employee-initiated and employee-driven and works towards making the Company more inclusive by helping to deliver its diversity and inclusion ambition. We also have specific initiatives in the country which help us get diverse employees. We also conducted specific learning series for line managers to build their capability around respect and inclusion. The Company continued to invest in leadership development through the flagship leadership offer for all team leaders and managers. We introduced LM capability series in 2020 Q1 which aims at developing leaders through real life sharing of experiences and learning together There were no complaints relating to child labour, forced labour or involuntary labour in the last financial year.
4. **Sexual Harassment Prevention and Grievance Handling Policy:** The India sexual harassment prevention and grievance handling policy (the "Policy") was rolled out in April 2014, this provides guidance around the process to raise

such a grievance and methodology for recourse and redressal of the grievance. While the Policy is based on the 'The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013', which deals specifically with acts committed against women, we follow this policy irrespective of gender. Effective 15 September 2019, there were changes in the constitution of the Internal Committees (ICs) for the various locations in India. We have 4 employees and one external member representing the Internal Committee. We also now have coopted members representing each location across India.

**Principle 4 – Stakeholder Engagement Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized**

Heavy vehicle drivers form an important part of an ecosystem, helping carry products across the country. However, their skills, livelihood opportunities and socioeconomic conditions need more focus. The company has contracts with around 50 transport contractors employing 2000+ truck drivers. The company contracts 700+ trucks on a daily basis covering approx. 200 to 300 kilometer per day on an average. With a vision of transforming the lives of truck drivers towards a sustainable livelihood and pride for their profession, the company worked very closely with heavy vehicle transport partners along with their drivers and staff.

During the COVID pandemic the company supported the drivers with vehicle check for safe resumption of driving activity after lockdown. The company also helped them to identify the essential services support available enroute (food and other daily essentials) that was made available through different agencies, NGOs and CSR programs of different companies.

The company also supported more than 125 drivers financially who were stranded on roads with the consignments to compensate for the monetary loss they incurred during the lockdown.

The company's focus on 4As, Awareness, Anticipation, Attention and Attitude continued to develop the skills and attitudes of the drivers. Initiatives like Defensive Driving Training Risk Based campaigns, Tool Box talks,

Journey Risk management & Monitoring of driving deviations and feedback and selection of drivers with the correct attitude were run under as a part of the 4A program. These programs helped in improving the incident rates despite challenging times, developing the right attitude, increasing the loyalty of the drivers and more importantly inculcating a safely mindset that meets the company philosophy of “No Accidents, No Harm to People, No Damage to Environment”

Castrol Sarathi Mitra is a CSR initiative focusing on holistic development of truck drivers. The Programme is aimed at holistically improving lives of truck drivers through interventions that enable a sustainable livelihood and opportunities for socio-economic growth. The programme is closely supported by transporter associations and local traffic authorities.

#### **Principle 5 - Businesses should respect and promote Human Rights**

A formal Human Rights policy was launched in 2014 and has been revised in 2020 which applies to every employee.

There are many ways in which human rights issues might be associated with our activities, including impacts on people’s livelihoods, access to water, land and resources, workforce rights – including modern slavery, and the actions of the security forces who protect our sites. Our actions and operations can also bring about major benefits and improvements to individuals, communities and society. BP want to contribute to sustainable development and are working to do more to support the delivery of the UN Sustainable Development Goals. We also recognize the importance of a just transition as envisaged by the Paris Agreement – one which delivers decent work, quality jobs and supports the livelihoods of local communities. We aim to actively advocate for policies that support net zero. This includes encouraging the use of finance and revenues from carbon pricing to support the just transition. To deliver our purpose we must continue to work to a consistent and high set of standards wherever we operate in the world. There will be instances where we won’t get it right, and we will need the support and challenge of others to help us make a positive, and sustainable difference to people’s lives. The policy document (link below) further details

our Commitment, Delivery and Governance which has been put in place.

<https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/sustainability/group-reports/bp-human-rights-policy.pdf#ga=2.161887998.373668582.1607935026-372460856.1587115907>

#### **Principle 6**

#### **Business should respect, protect, and make efforts to restore the environment**

The Company continues to focus on the goals: ‘no accidents, no harm to people and no damage to the environment’. The Company has been fully committed to comply with all applicable laws and requirements and maintains the highest standards of Occupational Health, Safety and Environment. The Company has defined and implemented an HSSE policy which uniformly applies to every member of the workforce including contractors and agencies. Safety and environmental performance is integral to the business performance of the Company. HSSE performance of the company is being reviewed monthly by Country Leadership Team. The Company made safe operating guidelines (Suraksha guidelines) for its sales teams and standard operating procedures for its manufacturing plants to operate during the COVID 19 pandemic situation following regulatory protocols and guidelines, and demonstrating its duty of Care. The Company has initiatives to address environmental aspects for its plant sites at Silvassa , Patalganga & Paharpur. Eg. Plant site does not buy any equipment that use/contain ozone depleting source in it. Sites have programmes in place to track energy and water conservation. Sites have developed a programme on waste management focusing on 3Rs i.e. Reduce, Reuse and Recycle. The company maintains a risk register with all potential environmental, safety, health and business risks. These risks are assessed, and barriers put in place to eliminate, reduce and mitigate risk to ‘as low as reasonably practicable’ level, and the same is monitored regularly. The register is reviewed annually and endorsed by the leadership team. Apart from this, the manufacturing plant sites have an elaborate oil spill plan which includes possible scenarios of oil leakage and spill with necessary controls. The same is reviewed annually.

The Company ensures safe, systematic, reliable and environmentally friendly operations through its Operating Management System (OMS). The effectiveness of implementation and compliance of OMS is being checked through systematic process called Field Inspection lead by the leadership team. All three blending plants of the Company are certified for the Environment Management

System (ISO 14001:2004) and Occupational Health & Safety Management System (OHSAS 18001: 2007). The Company is also certified for ISO 9001:2008 (Quality Management System Standard). Compliance to these systems has been certified by internationally recognized and accredited bodies. Regular internal and external audits help to continually improve the process and make the Company's processes more efficient. The Company is also taking various initiatives to reduce environment footprint of its operations and mitigating any possible environmental risks. Efforts are taken to minimize energy consumption, water consumption and waste generation from manufacturing operations. The Company has taken various energy efficiency measures at its plants, including:

- Reduced generation and efficient utilization of Flushing oils;
- Using energy efficient technology like solar and LED lights to reduce energy consumption;
- Using fuel additive with furnace oil to obtain best fuel efficiency, Boiler condensate recovery and maintenance resulting in lower furnace oil consumption;
- Optimizing power and utility operations;
- Recycling treated water from effluent treatment plant which is now being used for sanitation, resulting in reduction of fresh water consumption.

The Company is also committed to continually work on optimizing logistics' processes to bring in efficiency and reduce carbon footprint as also to reduce the road safety risks. The Company's environment performance has been recognized and appreciated by various stakeholders and bodies. The Company has not received any show cause/legal notices from any State or Central Pollution Control Board.

### **Principle 7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

The Code of the Company provides that the Company will not directly take part in any political activity, but it could engage in policy debates in various ways including lobbying, on subjects of legitimate concern to the Company, its staff and the communities in which it operates. This is done in a highly regulated manner and only by authorized officers of the Company.

The Company does not take part directly in any activity promoted by any political party and does not make any political contributions – in cash or in kind. The Company aims to engage constructively with local Governments wherever it operates, as well as to build constructive relationships with the media fraternity. The Company complies with all applicable laws and regulations that prohibit bribery and corruption, and ensures that its suppliers, contractors and business partners do the same. All business partners who represent or act on behalf of the Company are asked to comply with applicable anti-bribery and anti-corruption laws. Wherever appropriate, they are required to demonstrate and disclose to the Company that they have appropriate programmes in place to prevent bribery and corruption. The Company is represented in many industry and business associations which work in relevant areas including:

- Confederation of Indian Industry;
- Federation of Indian Chambers of Commerce and Industry (FICCI);
- Bombay Chamber of Commerce and Industry;

### **Principle 8 Businesses should support inclusive growth and equitable development**

At Castrol India, we believe that we have a responsibility to bring enduring positive value to communities we work with. In line with our core theme to keep India moving, we have and will continue to build enduring and engaging relationships with key stakeholders in the mobility sector.

In furtherance of this, the Company's Corporate Social Responsibility (CSR) policy articulates the vision and guidelines for achieving these objectives. The policy applies to all CSR activities of the Company in India and is always underpinned and guided by the code of conduct.

At Castrol India, we are committed to making a positive impact in the lives of truck drivers and mechanics, two key partners who play a significant role in keeping the wheels of this sector moving. Truck drivers carry most of the freight traffic in the country while mechanics service one of the largest automotive markets in the world. However, their skills, livelihood opportunities and socioeconomic conditions need more focus. With a vision of transforming the lives of truck drivers and mechanics towards a sustainable livelihood and pride for their professions, Castrol India CSR initiatives focus on two key flagship programmes :

- Programme for holistic development of truck drivers - Castrol Sarathi Mitra

The programme aims at holistically improving lives of truck drivers through interventions that enable a sustainable livelihood and opportunities for socioeconomic growth. The programme launched in 2017 focuses on (1) road safety training (2) financial literacy training and (3) eye checks with distribution of corrective glasses and overall wellbeing of the truck drivers. Trainings are also provided on Castrol Truck Aasanas- yoga postures which were specifically developed keeping in mind the tough and demanding live of truck drivers. Engagement with families of Castrol Sarathi Mitra drivers through the Castrol Family Connect programme creates a sense of pride in the drivers and their family members. Castrol Sarathi Mitra programme has trained over 80,000 truck drivers across the country till date.

- Programme for mechanics with an aim to strengthen skills development in automotive and industrial sectors, with a focus on technology – Castrol Eklavya

Launched in 2009, the Castrol Eklavya programme is one of the largest skilling initiatives in the

automotive industry in India aiming to deliver inclusive growth for mechanics, covering the basics and focusing on diagnostic skills. Over the years, the programme has evolved to cover more than 10 states in India and has expanded the curriculum to include digital content on technical skills, life skills, business skills and financial literacy training. The training is aligned to National Skills Qualification Framework (NSQF) and incorporates trade wise competencies designed in the National Occupation Standard (NOS) by the automotive skill sector council. The Castrol Eklavya programme has trained over two lakh mechanics across the country till date.

The COVID pandemic, ensuing lockdown and social distancing norms impacted the programme delivery on the ground. We salute the truck drivers who in these difficult times were on the roads providing daily essentials across the country. Keeping in mind the immediate needs of the truckers and mechanics, we re-launched both the flagship programmes virtually under the theme 'building confidence to get back to work' with focus on health and hygiene practices, providing linkages to schemes introduced by government, tele-counselling and stress management along with the road safety programme and technical training.

### Other initiatives

Community development initiatives around areas of operations and presence

The Company continued to engage with the communities around its plant and other areas of presence through various community development programmes focused on upskilling and education.

- Project Ujwal Kal launched in Silvassa aims at promoting behavioral change among community members around various crucial social issues by providing information on important socio - economic matters, conducting awareness sessions and community engagement sessions like medical camps, trainings etc. Functional literacy training aims at increasing the level of functional literacy

among illiterate/neo-literate adults. The motive is to help them in basic day to day functionality and to empower them against exploitation and harassment while performing these functions. School remedial learning programme in Silvassa and Patalganga aims at learning enhancement and holistic child development. The programme is supported by school authorities, teacher involvement, active community outreach, parental involvement and extra-curricular activities to increase acceptability amongst students and parents.

- The 'Two Wheels One Life' programme for safe two-wheeler riding training for youth in and around Mumbai created awareness of safe two-wheeler driving techniques in more than 7000 youth in and near the city. India's first mobile two-wheeler simulator was launched in 2018 as part of this programme. The two-wheeler simulator which has been specially mounted on a mobile platform for ease of movement across locations helps in hands on training in the module which also includes classroom training, on wheel demonstration and on-wheel assessment followed by counselling for students possessing a valid license, a bike and helmet. This training programme is hugely encouraged by the Andheri RTO in Mumbai where the applicants for two-wheeler license must necessarily pass the on-wheel assessment on this simulator. During the pandemic, we were able to continue the programme and reiterate the importance of road safety through online mobilization and virtual training.

### Humanitarian aid

During the year, the Company continued to support the government's effort towards COVID-19 relief measures. Our COVID-19 relief programme included providing ventilators, critical medical equipment, masks and PPE kits to municipal hospitals, state and district hospitals across 8 states in the country. We also supported several vulnerable communities such as migrant workers, daily wage earners, policemen, garbage collectors, truckers and mechanics and communities around our operations with food and survival kits during the lockdown period. We will continue in our efforts to support government's initiatives in combating the COVID-19 pandemic.

With the objective of creating a sustainable and meaningful impact, one that is relevant to local needs and aligned with the Company's agenda, all activities have been supported by third party monitoring and an evaluation process to ensure flagging of mid-course corrections that may be required enabling the Company stay on track. With a social investment of around Rs. 25 crores in 2020, the CSR portfolio focused on creating an enabling environment with active participation of local stakeholders, which was the key to ensuring sustainability of interventions.

### principle 9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner

The Company is in the business of meeting the needs of its customers and consumers in an efficient and compelling manner. Products are developed basis insights gained from regular consumer and customer interactions and structured research projects.

In 2020, Castrol expanded its Full Synthetic Engine oils portfolio for bikes with the launch of Castrol POWER1 ULTIMATE with a 5-in-1 formula, offering benefits across Acceleration, Protection, Smooth riding, Keeping engine cool and Enduring performance. Along with this we introduced a new variant with 15W50 viscosity on Castrol Activ CRUISE with a 2.5L pack, catering to the Cruiser bikes.

The company also launched Castrol GTX SUV to cater to rapidly growing SUV segment. GTX SUV provides 50% better engine protection under heavy loads.

Castrol India salutes essential service workers at the forefront of the battle against Covid-19 as #IndiaFightsCorona. In response to COVID-19 situation, Castrol India launched a campaign to #SaluteTruckers for keeping India moving by ensuring supply of essential products throughout the country.

Castrol CRB encouraged truckers and farmers to prioritise healthier lifestyle through its new campaign 'India ka Engine, Andar se Strong' on the occasion of International Yoga Day 2020. A recent study by Castrol India revealed that while 1 in 3 truckers and farmers admitted to having health related issues including back pain, lack of sleep, tiredness and joint pain; only 11% of them were inclined towards building a healthier lifestyle

and immunity, which featured as one of the lowest priorities among these communities. The campaign paid tribute to both the communities for their efforts during the unprecedented times of COVID-19 pandemic, encouraging them to strengthen their wellbeing and introduce the ethos of a healthy lifestyle in their daily routine through a curated set of aasanas. Castrol partnered with the Yoga Institute of Mumbai, as in the past two years, refreshing its health programme Castrol CRB Turbomax Truck Aasana and CRB Plus Khet Aasana for truckers and farmers. Over the past two and half years, Castrol India has touched the lives of over 3,65,000 truckers and farmers with Castrol CRB Turbomax Truck Aasana and CRB Plus Khet Aasana, reaching over 50 cities and 2,000 villages, advocating the role of these aasanas to improve their lifestyle.

Castrol, through its network of independent workshops, is provided complimentary lubricants aimed at servicing and maintaining vehicles of essential service workers including doctors, nurses, paramedics, police, healthcare workers, municipal workers, and garbage collectors who are bravely helping keep India safe.

In addition, Castrol India has also undertaken a complimentary sanitization drive for its independent workshops network across ten cities. This sanitization drive promoted a safe environment for the workshop mechanics and consumers as they make their way into everyday life with lockdowns being lifted in some parts of the country. The drive was accompanied by safety briefings and hygiene awareness at all these workshops

As part of the Castrol Protects campaign, Castrol provided the customers with a sanitization kit to help the franchise workshop staff maintain hygiene and safety. Castrol also provided sanitization dispensing units to Franchise Workshops as part their channel offers.

Castrol touched the lives of over 62,000 mechanics and their families across India through monetary contributions amidst the national lockdown, as an extension of its activities under its CSR programme for mechanics - Castrol Eklavya. The contribution supports them to cope with the crisis during this difficult time.

Contributing to the overall empowerment and upliftment of the mechanics community, enabling them to earn a sustainable livelihood and live with pride is the key motto of the Castrol Eklavya programme.

Castrol Activ launched a new marketing campaign post lockdown continuing on the brand purpose of “Protect what you love”. 2020 being the unprecedented year of external challenges of Covid-19, the new campaign was focused on reminding people to “Keep moving ahead with #Non-Stop Protection” when the lockdown started to open up. This was further amplified with #ProtectIndiasEngine, encouraging people to pledge their support for the mechanic community and for each pledge received, Castrol would spend atleast INR10 / per pledge (upto a maximum 50 laks) for the upskilling and development of the mechanics. The campaign received approx. 2.5L pledges, and the amount towards same is planned to be spent before June 2021 as committed through various initiatives like Super Mechanic program and online trainings.

The Company has organized its business through different distribution channels which include retail, franchised and independent workshops, as well as industrial and heavy duty direct/ indirect customers, keeping in mind channel specific needs and offers. The Company regularly tracks customer satisfaction scores in different channels and amongst its distributors, and takes conscious steps to improve customer satisfaction by taking appropriate actions. To ensure product and formulation compliance, regular audits are conducted at the plants. The Company has Quality key performance indicators and customer complaint closure time is tracked as a metric. In 2020, 94% of the genuine quality complaints received from the market were closed on time. The Company mentions information such as claims and technical specification used in the product, in addition to the mandatory information on the product label.

**On behalf of the Board of Directors**

**Sandeep Sangwan**  
**Managing Director**  
**DIN: 08617717**

**Deepesh Baxi**  
**Chief Financial Officer and**  
**Whole-time Director**  
**DIN: 02509800**

**Place : Mumbai**

**Date : 1 February 2021**

## INDEPENDENT AUDITOR'S REPORT

To

**The Members of Castrol India Limited**

**Report on the Audit of the Financial Statements**

### **Opinion**

We have audited the accompanying financial statements of Castrol India Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flows Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

#### **Key audit matter**

The Company has material indirect tax litigations which involve significant judgment to determine the outcome of the matters into probable, possible and remote.

Refer note 12, 25(i)(a)(1) & 25(ii) to the financial statements.

#### **Auditor's response**

Principal audit procedures:

Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as under:

- Obtained a detailed understanding of the Company's process and controls with respect to assessment of possible outcome of indirect tax litigations.
- Evaluated the design of the controls relating to assessment of probability of outcome, estimates of the timing and the amount of the outflows, and appropriate reporting by the management and testing implementation and operating effectiveness of the key controls.
- Performed following procedures on samples selected

- Understood the matters by reading the correspondence/communications and made corroborative enquiries with appropriate level of management personnel including status update, expectation of outcomes with the basis, and the future course of action contemplated by the Company and perusing legal opinions obtained by management.
- Evaluated the evidences supporting the judgement of the management about possible outcome and the reasonableness of the estimates. We involved our internal tax experts in assessing the nature and amount of the tax exposures and assessed management's conclusions on whether exposures are probable, possible or remote.
- Evaluated appropriateness of adequate provisions or disclosures in accordance with applicable accounting standards.

### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Director's Report including annexures, Business Responsibility Report, Corporate Governance and Information for Shareholders, but does not include the financial statements and our auditor's report thereon.

- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial statements.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flows Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on December 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company except when disputes relating to ownership of the underlying shares are unresolved - refer note 11 to the financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No. 117366W/W-100018

**Samir R. Shah**

Partner

Membership No. 101708

UDIN: 21101708AAAAAS3358

Place: Mumbai

Date: February 01, 2021

## **ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT**

**(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Castrol India Limited (“the Company”) as of December 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

Firm's Registration No.117366W/W-100018

**Samir R. Shah**

Partner

Membership No. 101708

UDIN: 21101708AAAAAS3358

Place: Mumbai

Date: February 01, 2021

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

### (Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets other than sign boards at customers’ premises, were physically verified during the previous year in accordance with a program of verification once in two years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and acquired buildings which are freehold, are held in the name of the Company as at the balance sheet date except following:

Particulars	Gross and Net Block as at December 31, 2020	Remarks
Freehold Land located at Mehsana, Gujarat	Rs. 0.01 crore	The deed of conveyance is in the erstwhile name of the Company and the mutation of the name is pending.

In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

- ii. As explained to us, the inventories other than goods in transit, were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
- iv. The Company has not granted any loans, made investments or provided guarantees. Hence, reporting under clause iv of the Order is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposit during the year. Accordingly, the provisions of clause v of the Order are not applicable to the Company.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Act and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of above statutory dues outstanding as at December 31, 2020 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax, Excise Duty, and Value Added Tax which have not been deposited as on December 31, 2020 on account of disputes are given below:

						Rs. in Crore
Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount Relates	Total disputed dues	Amount paid	Amount unpaid
Central Excise Act, 1944	Excise Duty	Commissioner	1996-2018	24.20	1.12	23.07
		Commissioner (Appeals)	2005-2017	1.01	0.04	0.97
		Tribunal	1996-2016	78.72	2.81	75.92
		High Court	1999-2008	7.72	-	7.72
Local Sales Tax Act, VAT Act and Central Sales Tax Act	Local Sales Tax, VAT and CST	Commissioner	2000-2016	43.11	14.30	28.82
		Appellate Authority	1994-2018	14.44	6.53	7.91
		Tribunal	1999-2013	516.08	3.12	512.97
		High Court	1999-2000	0.23	-	0.23
The Income Tax Act, 1961	Income tax	Central Sales Tax Appellate Authority (CSTAA)	2007-2016	2,892.06	-	2,892.06
		Income Tax Appellate Tribunal	2003-04 and 2005-2006	2.64	-	2.64

- viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence, reporting under clause viii of the Order is not applicable to the Company.
- ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Hence, reporting under clause ix of the Order is not applicable to the Company.
- x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- xi. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. The Company is not a Nidhi Company. Hence, reporting under clause xii of the Order is not applicable to the Company.
- xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Hence, reporting under clause xiv of the Order is not applicable to the Company.
- xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

Firm Registration No. 117366W/W-100018

**Samir R. Shah**

Partner

Membership No. 101708

UDIN: 21101708AAAAAS3358

Place: Mumbai

Date: February 01, 2021

## BALANCE SHEET AS AT 31 DECEMBER 2020

Particulars	Note No.	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	172.58	197.37
Right-of-use asset	23	34.88	-
Capital work-in-progress	3	43.54	27.33
Other intangible assets	3	1.75	2.33
Financial assets			
Loans receivable	4.1	6.12	8.97
Other financial assets	4.2	-	-
Income tax assets (net)	5	60.32	30.09
Deferred tax assets (net)	6	62.24	58.50
Other non-current assets	7	68.44	68.73
<b>Total Non-current assets</b>		<b>449.87</b>	<b>393.32</b>
<b>Current assets</b>			
Inventories	8	366.87	304.72
Financial assets			
Trade receivables	4.3	180.49	482.03
Cash and cash equivalents	4.4	194.68	67.16
Bank balances other than above	4.5	1,079.51	878.84
Loans receivable	4.1	1.46	0.64
Other financial assets	4.2	30.84	23.35
Other current assets	7	89.78	78.72
<b>Total Current assets</b>		<b>1,943.63</b>	<b>1,835.46</b>
<b>Total assets</b>		<b>2,393.50</b>	<b>2,228.78</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	9	494.56	494.56
Other equity	10	919.67	872.39
<b>Total equity</b>		<b>1,414.23</b>	<b>1,366.95</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Other financial liabilities	11.2	6.22	-
Other liabilities	14	7.58	-
Provisions	12	18.84	21.39
<b>Total Non-current liabilities</b>		<b>32.64</b>	<b>21.39</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	11.1	4.62	6.30
Total outstanding dues of creditors other than micro enterprises and small enterprises	11.1	540.91	465.49
Other financial liabilities	11.2	305.44	241.19
Other liabilities	14	44.24	81.72
Provisions	12	35.52	28.32
Current tax liabilities (net)	13	15.90	17.42
<b>Total Current liabilities</b>		<b>946.63</b>	<b>840.44</b>
<b>Total equity and liabilities</b>		<b>2,393.50</b>	<b>2,228.78</b>
Summary of significant accounting policies	2		

The accompanying notes 1-34 are an integral part of the financial statements.

As per our report of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**R Gopalakrishnan** Chairman  
DIN : 00027858

For and on behalf of Board of Directors  
Executive Directors

**Sandeep Sangwan** Managing Director  
DIN : 08617717

**Samir R. Shah**  
Partner

**Chandana Dhar** Company Secretary  
ACS No. : 17891

**Deepesh Baxi** Chief Financial Officer & Whole time Director  
DIN : 02509800

Place : Mumbai  
Date : February 1, 2021

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars	Note No.	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Income</b>			
Revenue from operations	15	2,996.92	3,876.82
Other income	16	62.03	64.77
<b>Total Income</b>		<b>3,058.95</b>	<b>3,941.59</b>
<b>Expenses</b>			
Cost of raw and packing materials consumed	17.1	1,173.97	1,488.27
Purchase of traded goods	17.2	116.50	183.65
(Increase) / decrease in inventories of finished goods / traded goods	17.3	(24.13)	75.73
Employee benefits expense	18	219.81	213.08
Finance costs	19	4.16	1.19
Depreciation and amortization expense	20	86.62	69.74
Other expenses	21	696.66	763.02
<b>Total Expenses</b>		<b>2,273.59</b>	<b>2,794.68</b>
<b>Profit Before Tax</b>		<b>785.36</b>	<b>1,146.91</b>
<b>Tax expenses</b>			
Current tax [net of reversal of earlier years - Rs. 4.60 Crore (December 31, 2019 : Rs. 19.40 Crore)]		207.40	323.33
Deferred tax	6	(4.98)	(3.79)
<b>Total tax expenses</b>		<b>202.42</b>	<b>319.54</b>
<b>Profit After tax</b>		<b>582.94</b>	<b>827.37</b>
<b>Other comprehensive income / (expenses) not to be reclassified to profit or loss in subsequent period</b>			
Re-measurement gains / (losses) on defined benefit plans		4.91	(5.73)
Less : Income tax effect on above		(1.24)	1.44
<b>Total other comprehensive income / (expense) for the year</b>		<b>3.67</b>	<b>(4.29)</b>
<b>Total comprehensive income for the year</b>		<b>586.61</b>	<b>823.08</b>
Earnings per equity share - Basic and Diluted - Face Value Rs. 5.00 each	22	5.89	8.36
Summary of significant accounting policies	2		

The accompanying notes 1-34 are an integral part of the financial statements.

As per our report of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

For and on behalf of Board of Directors  
Executive Directors

**Samir R. Shah**  
Partner

**R Gopalakrishnan** Chairman  
DIN : 00027858

**Sandeep Sangwan** Managing Director  
DIN : 08617717

**Chandana Dhar** Company Secretary  
ACS No. : 17891

**Deepesh Baxi**  
DIN : 02509800

Chief Financial Officer & Whole time Director

Place : Mumbai  
Date : February 1, 2021

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

Particulars		For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Cash flow from operating activities</b>			
<b>Profit before tax</b>		<b>785.36</b>	1,146.91
Adjustments for:			
Depreciation and amortization expenses		<b>86.62</b>	69.74
Loss on disposal / write off of property, plant and equipment and intangible assets (net)		<b>0.15</b>	0.63
Impairment on property, plant and equipment and intangible assets		<b>0.23</b>	-
Allowance for doubtful debts written back (net)		<b>(1.36)</b>	3.47
Expense recognised in respect of share based payments		<b>4.68</b>	4.24
Loss/ (gain) on fair valuation of forward contract		<b>(0.76)</b>	(0.92)
Unrealized foreign exchange (gain) / loss		<b>(1.40)</b>	3.01
Finance costs		<b>4.16</b>	1.19
Interest income		<b>(46.98)</b>	(49.94)
Net gain on termination of lease contracts		<b>(0.10)</b>	-
Excess accruals written back		<b>(2.09)</b>	(2.70)
<b>Operating profit before working capital changes</b>		<b>828.51</b>	<b>1,175.63</b>
Movements in working capital:			
Decrease / (Increase) in inventories		<b>(62.15)</b>	152.07
Decrease / (Increase) in trade and other receivables		<b>279.25</b>	(59.35)
Increase / (Decrease) in trade and other payables and provisions		<b>86.76</b>	<b>(80.13)</b>
Cash generated from / (used in) operations		<b>1,132.37</b>	1,188.22
Income tax refund / (payment) (net) (including interest)		<b>(239.58)</b>	(308.73)
<b>Net cash flows from / (used) in operating activities</b>	<b>(A)</b>	<b>892.79</b>	<b>879.49</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment (including capital work-in-progress and intangible assets)		<b>(23.76)</b>	(100.70)
Payment for acquiring right-of-use assets		<b>(17.91)</b>	-
Proceeds from sale of property, plant and equipment		<b>0.01</b>	1.40
Placement of bank deposits		<b>(1,344.46)</b>	(1,301.03)
Encashment of bank deposits		<b>1,143.34</b>	903.00
Interest received		<b>41.84</b>	49.07

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTD.)

Particulars		For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Net cash flow from / (used in) investing activities</b>	<b>(B)</b>	<b>(200.94)</b>	<b>(448.26)</b>
<b>Cash flow from financing activities</b>			
Dividend paid		(544.01)	(519.90)
Dividend distribution tax paid		-	(106.74)
Interest paid on other than lease liabilities		(1.20)	(1.08)
Principal payment of lease liabilities		(16.72)	-
Interest paid on lease liabilities		(2.40)	-
<b>Net cash flow from / (used in) financing activities</b>	<b>(C)</b>	<b>(564.33)</b>	<b>(627.72)</b>
Net increase / (decrease) in cash and cash equivalents	<b>(A+B+C)</b>	<b>127.52</b>	(196.49)
Cash and cash equivalents at the beginning of the year		67.16	263.65
<b>Cash and cash equivalents at the end of the year</b>		<b>194.68</b>	<b>67.16</b>
<b>Components of cash and cash equivalents</b>			
Cash on hand		0.01	0.01
Balances with banks in current accounts		19.00	6.40
Deposits with banks		175.67	60.15
Cheques on hand		-	0.60
<b>Total cash and cash equivalents (note 4.4)</b>		<b>194.68</b>	<b>67.16</b>

### Non cash transactions:

#### a) Share value plan:

Equity settled share based payments is expensed over the restricted period with a corresponding adjustment to Other Equity as the cost of such share value plan is borne by the Ultimate Holding Company (refer note 2.6 (d))

### Notes:

- (a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'

The accompanying notes 1-34 are an integral part of the financial statements.

As per our report of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**R Gopalakrishnan** Chairman  
DIN : 00027858

**Chandana Dhar** Company Secretary  
ACS No. : 17891

**Samir R. Shah**  
Partner

For and on behalf of Board of Directors  
Executive Directors

**Sandeep Sangwan** Managing Director  
DIN : 08617717

**Deepesh Baxi** Chief Financial Officer & Whole time Director  
DIN : 02509800

Place : Mumbai  
Date : February 1, 2021

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

### (a) Equity share capital

Particulars	No. of shares	Rupees in Crore
		Amount
<b>Balance as at January 1, 2019</b>	<b>989,122,384</b>	<b>494.56</b>
Changes in equity share capital during the year	-	-
<b>Balance as at December 31, 2019</b>	<b>989,122,384</b>	<b>494.56</b>
Changes in equity share capital during the year	-	-
<b>Balance as at December 31, 2020</b>	<b>989,122,384</b>	<b>494.56</b>

### (b) Other equity

Particulars	Reserves & Surplus			Rupees in Crore
	Capital Reserve	Retained Earnings	Share based payment	Total Other Equity
<b>Balance as at January 1, 2019</b>	<b>13.62</b>	<b>642.65</b>	<b>14.83</b>	<b>671.10</b>
Profit for the year	-	827.37	-	827.37
Recognition of Share based payment charge	-	-	4.24	4.24
Other comprehensive Income, net of tax	-	(4.29)	-	(4.29)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>823.08</b>	<b>4.24</b>	<b>827.32</b>
Payment of Dividend including corporate dividend tax	-	(626.03)	-	(626.03)
<b>Balance as at December 31, 2019</b>	<b>13.62</b>	<b>839.70</b>	<b>19.07</b>	<b>872.39</b>
Profit for the year	-	582.94	-	582.94
Recognition of Share based payment charge	-	-	4.68	4.68
Other comprehensive Income, net of tax	-	3.67	-	3.67
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>586.61</b>	<b>4.68</b>	<b>591.29</b>
Payment of Dividend	-	(544.01)	-	(544.01)
<b>Balance as at December 31, 2020</b>	<b>13.62</b>	<b>882.30</b>	<b>23.75</b>	<b>919.67</b>

The accompanying notes 1-34 are an integral part of the financial statements.

As per our report of even date  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

**R Gopalakrishnan** Chairman  
DIN : 00027858

**Chandana Dhar** Company Secretary  
ACS No. : 17891

**Samir R. Shah**  
Partner

For and on behalf of Board of Directors  
Executive Directors

**Sandeep Sangwan** Managing Director  
DIN : 08617717

**Deepesh Baxi** Chief Financial Officer & Whole time Director  
DIN : 02509800

Place : Mumbai  
Date : February 1, 2021

## Notes to the financial statements for the year ended 31 December 2020

### 1. Corporate information

Castrol India Limited (the 'Company') is a public limited Company incorporated in India with its registered office at Technopolis Knowledge Park, Mahakali Caves Road, Chakala, Andheri (East), Mumbai-400 093. The equity shares of the Company are listed on two recognised stock exchanges in India. The Company is principally engaged in the business of manufacturing & marketing of automotive and industrial lubricants and related services.

### 2. Significant accounting policies

#### 2.1. Basis of preparation

*Statement of Compliance with Indian Accounting Standards (Ind AS):* The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act and other accounting principles generally accepted in India.

#### 2.2. Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

#### 2.3. Critical accounting estimates

##### A. Useful lives and residual values of property, plant and equipment

Property, plant and equipment represent a material portion of the Company's asset base. The periodic charge of depreciation is derived after estimating useful life of an asset and expected residual value at the end of its useful life. The useful lives and residual values of assets are estimated by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on various external and internal factors including historical experience, relative efficiency and operating costs and change in technology.

##### B. Income taxes

The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes including amounts to be recovered or paid for uncertain tax positions. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

##### C. Defined benefit obligations

Defined benefit obligations are measured at fair value for financial reporting purposes. Fair value determined by actuary is based on actuarial assumptions. Management judgement is required to determine such actuarial assumptions. Such assumptions are reviewed annually using the best information available with the Management.

##### D. Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

#### 2.4. Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards. There is no such notification which would have been applicable from January 1, 2021.

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (contd.)

#### 2.5. Applicability of new and revised Indian Accounting Standards

##### a. Ind AS 116, “Leases”

Ind AS 116 supersedes Ind AS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. The Company has adopted Ind AS 116 “Leases” effective January 1, 2020 using the modified retrospective approach. Refer Note 2.6 (h).

##### b. Appendix C to Ind AS 12, “Uncertainty over Income Tax Treatments”

On 30 March 2019, the Ministry of Corporate Affairs (MCA) made certain amendments to Ind AS 12, Income taxes by including Appendix C, Uncertainty over Income Tax Treatments. This appendix clarifies how the recognition and measurement requirements of Ind AS 12 are applied where there is uncertainty over income tax treatments. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

Appendix C explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the applicable tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under applicable tax law. The interpretation provides specific guidance in several areas where previously Ind AS 12 was silent. Appendix C applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

The adoption of Appendix C did not have any material impact on the financial statements of the Company.

#### 2.6. Summary of significant accounting policies

##### a. Current versus non-current classification

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (contd.)

#### b. Revenue recognition

##### Revenue

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold, and services rendered is net of variable consideration on account of discounts offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognised only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

##### Sale of products

Revenue from sale of products is recognized when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

##### Income from services

Revenue from services is recognized over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Company uses input method for measurement of revenue from services as it is directly linked to the expenses incurred by the Company.

##### Interest income

Interest income is recorded using the Effective Interest Rate (EIR) for debt instruments carried at amortised cost. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset.

#### c. Foreign currencies

##### Functional currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to crore).

##### Transactions and balances

Foreign currency transactions are recorded in the functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. All foreign currency monetary assets and monetary liabilities as at the Balance Sheet date are translated into the functional currency at the applicable exchange rates prevailing on that date. All exchange differences arising on translation, are recognised in the Statement of Profit and Loss. Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Gain or losses upon settlement of foreign currency transactions are recognized in the Statement of Profit and Loss for the period in which the transaction is settled.

#### d. Retirement and other employee benefits

##### Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (contd.)

termination of employment, of an amount based on respective employee's salary and tenure of employment with the Company.

Liabilities with regard to Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using projected unit credit method. The Company fully contributes all ascertained liabilities to the Castrol India Limited Employees' Gratuity Fund Trust ('the Trust'). Trustees administer contributions made to the Trusts and contributions are invested in insurance and deposit schemes.

The Company recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognised in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments is recognised in net profit in Statement of Profit and Loss.

#### **Superannuation**

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the plan beyond its monthly contributions which are periodically contributed to the Castrol India Limited Staff Pension Fund, the corpus of which is invested with the Life Insurance Corporation of India and Bajaj Allianz Life Insurance Co. Ltd.

#### **Provident fund**

Eligible employees of the Company receive benefits from a Provident fund, which is defined benefit plan. Both the eligible employees and the Company make monthly contributions to the provident fund equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Castrol India Limited Employees' Provident Fund Trust ('The PF trust'). The PF trust invests in specific designated instruments as permitted by Indian Law. The rate at which the annual interest is payable to the beneficiaries by the PF trust is being administrated by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the PF trust and the notified interest rate.

#### **Compensated absences**

The Company has a policy on compensated absences which is applicable to its executives joined upto a specified period and all workers. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date.

#### **Termination benefits**

Termination benefits, in the nature of voluntary retirement benefits or termination benefits arising from restructuring, are recognised in the Statement of Profit and Loss. The Company recognises termination benefits at the earlier of the following dates:

- a) when the Company can no longer withdraw the offer of those benefits; or
- b) when the Company recognises costs for a restructuring that is within the scope of Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets and involves the payment of termination benefits.

#### **Share-based compensation**

##### **Share value plan**

BP PLC ("Ultimate Holding Company") has a "Share Value Plan" whereby the specified employees of its subsidiaries are granted restricted share units of Ultimate Holding Company. Each restricted share unit represents a conditional

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (contd.)

entitlement to receive one share of Ultimate Holding Company in future, provided that certain terms and conditions are met. The main terms and conditions are a) continuous employment with the BP group until the end of restricted period and b) achievement of certain performance targets by the employee and/or BP Group. The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments on the date on which they are granted and is recognised as an expense over the restricted period. A corresponding credit is recognised within equity since the cost of such share value plan is borne by the Ultimate Holding Company.

#### Share match plan

The Ultimate Holding Company has a “Share Match Plan” whereby all executive employees of its subsidiaries have been given a right to purchase the shares of Ultimate Holding Company upto a specified amount. Every employee who opts for the scheme contributes by way of payroll deduction a specified amount towards purchase of share. The Company contributes equal amount and charges it to employee benefits expense.

#### Other employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the year in which the related service is rendered.

Redundancy Expenses are fully charged to the Statement of Profit and Loss in the year in which they accrue.

#### e. Taxes

Income tax expense comprises current income tax and deferred income tax. Income tax expense is recognised in the Statement of Profit and Loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income or other equity as the case may be.

#### Current income tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

The current tax year for the Company being the year ending March 31, the provision for taxation for the year is aggregate of the provision made for the three months ended on March 31, 2020 and the provision for the remaining period of nine months ending on December 31, 2020. The provision for the remaining period of nine months has been arrived at by applying the applicable tax rate of the financial year 2020-21 to Profit Before Tax of the said period.

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profits.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (contd.)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### f. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, including import duties and non-refundable purchase taxes (Net of taxes credit wherever applicable) and any attributable cost of bringing the assets to its working condition for its intended use. Such cost also includes the cost of replacing part of the Property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Depreciation on Property, plant and equipment is calculated on a straight-line basis, from the month of addition, using the estimated useful lives based on single shift, as specified in schedule II to the Companies Act, 2013, except in respect of the following assets:

Assets description	Useful life as per management (as technically assessed)	Useful life under schedule II
Residential and office buildings	5 years to 25 years	60 years
Plant and machinery	5 years to 21 years	15 years
Computers	4 years to 6 years	3 years
Equipment board with dealers	3 years	10 years
Furniture and fixtures	3 years to 10 years	10 years
Motor vehicles	4 years to 10 years	8 years
Laboratory equipment	5 years to 21 years	10 years

The residual values, useful lives and methods of depreciation of Property, plant and equipment are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

#### g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life i.e. 4-5 years based on management assessment and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss.

#### h. Leases

The Company has adopted Ind AS 116 "Leases" effective January 1, 2020 using the modified retrospective approach without restating the comparative period. Leases that were accounted for as operating leases in accordance with

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (contd.)

Ind AS 17, are recognized at the present value of the remaining lease payments starting January 1, 2020 and discounted using the lessee's incremental borrowing rate as at the date of initial application.

The Company, at the inception of a contract, assesses whether a contract, is or contains a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Company elected to use the transition practical expedient that allows the standard to be applied only to the contracts previously identified under Ind AS 17, "Leases" and the contracts assessed using the guidance available under Appendix – C to Ind AS 17, "Determining Whether an Arrangement Contains a Lease". Also, the Company has elected not to recognise right-of-use of assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

A lease liability is remeasured, with a corresponding adjustment to the ROU asset, upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments.

Lease liabilities and ROU assets have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

#### i. Inventories

Inventories consist of raw and packing materials, stock-in-trade and finished goods. Inventories are valued at lower of cost and net realisable value. Cost of inventories is determined on weighted average basis. Cost of manufactured finished goods and work-in-progress includes material cost determined on weighted average basis and also includes an appropriate portion of allocable overheads. Cost of traded goods includes cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Due allowances are made in respect of slow moving, non-moving and obsolete inventories based on estimate made by management.

#### j. Impairment of non-financial assets

The carrying amount of assets are reviewed for impairment at the end of each reporting date if there is any indication of impairment based on internal/external factor. An impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's or cash generating unit's fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value, recent market transactions are taken into account.

The business plans which are approved on an annual basis by senior management are the primary source of information for the determination of value in use. As an initial step in the preparation of these plans, various assumptions regarding market conditions, and cost inflation rates are set by senior management. These assumptions take account of existing prices and other macro economic factors and historical trends and variability.

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (contd.)

Impairment losses including impairment on inventories are recognised in the statement of profit and loss, except for previously revalued tangible assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. Such reversal is recognised in the statement of profit and loss.

#### k. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

#### l. Financial instruments

##### a) Non-derivative financial instruments:

###### Initial recognition and measurement

All financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

###### Subsequent measurement

###### Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

###### Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

###### Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

##### b) Derivative financial instruments

The Company enters into foreign exchange forward contracts to manage its foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately.

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (contd.)

#### **Derecognition of financial instruments**

##### **Financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

##### **Financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

##### **Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. 12 months expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12 months expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and

## Notes to the financial statements for the year ended 31 December 2020

### 2. Significant accounting policies (contd.)

considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.

#### **m. Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management.

#### **n. Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **o. Cash dividend**

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

#### **p. Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.



## Notes to the financial statements for the year ended 31 December 2020

### 4. Financial assets

(Unsecured, considered good, unless otherwise stated)

#### 4.1 Loans receivable

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Non-Current</b>		
Loans receivable Considered good- Unsecured		
Loans to employees *	0.52	0.62
Security deposits #	5.60	8.35
	<b>6.12</b>	<b>8.97</b>
<b>Current</b>		
Loans receivable Considered good- Unsecured		
Loans to employees *	0.45	0.39
Security deposits #	1.01	0.25
	<b>1.46</b>	<b>0.64</b>

# Security deposit are non interest bearing and recoverable at the termination of contract unless otherwise agreed

\* Loans to employees include loan to key managerial personnel of Rs. Nil (December 31, 2019 : Rs. Nil).

#### 4.2 Other financial assets

##### Financial assets carried at amortised cost

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Non Current</b>		
Advance to Customers - Rebate		
- Considered good	-	-
- Considered Doubtful	4.12	4.12
	<b>4.12</b>	<b>4.12</b>
Less : Allowance for doubtful advances	4.12	4.12
	-	-
<b>Current</b>		
Rebates receivable	16.12	14.09
Interest accrued on bank deposits	14.40	9.26
<b>Derivative instruments at fair value through Profit or loss</b>		
Derivatives not designated as hedges		
Foreign exchange forward contracts *	0.32	-
	<b>30.84</b>	<b>23.35</b>

\* While the Company entered into forward contracts with the intention of reducing the foreign exchange risk of expected purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

## Notes to the financial statements for the year ended 31 December 2020

### 4.3 Trade receivables\*# (Refer note 28)

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Current</b>		
Trade receivables Considered good - Secured ##	54.61	67.56
<b>Unsecured</b>		
Trade receivables Considered good - Unsecured	125.88	414.47
Trade receivables - Considered Doubtful	11.84	13.70
Less : Allowance for doubtful debts	11.84	13.70
	<b>125.88</b>	<b>414.47</b>
	<b>180.49</b>	<b>482.03</b>

Movement in the allowance of doubtful debts

Particulars	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
Balance at the beginning of the year	13.70	10.26
Add: Allowance created during the year	1.84	7.21
Less: Reversal of allowance during the year	(3.20)	(3.74)
Less: Amount Written back during the year	(0.50)	(0.03)
<b>Balance at end of the year</b>	<b>11.84</b>	<b>13.70</b>

\* Refer note no. 28 for related party receivables.

# The average credit period ranges from 1 to 90 days. Interest is charged at 24% p.a. on the overdue balance.

## Secured by deposits and bank guarantees from customers.

## Notes to the financial statements for the year ended 31 December 2020

### 4.4 Cash and cash equivalents

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Balance with banks</b>		
In current accounts	19.00	6.40
Deposits with original maturity of less than 3 months	175.67	60.15
Cheques on hand	-	0.60
Cash on hand	0.01	0.01
	<b>194.68</b>	<b>67.16</b>

### 4.5 Bank Balances other than above

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
Deposits with original maturity for less than 12 months	1,058.97	859.99
Earmarked deposit with banks #	5.18	3.04
Unclaimed dividend account and capital reduction (Includes unclaimed amount of Rs. 1.22 Crore (December 31, 2019 : Rs. 1.23 Crore) pertaining to capital reduction in earlier years)	15.36	15.81
	<b>1,079.51</b>	<b>878.84</b>

# Represents deposit placed for payment for acquisition of land

#### Break up of financial assets carried at amortised cost

Particulars	Note	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
Loans	4.1	7.58	9.61
Trade receivables	4.3	180.49	482.03
Cash and cash equivalents	4.4	194.68	67.16
Other balances with banks	4.5	1,079.51	878.84
Other financial assets	4.2	30.52	23.35
		<b>1,492.78</b>	<b>1,460.99</b>

### 5. Income tax assets (net)

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
Advance Income tax / tax deducted at source (net of current tax provision)	60.32	30.09
	<b>60.32</b>	<b>30.09</b>

## Notes to the financial statements for the year ended 31 December 2020

### 6. Deferred tax assets - (net)

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
Deferred tax assets (net)	62.24	58.50
	<b>62.24</b>	<b>58.50</b>

#### Movement in deferred tax assets balances

	Net balance as at January 1, 2020	Recognised in profit and loss	Recognised in OCI	Net deferred tax asset/(liability) as at December 31, 2020
<b>Deferred tax asset / (liabilities)</b>				
Property, plant and equipment	22.95	7.73	-	30.68
43B disallowances	13.10	0.77	(1.24)	12.63
Inventory - obsolete	1.76	0.88	-	2.64
Allowance for doubtful debts	4.98	0.98	-	5.96
Other temporary differences	15.70	(5.38)	-	10.32
<b>Deferred tax asset / (liabilities)</b>	<b>58.50</b>	<b>4.98</b>	<b>(1.24)</b>	<b>62.24</b>

#### Movement in deferred tax balances

	Net balance as at January 1, 2019	Recognised in profit and loss	Recognised in OCI	Net deferred tax asset/(liability) as at December 31, 2019
<b>Deferred tax asset / (liabilities)</b>				
Property, plant and equipment	20.08	2.87	-	22.95
43B disallowances	19.69	(8.03)	1.44	13.10
Inventory - obsolete	2.89	(1.13)	-	1.76
Allowance for doubtful debts	5.67	(0.69)	-	4.98
Other temporary differences	4.93	10.77	-	15.70
<b>Deferred tax asset / (liabilities)</b>	<b>53.27</b>	<b>3.79</b>	<b>1.44</b>	<b>58.50</b>

### Income Tax

The major components of income tax expense

Particulars	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Profit and Loss:</b>		
Current tax [net of reversal of earlier years - Rs. 4.60 Crore (December 31, 2019 : Rs. 19.40 Crore)]	207.40	323.33
Deferred tax	(4.98)	(3.79)
<b>Total Income tax expense</b>	<b>202.42</b>	<b>319.54</b>

#### Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate

Particulars	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
Profit before Income tax expense	785.36	1,146.91
Tax at the Indian tax rate 25.17% (December 31, 2019 : 34.944% for January 1, 2019 to March 31, 2019 and 25.17% for April 1, 2019 to December 31, 2019)	197.68	317.43
<b>Item giving rise to difference in tax</b>		
Effect of non-deductible expenses	9.18	1.57
Effect of change in tax rate	-	19.94
Effect of tax adjustment of earlier years	(4.61)	(19.40)
Others	0.17	-
Income tax expense	202.42	319.54

## Notes to the financial statements for the year ended 31 December 2020

### 7. Other assets

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Non-Current</b>		
Advance to Customers - Rebate		
- Considered good	22.01	12.76
- Doubtful	0.03	0.08
	<b>22.04</b>	<b>12.84</b>
Less : Allowance for doubtful advances	0.03	0.08
	<b>22.01</b>	<b>12.76</b>
Capital advances	0.46	12.84
Prepaid expenses	0.77	0.72
Provident fund surplus assets	1.83	1.04
Deposits / balance with statutory / government authorities		
- Considered good	43.37	41.37
- Doubtful	6.86	2.54
	<b>75.30</b>	<b>71.27</b>
Less: Allowance for doubtful deposits	6.86	2.54
	<b>68.44</b>	<b>68.73</b>
<b>Current</b>		
Advance to Customers - Rebate		
- Considered good	14.29	17.05
- Doubtful	0.45	0.40
	<b>14.74</b>	<b>17.45</b>
Less : Allowance for doubtful advances	0.45	0.40
	<b>14.29</b>	<b>17.05</b>
Prepaid expenses	2.58	2.08
Advance to supplier	8.50	10.11
Other receivables		
Considered good	3.59	4.64
Considered doubtful	0.37	0.37
	<b>3.96</b>	<b>5.01</b>
Less: Allowance for doubtful receivables	0.37	0.37
	<b>3.59</b>	<b>4.64</b>
Deposits / balance with statutory / government authorities	60.82	44.84
	<b>89.78</b>	<b>78.72</b>

### 8. Inventories (lower of cost and net realizable value)

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
Raw materials (including stock in transit Rs. 46.59 Crore (December 31, 2019 : Rs. 11.25 Crore))	185.93	149.34
Packing materials	6.65	5.22
Finished goods	136.20	101.87
Traded goods (including stock in transit Rs. 6.32 Crore (December 31, 2019 : Rs. 4.87 Crore))	38.09	48.29
	<b>366.87</b>	<b>304.72</b>

**Note:**

The cost of inventories recognised in December 31, 2020 includes Rs. 3.50 Crore in respect of write down of inventories to net realisable value (December 31, 2019 : Rs. 1.28 Crore in respect of reversal of write down of inventories)

## Notes to the financial statements for the year ended 31 December 2020

### 9. Equity share capital

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Authorized</b>		
990,000,000 equity shares of Rs. 5/- each (December 31, 2019 : 990,000,000 equity shares of Rs. 5/- each)	495.00	495.00
	<b>495.00</b>	<b>495.00</b>
<b>Issued, subscribed and fully paid-up</b>		
989,122,384 equity shares of Rs. 5/- each (December 31, 2019 : 989,122,384 equity shares of Rs. 5/- each)	494.56	494.56
	<b>494.56</b>	<b>494.56</b>

#### a. Reconciliation of the equity shares outstanding at the beginning and at the end of the year

##### Equity shares

	As at December 31, 2020		As at December 31, 2019	
	No. of Shares	Rupees in Crore	No. of Shares	Rupees in Crore
At the beginning of the year	989,122,384	494.56	989,122,384	494.56
Outstanding at the end of the year	<b>989,122,384</b>	<b>494.56</b>	<b>989,122,384</b>	<b>494.56</b>

#### b. Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 5/- per share (December 31, 2019 : Rs. 5/- per share). Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approvals of the shareholders in the ensuing Annual General Meeting (AGM). The Company declares and pays dividend in Indian Rupees.

Dividend on Equity Shares	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Dividend on Equity Shares paid during the year</b>		
Final Dividend Rs. Nil per share for the year December 31, 2019 (December 31, 2018 : Rs. 2.75 per share)	-	272.01
Dividend Distribution Tax on Final Dividend	-	55.91
Interim Dividend Rs. 2.50 per share for the year December 31, 2020 (December 31, 2019 : Rs. 2.50 per share)	247.28	247.28
Dividend Distribution Tax on Interim Dividend	-	50.83
2 <sup>nd</sup> Interim Dividend Rs. 3.00 per share for the year December 31, 2019 (December 31, 2018 : Rs. 0.00 per share)	296.73	-
<b>Proposed Dividend on Equity Shares</b>		
Final Dividend Rs. 3.00 per share for year December 31, 2020 (December 31, 2019 : Rs. Nil per share)	296.73	-

## Notes to the financial statements for the year ended 31 December 2020

### 9. Equity share capital (Contd.)

The Board of Directors of the Company has at its meeting held on February 1, 2021 recommended a final dividend of Rs. 3.00 per share for year ended December 31, 2020 (December 31, 2019 : Rs. Nil per share).

The Board of Directors of the Company had at its meeting held on January 31, 2020 recommended a final dividend of Rs. 3.00 per share for year ended December 31, 2019. Subsequently, the board of directors, vide its meeting held on June 17, 2020, revoked the aforesaid dividend due to delay in holding the 42<sup>nd</sup> Annual General Meeting (AGM) owing to spread of coronavirus (Covid-19) pandemic and nation-wide lockdown and declared a second interim dividend of Rs. 3/- per equity share for the financial year ended December 31, 2019, which is at the same rate as the Final Dividend for the financial year ended December 31, 2019.

In the event of the Company being liquidated, since the equity shares of the Company are fully paid - up, there would be no additional liability on the shareholders of the Company. However, post settlement of the liabilities of the Company, the surplus, if any, would be distributed amongst the shareholders in proportion to the number of shares held by each one of them.

#### c. Equity shares in the Company held by its holding/ultimate holding company and/or their subsidiaries/associates are as below:

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
Castrol Limited, U.K. 504,452,416 equity shares of Rs. 5/- each fully paid (Holding Company)	252.22	252.22
[December 31, 2019 : 504,452,416 equity shares of Rs. 5/- each fully paid (Holding Company)]		

#### d. Aggregate number of bonus shares issued, for consideration other than cash during the period of five years immediately preceding the balance sheet date:

	As at December 31, 2020 No. of Shares	As at December 31, 2019 No. of Shares
<b>Equity shares allotted as fully paid bonus shares by capitalisation of general reserve and retained earnings</b>		
The Company had issued and allotted bonus equity shares of Rs.5/- each, on December 26, 2017	494,561,192	494,561,192
	<b>494,561,192</b>	<b>494,561,192</b>

#### e. Details of shareholders holding more than 5% shares in the company are as below:

	As at December 31, 2020		As at December 31, 2019	
	No. of Shares	% Holding in the class	No. of Shares	% Holding in the class
Equity shares of Rs. 5/- each fully paid up (December 31, 2019 : Rs. 5/- each)				
Castrol Limited, U.K.	504,452,416	51.00%	504,452,416	51.00%
Life Insurance Corporation of India	104,581,312	10.57%	102,041,977	10.32%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

## Notes to the financial statements for the year ended 31 December 2020

### 10. Other Equity \*\*

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
Share based payment ##	23.75	19.07
Capital Reserve #	13.62	13.62
Retained Earnings @	882.30	839.70
	<b>919.67</b>	<b>872.39</b>

## Share value plan of Ultimate Holding Company (refer note 2.6(d) of significant accounting policies)

# Capital Reserve mainly represents amount transferred on amalgamation with erstwhile Tata BP Lubricants

\*\* For movement, refer Statement of Changes in Equity

@ Retained earnings represents profit that a Company has earned to date, less any dividends or other distributions paid to the investor.

### 11. Financial Liabilities

#### 11.1 Trade payables # (Refer note 28)

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Current</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer note 26)	4.62	6.30
Total outstanding dues of creditors other than micro enterprises and small enterprises	540.91	465.49
	<b>545.53</b>	<b>471.79</b>

# Trade payables are non-interest bearing and are normally settled between 7 to 90 days credit terms

## Notes to the financial statements for the year ended 31 December 2020

### 11.2 Other financial liabilities

#### Financial liabilities at amortised cost

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Non Current</b>		
Lease Liabilities	6.22	-
	<b>6.22</b>	<b>-</b>
<b>Current</b>		
Deposit from customers #	23.25	18.86
Employee benefits payable	35.38	30.29
Capex payables	45.01	21.05
Interest accrued and due on deposit from customers	0.65	0.56
Rebate payables	172.42	150.99
Corporate social responsibility	2.15	3.42
Unclaimed dividend account and capital reduction [Includes unclaimed amount of Rs. 1.22 Crore (December 31, 2019 : Rs. 1.23 Crore) pertaining to capital reduction in earlier years]	15.36	15.81
Lease Liabilities	11.22	-
<b>Derivative instruments at fair value through Profit or loss</b>		
Derivatives not designated as hedges	-	-
Foreign exchange forward contracts*	-	0.21
	<b>305.44</b>	<b>241.19</b>

\* While the Company entered into forward contracts with the intention of reducing the foreign exchange risk of expected purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

# Deposit from customers are interest bearing and repayable on termination of agreement unless otherwise agreed

@ The Company has transferred the amounts required to be transferred to the Investor Education and Protection Fund within due date in accordance with MCA Circular No.16/2020 dated 13 April 2020 and Circular No. 35/2020 dated 29 September 2020. The company has not transferred an amount of Rs.0.10 Crore, accumulated over the years as dividends held in abeyance, for cases where disputes relating to ownership of the underlying shares have remained unresolved. There are no other amounts due for payment to the IEPF under Section 125 of the Companies Act, 2013 as at the year end.

### 12. Provisions

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Non Current</b>		
Provision for employee benefit (Refer note 27)	18.84	21.39
	<b>18.84</b>	<b>21.39</b>
<b>Current</b>		
Provision for employee benefit (Refer note 27)	0.40	0.62
Provision for indirect taxes (Refer note (a) and (c) below)	33.51	26.09
Provision for litigations (Refer note (b) and (c) below)	1.61	1.61
	<b>35.52</b>	<b>28.32</b>

## Notes to the financial statements for the year ended 31 December 2020

### 12. Provisions (Contd.)

#### (a) Movement in Provision for Indirect Taxes:

	As at December 31, 2020 Rupees in Crore	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore	As at December 31, 2019 Rupees in Crore
	Excise, Customs and Service tax	Sales Tax, VAT and GST	Excise, Customs and Service tax	Sales Tax and VAT
Balance as at January 1	7.33	18.76	5.99	22.17
Addition during the year	1.92	13.11	2.72	1.00
Reversed / Paid during the year	2.71	4.90	1.38	4.41
Balance as at December 31	6.54	26.97	7.33	18.76
<b>Total</b>		<b>33.51</b>		<b>26.09</b>

(b) There has been no movement in provisions for litigations during the year.

(c) The Company has made provision for known litigation cases and pending assessments in respect of taxes, duties and other levies, the outflow of which would depend on cessation of respective events.

### 13. Current tax liabilities (net)

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
Provision for tax (net of advance tax and tax deducted at source)	15.90	17.42
	<b>15.90</b>	<b>17.42</b>

### 14. Other liabilities

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Non Current</b>		
Advance Rebate from Supplier	7.58	-
	<b>7.58</b>	<b>-</b>
<b>Current</b>		
Statutory dues	22.80	72.99
Advance from customers	6.74	8.73
Deferred revenue	14.70	-
	<b>44.24</b>	<b>81.72</b>

## Notes to the financial statements for the year ended 31 December 2020

### 15. Revenue from operations #

	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Revenue from operations</b>		
Sale of products ([net of rebates Rs. 347.55 Crore ] December 31, 2019 : Rs. 396.03 Crore)	<b>2,982.16</b>	3,858.89
<b>Other operating revenue</b>		
Income from services	<b>9.49</b>	12.13
Scrap sale	<b>5.27</b>	5.80
<b>Revenue from operations</b>	<b>2,996.92</b>	<b>3,876.82</b>

# In case of sale of goods, the Company satisfies its performance obligation upon delivery, which is based on the terms agreed with the customer, and for the sale of services, the performance obligation is satisfied as and when the services are rendered. The Company does not have any remaining performance obligations as contracts entered for sale of goods are for shorter duration. There are no contract for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated. The Company disaggregated revenues from contracts with customers by geography. Refer Note 24 below.

### 16. Other income

	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
Interest income on financial assets carried at amortized cost		
From bank deposits	<b>46.64</b>	48.72
Others	<b>0.34</b>	1.22
Excess accruals written back	<b>2.09</b>	2.70
Exchange Gain (net)	<b>2.40</b>	-
Allowance for doubtful debts written back (net)	<b>1.36</b>	-
Profit on fair valuation of forward contract	<b>0.76</b>	0.92
Net gain on termination of lease contracts	<b>0.10</b>	-
Miscellaneous income *	<b>8.34</b>	11.21
	<b>62.03</b>	<b>64.77</b>

\* Includes service rendered to related parties of Rs. 6.73 Crore (December 31, 2019 : Rs. 6.33 Crore)

### 17.1 Cost of raw and packing materials consumed

	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Raw materials and packing materials consumed</b>		
Inventory at the beginning of the year	<b>154.56</b>	230.90
Add : Purchases during the year	<b>1,211.99</b>	1,411.93
	<b>1,366.55</b>	1,642.83
Less : Inventory at the end of the year	<b>192.58</b>	154.56
	<b>1,173.97</b>	<b>1,488.27</b>

## Notes to the financial statements for the year ended 31 December 2020

### 17.2 Purchase of traded goods

	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
Purchase of traded goods	116.50	183.65
	<b>116.50</b>	<b>183.65</b>

### 17.3 (Increase) / decrease in inventories of finished / traded goods

	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Inventories at the end of the year</b>		
Traded goods	38.09	48.29
Finished goods	136.20	101.87
	<b>174.29</b>	<b>150.16</b>
<b>Inventories at the beginning of the year</b>		
Traded goods	48.29	72.93
Finished goods	101.87	152.96
	<b>150.16</b>	<b>225.89</b>
<b>Net (Increase) / decrease in inventories of finished / traded goods</b>	<b>(24.13)</b>	<b>75.73</b>

### 18. Employee benefits expense

	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
Salaries and wages	167.43	181.12
Share based payments	6.08	5.56
Contribution to provident and other funds	17.87	15.43
Staff welfare expenses	8.68	10.67
Redundancy cost	#19.75	0.30
	<b>219.81</b>	<b>213.08</b>

# include one time cost of Rs. 19.50 crore towards Organisation Transformation and Restructuring Programme implemented during the year.

### 19. Finance costs

	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
Interest on financial liabilities carried at amortized cost	1.29	1.19
Interest on income tax	0.43	-
Interest on lease liabilities	2.44	-
	<b>4.16</b>	<b>1.19</b>

### 20. Depreciation and amortisation expense

	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
Depreciation of property plant and equipment (refer note 3)	67.56	68.84
Depreciation of Right-of-use asset	18.02	-
Amortization of intangible assets (refer note 3)	1.04	0.90
	<b>86.62</b>	<b>69.74</b>

## Notes to the financial statements for the year ended 31 December 2020

### 21. Other expenses

	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
Rent	0.56	19.87
Rates and taxes	0.92	2.45
Power and fuel	5.11	6.39
Stores and consumables	1.81	1.70
Freight and forwarding charges	109.20	132.21
Insurance	4.08	3.95
Repairs and maintenance		
Land and buildings	4.32	5.83
Plant and equipment	5.86	6.93
Others	19.05	18.95
Allowance for doubtful debts (net)	-	3.47
Processing and filling charges	14.53	14.61
Advertising	132.97	113.88
Stock point operating charges	38.39	41.58
Loss on disposal/write off of Property, plant and equipment and Intangible assets (net)	0.15	0.63
Impairment on property, plant and equipment and intangible assets	0.23	-
Director sitting fees	0.35	0.27
Commission to resident non-whole time Indian directors	0.68	0.68
Royalty	79.27	112.28
Sales promotion fees	172.24	159.73
Travelling expenses	4.62	17.22
Legal, professional fees and contract charges	56.87	51.77
Payment to auditors [Refer note (i) below]	1.55	1.67
Exchange loss (net)	-	4.24
Corporate social responsibility [Refer note (ii) below]	25.37	22.72
Miscellaneous expenses	18.53	19.99
	<b>696.66</b>	<b>763.02</b>
	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Note</b>		
<b>(i) Payment to auditor (excluding taxes)</b>		
<b>As auditor:</b>		
Audit fee	1.00	1.17
Tax accounts and tax audit fees	0.25	0.25
Limited review	0.18	0.18
<b>In other capacity:</b>		
Certification fees	0.01	0.03
Reimbursement of expenses	0.11	0.04
	<b>1.55</b>	<b>1.67</b>
<b>(ii) Corporate social responsibility activities</b>		
a) Amount required to be spent by the Company during the year.	22.60	21.68
b) Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company)	25.37**	22.72**
# The above expenditure includes contribution to funds, expenses incurred through registered trusts / registered society or company established under section 8 of the Companies Act, 2013 and direct expenses by the company.		
* Amount outstanding as at year end (including previous year)	2.15	3.42

## Notes to the financial statements for the year ended 31 December 2020

### 22. Earnings per share (EPS)

	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
Profit for the year	582.94	827.37
	<b>No. of Shares</b>	No. of Shares
Weighted average number of equity shares in calculating Basic and Diluted EPS	989,122,384	989,122,384
Basic and Diluted earnings per share (Rs.)	5.89	8.36
Nominal value per share (Rs.)	5.00	5.00

### 23. Leases

#### Right-of-use assets

Particulars	Rupees in Crore			
	Land	Buildings	Vehicles	Total
<b>Balance at January 1, 2020</b>	-	-	-	-
Add: Reclassified on account of Adoption of Ind AS 116	0.28	-	-	0.28
Additions	19.81	31.98	6.69	58.48
Less: Deletions	-	5.58	0.29	5.87
Less: Depreciation	1.00	11.89	5.13	18.02
<b>Balance at December 31, 2020</b>	<b>19.09</b>	<b>14.52</b>	<b>1.27</b>	<b>34.88</b>

#### Lease Liabilities

Particulars	Rupees in Crore			
	Land	Buildings	Vehicles	Total
<b>Balance at January 1, 2020</b>	-	-	-	-
Additions	1.41	32.01	6.69	40.11
Add: Finance costs	0.13	1.97	0.34	2.44
Less: Deletions	-	5.68	0.31	5.99
Less: Payments	0.77	12.95	5.40	19.12
<b>Balance at December 31, 2020</b>	<b>0.77</b>	<b>15.35</b>	<b>1.32</b>	<b>17.44</b>

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis as at December 31, 2020:

Particulars	Rupees in Crore
Less than one year	12.28
Between one and five years	6.40

Expenses relating to short-term leases and low-value assets for the year ended December 31, 2020 are Rs. 0.07 crore and Rs. 0.08 crore respectively

The weighted average rate of discount applied to lease liabilities as at January 1, 2020 is 8.25%. The lease liabilities as at January 1, 2020 can be reconciled to the operating lease commitments as of December 31, 2019 as follows:

	Rupees in Crore
Operating Lease Commitments as at December 31, 2019	44.42
Less: Impact of discounting on operating lease liability	(4.43)
Less: Low value leases not recognised as a liability	(0.01)
Lease liabilities recognised as at January 1, 2020	39.98

## Notes to the financial statements for the year ended 31 December 2020

### Year ended December 31, 2019

Operating lease: Company as lessee

Office premises and motor cars are obtained on operating lease. The lease terms range from one year to four years and are renewable at the option of the Company. These lease rentals are recognized under "Rent".

	As at December 31, 2019 Rupees in Crore
Charged to Statement of Profit and Loss	19.08
Future minimum rentals payable under non-cancellable operating leases are as follows:	
Within one year	19.30
After one year but not more than five years	25.12
More than five years	-
	<b>44.42</b>

## 24. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

The Company has integrated its organization structure with respect to its automotive and non-automotive business considering that the synergies, risks and returns associated with business operations are not predominantly distinct. The company has aligned its internal financial reporting system in line with the new organization structure. As a result the Company's reportable business segment consists of a single segment of "Lubricants" in terms of Ind AS 108. The Managing Director (Chief Operating Decision Maker) is accountable for leading the growth agenda for an integrated Automotive and Industrial business.

Information by Geographies	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Revenue</b>		
India	2,989.89	3,862.85
Outside India	7.03	13.97
	<b>2,996.92</b>	<b>3,876.82</b>
<b>Capital expenditure (including capital work-in-progress)</b>		
India	60.10	77.72
Outside India	-	-
	<b>60.10</b>	<b>77.72</b>
	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Non-current assets</b>		
India	319.36	292.48
Outside India	-	2.24
	<b>319.36</b>	<b>294.72</b>

There are no transactions with single customer which amounts to 10% or more of the Company's revenue for year ended December 31, 2020 and December 31, 2019.

## Notes to the financial statements for the year ended 31 December 2020

### 25. (i) Contingent liabilities & commitments

		As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>(a) Contingent liabilities</b>			
(1) Demands made by the authorities, in respect of which appeals have been filed [Refer note (i) below]			
Sales tax		37.81	38.74
Service tax		-	0.09
(2) Claims against the Company not acknowledged as debts estimated at:			
- In respect of compensation claimed by third parties / workers / employees		3.59	3.57
	<b>(A)</b>	<b>41.40</b>	<b>42.40</b>
<b>(b) Commitments</b>			
(1) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		25.47	25.34
	<b>(B)</b>	<b>25.47</b>	25.34
	<b>Total (A + B)</b>	<b>66.87</b>	<b>67.74</b>

Notes: (i) The management does not expect these demands / claims to succeed. Claims, where the possibility of outflow of resources embodying economic benefits is remote, have not been considered in contingent liability.

25. (ii) The Company has received following demand orders from Maharashtra Sales Tax Department for disputes relating to the movement of goods from the Plant/ MWHs situated in Maharashtra to the CFAs for sale of goods made by the company in the states other than Maharashtra, where applicable taxes have been paid as per the provisions of law. The department alleged that the movement of goods was to fulfil pre-existing orders in the destination States, and were therefore in the nature of inter-State sales. The Company contends that the movement of goods from Maharashtra was not pursuant to any contract /order from customers in other States hence the understanding of operations/systems recorded in the assessment orders are not factually correct. The Company's tax payment methodology in respect of the goods sold is adequately supported by robust legal grounds/precedents and in Company's opinion the said demands are unjustified. Thus considering the favorable orders from MVAT Tribunal and based on the legal advice the Company has not made any provision in the books for the year ended 31<sup>st</sup> December 2020 and considered this to be remote.

Financial Year	Demand (including interest) Rupees in Crore	Status
2007-08	306.71	
2009-10	255.50	
2010-11	263.63	The company had received the favourable orders from Maharashtra Sales Tax Tribunal (MSTT) against which department had filed the appeal in Central Sales Tax Appellate Authority, Delhi (CSTAA). Hearing date awaited from CSTAA.
2011-12	474.60	
2012-13	578.05	
2013-14	485.22	
2014-15	528.34	
2015-16	510.69	Company have filed the appeal in Maharashtra Sales Tax Tribunal (MSTT) against the adverse order received from the Maharashtra Sales Tax Department. Hearing date awaited from MSTT
<b>Total</b>	<b>3,402.74</b>	

Note : It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/ authorities.

## Notes to the financial statements for the year ended 31 December 2020

### 26. Details of dues to micro enterprises and small enterprises as defined under The Micro, Small and Medium Enterprises Development (MSMED) Act 2006\*

	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	4.58	6.30
- Interest due on above	0.04	0.00
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year;	0.04	0.00
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of Micro and Small Enterprise Development Act, 2006.	-	-

\* The company has initiated the process of identification of suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received.

'0.00' represents amount less than Re. 0.01 crore.

### 27 Employee Benefits

#### I) Defined Contribution Plan

Contribution to Provident and Other Funds' in Note 18 includes Rs. 1 Crore (December 31, 2019: Rs. 1.1 Crore) for ESIC and Labour Welfare Fund. Note 21 includes Insurance Rs. 2.1 Crore (December 31, 2019: Rs. 2.2 Crore) for Medical Insurance benefits and post retiral medical benefit scheme. Salaries, wages and bonus in Note 18 includes Rs. 1.4 Crore for share match (December 31, 2019: Rs. 1.3 Crore).

#### II) Defined Benefit Plan

##### A) General Description of Defined Benefit Plan

##### i) Gratuity

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days/one month salary last drawn for each completed year of service depending on the date of joining. The same is payable on termination of service, retirement or death, whichever is earlier. The benefit vests after five years of continuous service.

The Company has a defined benefit gratuity plan in India (funded). The Company defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund.

## Notes to the financial statements for the year ended 31 December 2020

### 27 Employee Benefits (Contd.)

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

#### ii) Provident Fund

The Provident Fund (administered by a trust) is a defined benefit scheme whereby the Company deposits amounts determined as a fixed percentage of basic pay to the fund every month. The actuary has provided a valuation and determined the fund assets and obligations as at December 31, 2020. Further, it has been determined that the yield on the investments of the trust is adequate to meet the obligation towards the payment of the interest rate notified by the government.

#### iii) Pension Benefit to Past Employees

Under the Company's pension scheme, certain categories of employees, on retirement, are eligible for monthly differential pension which is accounted for on an actuarial basis as on the Balance Sheet date.

#### iv) Compensated absences

The Company has a policy on compensated absences which is applicable to its executives joined upto a specified period and all workers. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date.

### B) The plans in India typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and debt instruments.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## Notes to the financial statements for the year ended 31 December 2020

### 27 Employee Benefits (Contd.)

C) Amounts recognized in financial statements respect of these defined benefit plans are as follows:

i) The following tables set out the funded status of the gratuity, pension, compensated absences and provident fund plans and the amounts recognized in the Company's financial statements as at December 31, 2020 and December 31, 2019:

Rupees in Crore

Particulars	As at December 31, 2020				As at December 31, 2019			
	Gratuity	Pension	Compensated	Provident	Gratuity	Pension	Compensated	Provident
	(Funded)	(Non-funded)	(Non-funded)	(Funded)	(Funded)	(Non-funded)	(Non-funded)	(Funded)
<b>Change in the present value of the defined benefit obligation and fair value of plan assets:</b>								
<b>Obligation at period beginning</b>	<b>58.58</b>	<b>1.49</b>	<b>1.56</b>	<b>189.28</b>	<b>50.91</b>	<b>1.43</b>	<b>1.47</b>	<b>167.32</b>
Current service cost	4.42	0.10	0.20	7.66	3.85	0.06	0.31	7.20
Past service cost	-	-	-	-	-	-	-	-
Interest cost	3.53	-	-	16.41	3.42	-	-	14.49
Actuarial (gain) / loss due to change in assumptions	(3.08)	-	-	-	2.50	-	-	-
Experience (gain) / loss on plan liability	(2.00)	-	-	1.95	2.84	-	-	3.24
Benefits paid and transfer out	(3.66)	-	(0.28)	(18.56)	(6.52)	-	(0.21)	(20.64)
Contributions by employee	-	-	-	11.25	-	-	-	10.55
Transfer in	(0.58)	-	-	7.25	1.58	-	-	7.12
<b>Obligation at period end</b>	<b>57.21</b>	<b>1.59</b>	<b>1.48</b>	<b>215.24</b>	<b>58.58</b>	<b>1.49</b>	<b>1.56</b>	<b>189.28</b>
<b>Change in plan assets</b>								
<b>Plan assets at period beginning, at fair value</b>	<b>39.61</b>	<b>-</b>	<b>-</b>	<b>190.32</b>	<b>37.54</b>	<b>-</b>	<b>-</b>	<b>169.06</b>
Expected return on plan assets	2.58	-	-	16.50	2.76	-	-	14.66
Experience (gain) / loss on plan assets	(0.87)	-	-	2.65	0.47	-	-	2.37
Asset gain / (loss)	(0.58)	-	-	-	1.58	-	-	-
Contributions by employer	3.95	-	-	7.66	3.78	-	-	7.20
Contributions by employee	-	-	-	11.25	-	-	-	10.55
Benefits paid	(3.66)	-	-	(18.56)	(6.52)	-	-	(20.64)
Transfer in	-	-	-	7.25	-	-	-	7.12
<b>Plan assets at period end, at fair value</b>	<b>41.03</b>	<b>-</b>	<b>-</b>	<b>217.07</b>	<b>39.61</b>	<b>-</b>	<b>-</b>	<b>190.32</b>
<b>Change in the present value of the defined benefit obligation and fair value of plan assets:</b>								
Fair value of plan assets at the end of the period	41.03	-	-	217.07	39.61	-	-	190.32
Present value of the defined benefit obligation at the end of the period	(57.21)	(1.59)	(1.48)	(215.24)	(58.58)	(1.49)	(1.56)	(189.28)
<b>Asset / (liability) recognized in the Balance Sheet</b>	<b>(16.18)</b>	<b>(1.59)</b>	<b>(1.48)</b>	<b>1.83</b>	<b>(18.97)</b>	<b>(1.49)</b>	<b>(1.56)</b>	<b>1.04</b>

## Notes to the financial statements for the year ended 31 December 2020

### 27 Employee Benefits (Contd.)

- ii) Amount for the year ended December 31, 2020 and December 31, 2019 recognised in the statement of Profit and Loss/capitalised (including amount recovered from group Companies) under employee benefit expenses.

Rupees in Crore

Particulars	For the year ended December 31, 2020				For the year ended December 31, 2019			
	Gratuity	Pension Benefit	Compensated absences	Provident Fund	Gratuity	Pension Benefit	Compensated absences	Provident Fund
	(Funded)	(Non-funded)	(Non-funded)	(Funded)	(Funded)	(Non-funded)	(Non-funded)	(Funded)
Current service cost	4.42	0.10	0.20	7.66	3.85	0.06	0.31	7.20
Past service cost	-	-	-	-	-	-	-	-
Net interest cost	0.95	-	-	16.41	0.66	-	-	14.49
Interest income	-	-	-	(16.50)	-	-	-	(14.66)
(Gains) / losses - other long term benefits								
<b>Total cost recognised in Profit and Loss</b>	<b>5.37</b>	<b>0.10</b>	<b>0.20</b>	<b>7.57</b>	<b>4.51</b>	<b>0.06</b>	<b>0.31</b>	<b>7.03</b>

- iii) Amount for the year ended December 31, 2020 and December 31, 2019 recognized in the statement of other comprehensive income:

Rupees in Crore

Particulars	As at December 31, 2020				As at December 31, 2019			
	Gratuity	Pension Benefit	Compensated absences	Provident Fund	Gratuity	Pension Benefit	Compensated absences	Provident Fund
	(Funded)	(Non-funded)	(Non-funded)	(Funded)	(Funded)	(Non-funded)	(Non-funded)	(Funded)
Actuarial (Gain) / Loss due to Demographic Assumption changes in DBO	0.04	-	-	-	(0.14)	-	-	-
Actuarial (Gain) / Loss due to Financial Assumption changes in DBO	(3.12)	-	-	-	2.64	-	-	3.24
Actuarial (Gain) / Loss due to Experience on DBO	(2.00)	-	-	1.95	2.84	-	-	-
Return on Plan Assets (Greater) / Less than Discount rate	0.87	-	-	(2.65)	(0.47)	-	-	(2.37)
<b>Total Actuarial (Gain)/Loss included in OCI</b>	<b>(4.21)</b>	<b>-</b>	<b>-</b>	<b>(0.70)</b>	<b>4.87</b>	<b>-</b>	<b>-</b>	<b>0.87</b>

## Notes to the financial statements for the year ended 31 December 2020

### 27 Employee Benefits (Contd.)

#### D) Major Categories of Plan assets are as follows:

Provident fund	Rupees in Crore	
	As at December 31, 2020	As at December 31, 2019
<b>The composition of plan assets</b>		
Special Deposit	17.32	17.32
Investment in Government and Debt Securities	172.61	153.40
Investment in Mutual Funds	7.23	5.03
Bank Balance	10.65	6.92
Other receivables	9.26	7.65
<b>Total</b>	<b>217.07</b>	<b>190.32</b>
<b>Gratuity</b>		
	Rupees in Crore	
	As at December 31, 2020	As at December 31, 2019
<b>The composition of plan assets</b>		
Special Deposits	0.76	0.76
Deposit with insurance schemes	34.76	36.50
Bank Balance	4.15	0.83
Others - Receivables / (Payables)	1.36	1.52
<b>Total</b>	<b>41.03</b>	<b>39.61</b>

Each year, the Board of Trustees reviews the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The fair values of the above investments are determined based on prices in active markets. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of equity instruments, property and debt instruments. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

#### E) The significant assumptions used to determine benefit obligations as at December 31, 2020 and December 31, 2019 are set out below:

Particulars	As at December 31, 2020			As at December 31, 2019		
	Gratuity	Compensated absences	Provident Fund	Gratuity	Compensated absences	Provident Fund
	(Funded)	(Non-funded)	(Funded)	(Funded)	(Non-funded)	(Funded)
Discount rate	5.27%	5.27%	5.27%	6.52%	6.52%	6.52%
Rate of increase in compensation level	Executives - 10.00%	10.00%	Executives - 10.00%	Executives - 12.75% Workers - 4%	12.75%	Executives - 12.75% Workers - 4%
Interest Rate Guarantee	-	-	8.50%	-	-	8.65%

## Notes to the financial statements for the year ended 31 December 2020

### 27 Employee Benefits (Contd.)

#### F) Sensitivity Analysis:

Rupees in Crore

Particulars	As at December 31, 2020			As at December 31, 2019		
	Gratuity	Compensated absences	Provident Fund	Gratuity	Compensated absences	Provident Fund
	(Funded)	(Non-funded)	(Funded)	(Funded)	(Non-funded)	(Funded)
<b>Discount per annum</b>						
a) Increase by 100 basis points	54.13	1.40	208.61	55.55	1.49	185.99
b) Decrease by 100 basis points	60.62	1.57	224.47	61.92	1.65	195.42
<b>Rate of increase in compensation</b>						
a) Increase by 100 basis points	60.16	1.57		61.47	1.64	
b) Decrease by 100 basis points	54.41	1.40		55.84	1.49	
<b>Interest Rate Guarantee</b>						
a) Increase by 100 basis points	-	-	223.92	-	-	195.14
b) Decrease by 100 basis points	-	-	208.73	-	-	186.00

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognized in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

#### The expected contribution payable for next year is as under:

Gratuity plan: Rs. 4.52 Crore (December 31, 2019: Rs 8.85 Crore)

Provident fund: Rs. 8.12 Crore (December 31, 2019: Rs. 7.78 Crore)

#### G) Maturity profile of defined benefit obligation is as follows:

Rupees in Crore

Particulars	As at December 31, 2020		As at December 31, 2019	
	Gratuity	Provident Fund	Gratuity	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
Year 1	9.86	24.55	8.85	21.56
Year 2	6.48	32.25	6.77	28.32
Year 3	6.53	30.74	6.64	27.00
Year 4	6.21	28.09	7.38	24.67
Year 5	6.57	19.45	6.03	17.09
Year 6 - 10	21.56	80.16	22.91	70.64

## Notes to the financial statements for the year ended 31 December 2020

### 28. Related party disclosures as required under Ind AS - 24, "Related Party Disclosures", are given below:

#### A. Name of the related party and nature of relationship where control exist

- a) Holding companies  
 Castrol Limited, U.K. (Holding Company of Castrol India Limited)  
 Burmah Castrol PLC (Holding Company of Castrol Limited, U.K.)  
 BP PLC (Holding Company of Burmah Castrol PLC), Ultimate Holding Company

#### B. Name of the related party and nature of relationship where transaction have taken place

- a) Fellow subsidiaries  
 (where transaction exists)
- |   |  |
|---|--|
| AsPac Lubricants (Malaysia) Sdn. Bhd.           | BP Marine Limited                      |
| BP - Castrol (Thailand) Limited                 | BP Middle East (Auto and Marine Lubes) |
| BP (China) Industrial Lubricants Limited        | BP Petrolleri Anonim Sirketi           |
| BP Corporation North America                    | BP Shipping Limited - OBC UK           |
| BP Europa SE                                    | BP Singapore Pte Limited               |
| BP Europa SE BP Belgium                         | Castrol (Shenzhen) Company Limited     |
| BP Europa SE Zweigniederlassung Austria (Lubes) | BP Australia Pty Limited               |
| BP Exploration (Alpha) Limited                  | Lubricants UK Limited                  |
| BP France Lubes                                 | PT Castrol Indonesia                   |
| BP India Private Limited                        | Castrol K.K.                           |
| BP International Limited                        | BP Asia Pacific (Malaysia) SDN         |
| BP Italia SPA                                   | Castrol bp Petco limited               |
| BP Japan K.K.                                   | Castrol Philippines Inc                |
| BP Korea Limited                                | BP Products North America Inc          |
| BP Lubricants USA Inc                           | Nordic Lubricants A/S                  |
| Castrol (Shanghai) Management Co.               |  |
- b) Joint venture of BP Global Investment Limited, a subsidiary of Ultimate Holding Company  
 Reliance BP Mobility Limited
- c) Post employment benefit funds  
 Castrol India Ltd. Employees' Provident Fund  
 Castrol India Ltd. Staff Pension Fund  
 Castrol India Ltd. Employees' Gratuity Fund
- d) Key management personnel  
 (where transaction exists)
- |                    |  |
|--------------------|--|
| Omer Dormen        | Managing Director (up to 31.12.2019)                             |
| Sandeep Sangwan    | Managing Director (w.e.f 01.01.2020)                             |
| Rashmi Joshi       | Chief Financial Officer & Whole time Director (up to 31.12.2020) |
| Deepesh Baxi       | Chief Financial Officer & Whole time Director (w.e.f 01.01.2021) |
| Jayanta Chatterjee | Whole Time Director - Supply Chain (up to 31.12.2020)            |
- e) Non-executive Independent Directors \*
- |                                   |   |
|-----------------------------------|---|
| S. M. Datta (up to 30.09.2019)    | R. Gopalakrishnan (Chairman - w.e.f 01.10.2019) |
| Uday Khanna                       | Sangeeta Talwar                                 |
| Rakesh Makhija (w.e.f 01.10.2019) |   |
- f) Non-executive non-Independent Directors \*
- |   |                                     |
|---|-------------------------------------|
| Sashi Mukundan  | A. S. Ramchander (w.e.f 29.04.2019) |
| Peter Weidner (up to 31.01.2019)                        | Udayan Sen (w.e.f 02.04.2020)       |
| Mark Josceline Sclater (w.e.f 16.05.2019 to 06.12.2019) |                                     |

\* Non-executive directors are disclosed as Key Management Personnel as per the requirement of Ind AS 24. However, they are not Key Management Personnel as per Companies Act, 2013.

## Notes to the financial statements for the year ended 31 December 2020

### 28. Related party disclosures as required under Ind AS 24, “Related Party Disclosures”, are given below: (Contd.)

#### C. Transactions with related parties

	Nature of Relationship	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Purchase of materials / traded goods</b>			
BP Europa SE	Fellow subsidiary	12.73	17.65
BP Europa SE - BP Belgium (Branch)	Fellow subsidiary	13.58	29.31
BP France	Fellow subsidiary	1.22	7.71
BP Products North America Inc	Fellow subsidiary	15.92	-
BP Lubricants USA Inc	Fellow subsidiary	6.01	10.18
Others	Fellow subsidiaries	3.04	9.65
<b>Total</b>		<b>52.50</b>	<b>74.50</b>
<b>Sale of goods (net of returns) / Other operating income</b>			
Reliance BP Mobility Limited	Joint venture of BP Global Investment Limited, a subsidiary of Ultimate Holding Company	5.77	-
AsPac Lubricants (Malaysia) Sdn. Bhd.	Fellow subsidiary	1.20	5.41
BP - Castrol (Thailand) Limited	Fellow subsidiary	0.97	0.63
Others	Fellow subsidiaries	1.67	5.23
<b>Total</b>		<b>9.61</b>	<b>11.27</b>
<b>Receiving of services</b>			
BP International Limited	Fellow subsidiary	7.18	9.11
BP Europa SE	Fellow subsidiary	6.10	14.41
Lubricants UK Limited	Fellow subsidiary	1.65	1.68
Others	Fellow subsidiaries	0.85	2.18
<b>Total</b>		<b>15.78</b>	<b>27.38</b>
<b>Payment of IT Support service</b>			
BP India Private Limited	Fellow subsidiary	1.37	-
<b>Total</b>		<b>1.37</b>	<b>-</b>
<b>Rendering of services (Including reimbursement of expenses)</b>			
Castrol Limited, U.K	Holding company	2.31	3.60
BP International Limited	Fellow subsidiary	1.73	3.65
BP India Private Limited	Fellow subsidiary	4.20	4.75
Lubricants UK Limited	Fellow subsidiary	0.31	3.01
BP Singapore Pte Limited	Fellow subsidiary	2.07	-
Others	Fellow subsidiaries	0.99	1.70
<b>Total</b>		<b>11.61</b>	<b>16.71</b>

## Notes to the financial statements for the year ended 31 December 2020

### 28. Related party disclosures as required under Ind AS 24, "Related Party Disclosures", are given below: (Contd.)

#### C. Transactions with related parties (Contd.)

	Nature of Relationship	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Contribution to funds</b>			
Castrol India Ltd. Employees' Provident Fund	Post employment benefit funds	7.66	7.20
Castrol India Ltd. Staff Pension Fund	Post employment benefit funds	3.29	3.27
Castrol India Ltd. Employees' Gratuity Fund	Post employment benefit funds	3.95	3.78
<b>Total</b>		<b>14.90</b>	<b>14.25</b>
<b>Disbursement from funds</b>			
Castrol India Ltd. Employees' Provident Fund	Post employment benefit funds	18.56	20.75
Castrol India Ltd. Staff Pension Fund	Post employment benefit funds	6.84	8.51
Castrol India Ltd. Employees' Gratuity Fund	Post employment benefit funds	3.66	6.52
<b>Total</b>		<b>29.06</b>	<b>35.78</b>
<b>Commission income</b>			
BP Marine Limited	Fellow subsidiary	2.30	2.66
<b>Total</b>		<b>2.30</b>	<b>2.66</b>
<b>Overriding Commission</b>			
Reliance BP Mobility Limited	Joint venture of BP Global Investment Limited, a subsidiary of Ultimate Holding Company	1.50	-
<b>Total</b>		<b>1.50</b>	<b>-</b>
<b>Dividend (On payment Basis)</b>			
Castrol Limited, U.K.	Holding company	277.45	264.84
<b>Total</b>		<b>277.45</b>	<b>264.84</b>
<b>Royalty expense</b>			
Castrol Limited, U.K.	Holding company	79.27	112.28
<b>Total</b>		<b>79.27</b>	<b>112.28</b>
<b>Share value and share match payments *</b>			
BP PLC	Ultimate Holding Company	6.08	5.56
<b>Total</b>		<b>6.08</b>	<b>5.56</b>

\* Share value expenses to be borne by BP PLC

## Notes to the financial statements for the year ended 31 December 2020

### 28. Related party disclosures as required under Ind AS 24, “Related Party Disclosures”, are given below: (Contd.)

#### C. Transactions with related parties (Contd.)

	Nature of Relationship	For the year ended December 31, 2020 Rupees in Crore	For the year ended December 31, 2019 Rupees in Crore
<b>Remuneration to executive directors * ##</b>			
Omer Dormen	Key management personnel	-	6.28
Sandeep Sangwan	Key management personnel	3.72	-
Rashmi Joshi	Key management personnel	2.31	2.00
Jayanta Chatterjee	Key management personnel	2.45	2.27
<b>Total</b>		<b>8.48</b>	<b>10.55</b>
<b>Bifurcation of long term and short term benefits</b>			
Short-term employee benefits		7.13	8.11
Post-employment gratuity and medical benefits		0.39	0.36
Share-based payment transactions		0.96	2.08
<b>Total compensation paid to executive directors</b>		<b>8.48</b>	<b>10.55</b>
<b>Commission and Director sitting fees to non-executive Independent directors</b>			
R Gopalakrishnan	Key management personnel	0.29	0.25
S.M.Datta	Key management personnel	-	0.21
Uday Khanna	Key management personnel	0.24	0.21
Rakesh Makhija	Key management personnel	0.25	0.06
Sangeeta Talwar	Key management personnel	0.25	0.22
<b>Total</b>		<b>1.03</b>	<b>0.95</b>

\* The remuneration to executive directors includes share value plan and contribution of company towards share match.

## Exclusive of provision for liability in respect of leave earned and gratuity, since this is based on actuarial valuation done on an overall basis for all employees. Performance bonus / incentive amount considered on payment basis.

## Notes to the financial statements for the year ended 31 December 2020

### 28. Related party disclosures as required under Ind AS 24, "Related Party Disclosures", are given below: (Contd.)

#### D. Balance as at year ended

	Nature of Relationship	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
<b>Amounts payable</b>			
Castrol Limited, U.K.	Holding company	70.62	100.01
BP Europa SE	Fellow subsidiary	11.21	15.43
BP products north america inc	Fellow subsidiary	15.94	-
Castrol India Ltd. Employees' Provident Fund	Post employment benefit funds	3.15	1.52
Castrol India Ltd. Staff Pension Fund	Post employment benefit funds	0.27	0.28
Castrol India Ltd. Employees' Gratuity Fund	Post employment benefit funds	0.34	0.32
R Gopalakrishnan #	Key management personnel	0.20	-
Uday Khanna #	Key management personnel	0.16	-
Rakesh Makhija #	Key management personnel	0.16	-
Sangeeta Talwar #	Key management personnel	0.16	-
Others	Fellow subsidiaries	10.21	8.48
<b>Total</b>		<b>112.42</b>	<b>126.04</b>
# Commission to non-executive Independent directors			
<b>Amounts receivable</b>			
Castrol Limited, U.K.	Holding company	2.29	3.55
BP India Private Limited	Fellow subsidiary	0.84	0.84
Reliance BP Mobility Limited	Joint venture of BP Global Investment Limited, a subsidiary of Ultimate Holding Company	1.36	-
BP Marine Limited	Fellow subsidiary	0.75	0.82
BP Lubricants USA Inc	Fellow subsidiary	-	3.37
Others	Fellow subsidiaries	1.28	1.36
<b>Total</b>		<b>6.52</b>	<b>9.94</b>
<b>Share based payments - Other equity *</b>			
BP PLC	Ultimate Holding Company	23.75	19.07
<b>Total</b>		<b>23.75</b>	<b>19.07</b>

\* Payments are not made being deemed contribution.

## Notes to the financial statements for the year ended 31 December 2020

### 29. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The primary market risk to the Company is foreign exchange risk. The Company uses forward contracts to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

#### A. Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of December 31, 2020 and December 31, 2019, the Company had a working capital of Rs. 997.00 Crore and Rs. 995.02 Crore respectively including cash and cash equivalents of Rs. 194.68 Crore and Rs. 67.16 Crore respectively.

The table below provides details regarding the contractual maturities of significant financial liabilities as on reporting date.

Particulars	On demand	Less than 1 year	1 to 5 years	Total
<b>As at December 31, 2020</b>				
Other financial liabilities	(15.36)	(290.08)	(6.22)	(311.66)
Trade and other payables	-	(545.53)	-	(545.53)
<b>As at December 31, 2019</b>				
Other financial liabilities	(15.81)	(225.38)	-	(241.19)
Trade and other payables	-	(471.79)	-	(471.79)

#### B. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: foreign currency risk and other price risk, such as commodity risk. Financial instruments that are affected by market risk include deposits and foreign exchange forward contracts. The sensitivity analysis in the following sections relate to the position as at 31 December 2020 and 31 December 2019. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. This is based on the financial assets and financial liabilities held at 31 December 2020 and 31 December 2019.

#### B1. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (primarily material costs are denominated in a foreign currency). The Company manages its foreign currency risk by hedging certain material costs that are expected to occur within a range of 1 to 3 month period for hedges of purchases of base oil and additives. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of highly probable transactions the derivatives cover the period of exposure from the point of the commitment up to the point of settlement of the resulting payable that is denominated in the foreign currency. At 31 December 2020 and 31 December 2019 the Company hedged more than 80% of its expected

## Notes to the financial statements for the year ended 31 December 2020

### 29. Financial risk management (Contd.)

foreign currency purchases for 1 to 3 months. Those hedged purchases were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts. Details are as given below:

Hedged Foreign Currency exposure as at Balance Sheet Date	As at December 31, 2020	As at December 31, 2019
No of buy contracts relating to firm commitments for imports	2	3
Foreign currency - USD	15,950,957	11,413,989
Rs. Crore	117.47	82.06

### Unhedged Foreign Currency exposure as at Balance Sheet Date

The following table analyses the foreign currency risk from financial instruments

Particulars	As at December 31, 2020		As at December 31, 2019	
	Foreign currency	Rupees in Crore	Foreign currency	Rupees in Crore
<b>Trade payables</b>				
USD	2,087,865	14.31	2,540,442	18.11
EURO	1,820,608	16.36	2,655,142	21.21
GBP	234,704	2.34	1,193,892	11.16
SGD	-	-	116,274	0.62
AUD	849	0.00	5,171	0.03
JPY	535,172	0.04	1,700,000	0.11
CHF	44,680	0.37	-	-
<b>Trade receivables</b>				
USD	1,889,017	13.80	2,368,671	16.88
<b>Loans and advances given</b>				
USD	435,193	3.18	1,048,865	7.48
EURO	5,400	0.05	329,817	2.63
GBP	-	-	2,460	0.02

### Sensitivity analysis

The Company is mainly exposed to changes in USD and Euro. The sensitivity analyses demonstrate a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. 5% appreciation/depreciation of USD and Euro with respect to functional currency of the Company will have impact of following (decrease)/increase in profit (Rs. in Crore)

Particulars	As at December 31, 2020	As at December 31, 2019
USD	(0.13)	(0.31)
Euro	0.82	0.93
<b>Total</b>	<b>0.68</b>	<b>0.62</b>

### B2. Commodity price risk

The Company exposure to market risk with respect to commodity prices primarily arises from the fact that we are a purchaser of base oil. This is a commodity product whose prices can fluctuate sharply over short periods of time. The prices of base oil generally fluctuate in line with commodity cycles. Material purchases forms the largest portion of our operating expenses. The Company evaluates and manages commodity price risk exposure through operating procedures and sourcing policies. The Company has not entered into any commodity derivative contracts. It may also be noted that there are no direct derivatives available for base oil, but there are derivatives for crude oil.

## Notes to the financial statements for the year ended 31 December 2020

### 29. Financial risk management (Contd.)

Sensitivity : 1% decrease in commodity rates would have led to approximately an additional 0.68 Crore (December 31, 2019 – 0.54 Crore) gain in the statement of profit and loss. 1% increase in commodity rates would have led to an equal but opposite effect.

#### C. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), deposits with banks and foreign exchange transactions. The Company's customer mainly consists of its distributors and Original Equipment Manufacturers (OEMs). The Company has a credit policy, approved by the Management that is designed to ensure that consistent processes are in place to measure and control credit risk.

The Company has trade relationships only with reputed third parties. The receivable balances are constantly monitored, resulting in an insignificant exposure of the Company to the risk of non-collectible receivables. Credit risk is managed through credit approvals, establishing credit limits, obtaining collaterals from the customers in the form of deposits and/or bank guarantees and periodically monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The maximum credit exposure associated with financial assets is equal to the carrying amount.

The Company historical experience of collecting receivables, supported by the level of default, is that credit risk is low across territories and so trade receivables are considered to be a single class of financial assets.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in financial statements. In case of cash and cash equivalents, since the amount is in the form of demand deposits with bank there is no credit risk perceived. Hence no provision for expected credit loss has been made.

### 30. (A) Fair Value Measurement

The Carrying value and fair value of financial instruments by categories as of December 31, 2020 and December 31, 2019 were as follows:

Particulars	Rupees in Crore			
	As at December 31, 2020		As at December 31, 2019	
	Carrying value	Fair Value	Carrying value	Fair Value
<b>Assets</b>				
Loans	6.12	6.12	8.97	8.97
Other financial assets	-	-	-	-
Foreign exchange forward contracts	0.32	0.32	-	-
<b>Total</b>	<b>6.44</b>	<b>6.44</b>	<b>8.97</b>	<b>8.97</b>
<b>Liabilities</b>				
Other financial liabilities	6.22	6.22	-	-
Foreign exchange forward contracts	-	-	0.21	0.21
<b>Total</b>	<b>6.22</b>	<b>6.22</b>	<b>0.21</b>	<b>0.21</b>

The management assessed that cash and cash equivalents, loans, other balances with banks, trade receivables, trade payables and other current liabilities/assets approximate their carrying amounts largely due to the short-term maturities of these instruments.

#### (B) Fair Value Hierarchy

The Company does not have any financial instrument other than derivatives which are measured at fair value through Profit & loss.

The fair value of such derivatives is categorised as level 2 based on the valuation technique used to arrive at the fair value.

## Notes to the financial statements for the year ended 31 December 2020

### 31. Equity Settled Share-based payments

#### a) Share Match Plan

During the year ended 31<sup>st</sup> December, 2020, 99,388 shares (31<sup>st</sup> December, 2019 : 55,707 shares) were purchased by employees at weighted average fair value of GBP 3.30 per share (31<sup>st</sup> December, 2019 : GBP. 5.23 per share). The Company contribution during the year on such purchase of shares amounting to Rs. 1.40 Crore (31<sup>st</sup> December, 2019 : Rs 1.32 Crore) has been charged under employee benefit expense under Note 27.

#### b) Share Value Plan

The expense recognised for employee services received during the year is shown in the following table:

Particulars	December 31, 2020 Rupees in Crore	December 31, 2019 Rupees in Crore
Total expense recognised for equity settled share-based payment transaction	4.68	4.24

All share-based payments transactions relate to employee compensation.

Fair values and associated details for restricted share units granted are as follows :

Particulars	December 31, 2020	December 31, 2019
<b>Share Value Plan</b>		
Number of units granted	193,920	116,725
Weighted average fair value	\$3.51	\$7.22

The BP group operates a number of equity-settled employee share plans under which share units are granted to the group's senior leaders and certain other employees. These plans typically have a three-year performance or restricted period during which the units accrue net notional dividends which are treated as having been reinvested. Leaving employment will normally preclude the conversion of units into shares, but special arrangements apply for participants that leave for qualifying reasons. The number of shares that are expected to vest each year under employee share plans are shown in the table below.

Share Plan Vesting	December 31, 2020 Number of shares	December 31, 2019 Number of shares
Within one year	90,357	100,699
1 to 2 years	92,922	120,680
2 to 3 years	193,220	114,135
3 to 4 years	-	-
<b>Total</b>	<b>376,499</b>	<b>335,514</b>

## Notes to the financial statements for the year ended 31 December 2020

### 32. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio and is measured by net debt divided by total capital plus net debt. The Company includes within net debt trade and other payables, less cash and cash equivalents. The Company did not have any borrowings at any time during the year.

Particulars	As at December 31, 2020 Rupees in Crore	As at December 31, 2019 Rupees in Crore
Trade payables	545.53	471.79
Other payables	433.74	390.04
Less: cash and cash equivalents	194.68	67.16
Net debt	784.59	794.67
Total equity	1,414.23	1,366.95
Capital and net debt	2,198.82	2,161.62
Gearing ratio	36%	37%

- 33.** Estimation of uncertainties relating to the global health pandemic from COVID-19: The Company has considered the possible effects that may result from the pandemic relating to COVID-19 in the preparation of the financial statements including the recoverability of carrying amounts of financial and non-financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of the pandemic, the Company has, at the date of approval of the financial statements, used internal and external sources of information and expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the financial statements may be different from that estimated as at the date of approval of these financial statements.
- 34.** The Parliament of India has approved the Code on Social Security, 2020 (the Code) which may impact the contributions by the Company towards provident fund, gratuity and ESIC. The Code has been published in the Gazette of India however, the effective date has not yet been notified. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective, if any.

The accompanying notes 1-34 are an integral part of the financial statements.

		For and on behalf of Board of Directors Executive Directors	
<b>R Gopalakrishnan</b> Chairman DIN : 00027858		<b>Sandeep Sangwan</b> Managing Director DIN : 08617717	
<b>Chandana Dhar</b> Company Secretary ACS No. : 17891		<b>Deepesh Baxi</b> Chief Financial Officer & Whole time Director DIN : 02509800	

Place : Mumbai  
Date : February 1, 2021

## NOTICE

### CASTROL INDIA LIMITED

CIN: L23200MH1979PLC021359

Registered Office: Technopolis Knowledge Park, Mahakali Caves Road, Andheri (E), Mumbai 400 093.

Website: [https://www.castrol.com/en\\_in/india/home.html](https://www.castrol.com/en_in/india/home.html) • Email ID: [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com)

Tel: +91 22 66984100 • Fax: +91 22 66984101

### NOTICE FOR ANNUAL GENERAL MEETING

NOTICE is hereby given that the forty third (43<sup>rd</sup>) Annual General Meeting of the Members of Castrol India Limited will be held on **Friday, 30 April 2021 at 3.00 p.m. IST** through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”) to transact the following business:

#### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended 31 December 2020 and the reports of the Board of Directors and the statutory auditor thereon.
2. To declare a final dividend on equity shares for the financial year ended 31 December 2020
3. To appoint a director in place of Mr. Sandeep Sangwan (DIN 08617717), who retires by rotation and being eligible, offers himself for re-appointment.

#### SPECIAL BUSINESS

4. **To consider and ratify the remuneration payable to M/s. Kishore Bhatia & Associates, cost accountants for the financial year ending 31 December 2021.**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, and such other permissions as may be necessary, the payment of the remuneration of INR 3,50,000/- (Rupees Three Lakh Fifty Thousand only) with applicable tax plus reimbursement of related business expenses, at actuals, to M/s. Kishore Bhatia & Associates, cost accountants (Registration No. 00294), who were appointed by the Board of Directors of the Company, as cost auditors, to conduct audit of the cost records maintained by the Company, for the financial year ending 31 December 2021 be and is hereby ratified and approved.”

5. **To consider the appointment of Mr. Deepesh Baxi (DIN: 02509800) as Director of the Company.**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** Mr. Deepesh Baxi (DIN: 02509800), who was appointed as an Additional Director of the Company with effect from 1 January 2021 by the Board of Directors pursuant to Section 161 (1) of the Companies Act, 2013 (“Act”) and Article 128 of the Articles of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby appointed as Director of the Company.”

**6. To consider the appointment of Mr. Deepesh Baxi (DIN: 02509800) as a Wholetime Director of the Company for a period of five years effective 1 January 2021**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 203 and any other applicable provision(s) of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013, the consent of the Company, be and is hereby accorded to the appointment of Mr. Deepesh Baxi (DIN: 02509800) as a Wholetime Director of the Company, liable to retire by rotation, for a period of five years effective 1 January 2021, on the terms and conditions of appointment and remuneration as set out in the explanatory statement annexed to the notice with liberty and power to the Board of Directors (hereinafter referred to as the “Board” which expression shall also include the ‘Nomination and Remuneration Committee’ of the Board), in the exercise of its discretion, to grant increments and to alter and vary from time to time the terms and conditions of the said appointment, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof.”

**On behalf of the Board of Directors**

**Chandana Dhar**  
**Company Secretary and Compliance Officer**  
**ACS: 17891**

**Place: Mumbai**

**Date: 23 March 2021**

**Registered Office:**

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

**IMPORTANT NOTES**

- (1) In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its circular dated 13 January 2021 read with circulars dated May 5, 2020, April 13, 2020 and April 8, 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM” or “Meeting”) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“Act”), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”) and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
- (2) An explanatory statement pursuant to Section 102 of the Act, relating to special business to be transacted at the AGM, is annexed hereto.
- (3) Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars on AGM through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

- (4) Corporate members intending to authorize their representatives to attend the Meeting are requested to send a scanned certified copy of the board resolution (pdf/jpeg format) authorizing their representative to attend and vote on their behalf at the meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to [castrolagm2020@sarafandassociates.com](mailto:castrolagm2020@sarafandassociates.com) with a copy marked to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (5) In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (6) Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 24 April 2021 through email on [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com). The same will be replied by the Company suitably. Documents referred to in this Notice will be made available for inspection.
- (7) In compliance with the aforesaid MCA Circulars and SEBI Circular, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website [https://www.castrol.com/en\\_in/india/home.html](https://www.castrol.com/en_in/india/home.html), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com).
- (8) In terms of Section 152 of the Act, Mr. Sandeep Sangwan (DIN 08617717), retires by rotation at this Meeting and being eligible, offers himself for re-appointment. The Board of Directors of the Company recommends his re-appointment. Details of the Director proposed to be re-appointed as required in terms of SEBI Listing Regulations, 2015 and Secretarial Standards on General Meetings (SS - 2) issued by The Institute of Company Secretaries of India, are provided below.
- (9) In terms of Section 124 of the Act, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the Company will be transferring the final dividend for the financial year ended 31 December 2013 and corresponding shares and the interim dividend for the financial year ended 31 December 2014 and corresponding shares within statutory timeline. Members are requested to ensure that they claim the dividends and shares referred above, before they are transferred to the said Fund. The due dates for transfer of unclaimed dividend and unclaimed shares to IEPF are provided in the report on Corporate Governance.
- (10) The Company has uploaded information of unclaimed dividends as on date of the 42<sup>nd</sup> Annual General Meeting held on 15 July 2020, on the websites of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and of the [https://www.castrol.com/en\\_in/india/home/investors/statement-of-unclaimed-dividend-and-shares.html](https://www.castrol.com/en_in/india/home/investors/statement-of-unclaimed-dividend-and-shares.html). Further, the Company has also uploaded on its website, details of unclaimed interim dividend for the financial year ended 31 December 2020.
- (11) To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
- (12) In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1 April 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form.
- (13) The meeting shall be deemed to be held at the Registered office of the Company at Technopolis Knowledge Park, Mahakali Caves Road, Andheri (E), Mumbai 400 093.
- (14) Since the AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

- (15) Members can send their requests, if any, to [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com) and [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
- (16) The register of members and share transfer books will remain closed from 24 April 2021 to 30 April 2021 (both days inclusive) for determining names of members eligible for final dividend on equity shares, if declared at the meeting.
- (17) Final dividend on equity shares, if declared at the meeting, will be credited / dispatched on or before 30 May 2021 to those members whose names shall appear on the Company's register of members as on book closure date.
- (18) Members holding shares in electronic form are requested to intimate immediately, any change in their address or bank mandates to their depository participant(s) with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company or its registrar and share transfer agent, Link Intime India Private Limited.
- (19) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its registrar and share transfer agent, Link Intime India Private Limited, cannot act on any request received directly from the Members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the depository participant of the Members.
- (20) **Voting Options**

#### **REMOTE E-VOTING THROUGH ELECTRONIC MEANS:**

##### **1) The instructions for shareholders for remote e-voting are as under:**

- (i) The remote e-voting period begins on 26 April 2021 at 9.00 am (IST) and ends on 29 April 2021 at 5.00 pm (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the "cut-off date" i.e. 23 April 2021 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the Meeting would not be entitled to vote at the Meeting.
- (iii) Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iv) Click on "Shareholders" module.
- (v) Enter their User ID
  - a. For CDSL: 16 digits beneficiary ID
  - b. For NSDL: 8 Character DP ID followed by 8 Digits ClientID
  - c. Shareholders holding shares in physical form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's **EASI/EASIEST** e-services, you can log-in at <https://www.cdslindia.com> from **Login - Myeasi** using your login credentials. Once you successfully log-in to CDSL's **EASI/EASIEST** e-services, click on **e-Voting** option and proceed directly to cast your vote electronically.

- (vi) Next enter the Image Verification as displayed and click on "Login".

- (vii) Shareholders holding shares in dematerialised form and having used [www.evotingindia.com](http://www.evotingindia.com) earlier and having voted on an earlier e-voting of any company, may use their existing password.
- (viii) First time users may follow the steps given below:

	<b>For Shareholders holding shares in Dematerialised Form or Physical Form</b>
PAN	Enter your 10 digit alpha-numeric *PAN issued by the Income Tax Department  Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence indicated in the PAN field.
Dividend Bank Details  <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company Records in order to login.  If both the details are not recorded with the depository or Company please enter the member id/folio number in the Dividend Bank details field as mentioned in instruction(v).

- (ix) After entering these details appropriately, click on “SUBMIT” tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat shareholders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for CASTROL INDIA LIMITED.
- (xiii) On the voting page, shareholders will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Shareholders can select the option YES or NO as desired. The option YES implies that they assent to a Resolution and option NO implies that they dissent from a Resolution.
- (xiv) Shareholders should click on the “RESOLUTIONS FILE LINK” if they wish to view the entire Resolution details.
- (xv) After selecting the Resolution they have decided to vote on, they should click on “SUBMIT”. A confirmation box will be displayed. If they wish to confirm their vote, click on “OK”, else to change their vote, click on “CANCEL” and they can accordingly modify their vote.
- (xvi) Once they “CONFIRM” their vote on a Resolution, they will not be allowed to modify their vote.
- (xvii) They can also print details of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xviii) If a demat account shareholder has forgotten the login password then enter the User ID and the image verification code and click on “Forgot Password” and enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL’s mobile app “m-Voting”. The m-Voting app can be downloaded from the internet. Please follow the instructions as prompted by the mobile app while remote e-voting from your mobile

## 2) Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for remote e-voting for the resolutions proposed in this Notice

- (i) For shareholders holding shares in physical form - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA's email ID at [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) respectively.
- ii) For shareholders holding shares in dematerialised form - please provide Demat account details (CDSL16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name of shareholder, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA's email ID at [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) respectively.
- iii) The Company/RTA shall co-ordinate with CDSL and provide the login credentials to the aforesaid shareholders.

### INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM

1. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
2. Shareholders will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e- voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
3. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
4. Further shareholders will be required to switch on the video facility and use Internet connection with a good speed to avoid any disturbance during the Meeting.
5. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuations in their respective networks. It is therefore recommended to use stable Wi-Fi or LAN connection to minimise / mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/ask questions during the Meeting may register themselves as a speaker by sending their request in advance between 10 April 2021 and 16 April 2021 mentioning their name, demat account number/folio number, email ID, mobile number at [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com).
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the Meeting.
8. Members who need assistance before or during the AGM, or have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.
9. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25<sup>th</sup> Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 1800225533.

**INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE MEETING**

1. Procedure for e-Voting on the day of the AGM is same as the Remote e-voting as mentioned above.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their votes on the Resolutions through remote e-Voting and are not otherwise barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any votes are cast by shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the Meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the Meeting is available only to the shareholders attending the Meeting.
4. Shareholders who have voted through Remote e-Voting facility will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

**INSTRUCTIONS FOR NON – INDIVIDUAL SHAREHOLDERS AND CUSTODIANS**

- I. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
- II. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- III. After receiving the login details a “Compliance User” should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- IV. The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- V. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same
- VI. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc., to the Scrutinizer and to the Company at the email address viz [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com) if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

**OTHER INSTRUCTIONS**

- I. Shareholders can update their mobile numbers and e-mail IDs (which may be used for sending future communication(s)) by writing to [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
- II. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. 23 April 2021 may obtain the login ID and password by sending an email to [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com) or [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in) or [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) by mentioning their Folio No./DP ID and Client ID No.
- III. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the Meeting.
- IV. Mr. K. G. Saraf, Proprietor of Saraf and Associates, Company Secretaries (CP No. 642) has been appointed as the Scrutinizer to scrutinize the remote e-voting and e-voting during the meeting in a fair and transparent manner.

- V. The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolutions have been carried or not, and such report shall then be sent to the Chairman or a person authorized by him, within 48 (forty eight) hours from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
- VI. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at [https://www.castrol.com/en\\_in/india/home.html](https://www.castrol.com/en_in/india/home.html) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com) immediately after the declaration of results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, Mumbai

**On behalf of the Board of Directors**

**Chandana Dhar**  
**Company Secretary and Compliance Officer**  
**ACS: 17891**

**Place: Mumbai**

**Date: 23 March 2021**

**Registered Office:**

**Technopolis Knowledge Park,**

**Mahakali Caves Road,**

**Andheri (East), Mumbai - 400 093.**

**A STATEMENT SETTING OUT MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013, (“ACT”) FOR ITEMS NO. 4 to 6****Item No. 4– To consider and ratify the remuneration payable to M/s. Kishore Bhatia & Associates, Cost Accountants for the financial year ending 31 December 2021.**

The Board, on recommendation of the Audit Committee, has approved at its meeting held on 1 February 2021, the appointment of M/s. Kishore Bhatia & Associates, cost accountants, (Registration No. 00294), as cost auditors to conduct the audit of the cost records of the Company, at a remuneration of INR 3,50,000/- plus taxes and out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditors is required to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 4 of the notice, for ratification of remuneration payable to the cost auditors for the financial year ending 31 December 2021.

None of the Directors or the Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board recommends passing of the resolution as set out under Item No. 4 as an ordinary resolution for approval by the members.

**Item Nos. 5 & 6– To consider the appointment of Mr. Deepesh Baxi (DIN: 02509800) as a Director of the Company and to consider the appointment of Mr. Deepesh Baxi (DIN: 02509800) as Wholetime Director of the Company for the period of (5) five years effective from 1 January 2021.**

The Board of Directors of the Company has, at its meeting held on 30 November 2020, on the basis of the recommendation made by the Nomination & Remuneration Committee and taking into consideration several factors decided to appoint Mr. Deepesh Baxi as a Wholetime Director, liable to retire by rotation, for a period of 5 (five) years, w.e.f. 1 January 2021 upto 31 December 2025 and approved the terms and conditions of his appointment, including payment of remuneration, subject to the approval of members of the Company.

Mr. Deepesh Baxi is a finance professional with over 2 decades of industry experience with the last 18 years in BP Plc. Mr. Baxi has worked in UK and Asia Pacific in Global, Regional and Country leadership roles spanning across Finance, Strategy, Planning, Internal Audit, Risk & Compliance and Business Transformation. His last role was Financial Controller for Global Castrol business. He has accumulated rich, cross cultural people management capabilities and experience. Mr Baxi is recognised for leading the business and finance agenda by working closely with stakeholders.

Prior to joining BP, Mr. Baxi worked with Arthur Andersen for 7 years where he was responsible for Internal and external audits, M&A and financial due-diligence assignments.

He is Chartered Accountant (CA) and was awarded CXO of the year in January 2020 by the Institute of Chartered Accountants of India (ICAI). He is also an alumnus of Indian Institute of Management (IIM), Ahmedabad and a Certified Internal Auditor (CIA) from Institute of Internal Auditors, USA.

The material terms of appointment and remuneration are given below:

Reward Element	Amount per annum (in INR) Till 31 March 2021	Amount per annum (in INR) effective 1 April 2021
Basic Salary including Flexible Compensation Plan ( Base Pay )	9,618,000	12,984,000
City Compensatory Allowance ( CCA )	1,038,000	1,620,000
Annual Cash Bonus ( Performance Linked Bonus )	as per company policy	as per company policy
Housing Benefit	as per company policy	as per company policy
Equity Plans	25% of base pay	25% of base pay
Medical Reimbursement	as per company policy	as per company policy
Leave and Leave Travel Concession	as per company policy	as per company policy
Club Fees	as per company policy	as per company policy
	Amount per month ( in INR)	Amount per month ( in INR)
Monthly Remuneration ( Base Pay + CCA )	888,000	1,217,000

*Note: Mr. Deepesh Baxi was elevated as the CFO & WTD w.e.f. 1 January 2021. He however continues to receive remuneration related to his earlier level of employment within the organisation, till 31 March 2021. He will receive a consolidated amount in April/May 2021 to cover revised figures of remuneration w.e.f. 1 January 2021.*

The above salary is subject to revision from time to time, pursuant to a review by the Board of Directors.

**Minimum Remuneration:** Notwithstanding anything contained above, wherein any financial year during his tenure as Wholetime Director the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Deepesh Baxi shall be subject to Section 197 of the Act, and provisions of Section II of Part II of Schedule V to the Act, or any other law or enactment for the time being in force.

None of the Directors, Key Managerial Personnel of the Company other than Mr. Deepesh Baxi are concerned or interested, financially or otherwise with the resolution set out at Item Nos. 5 & 6.

The Board recommends the ordinary resolution as set out at Item Nos. 5 & 6 of the Notice for approval by the members.

**On behalf of the Board of Directors**

**Chandana Dhar**  
**Company Secretary and Compliance Officer**  
**ACS: 17891**

**Place: Mumbai**

**Date: 23 March 2021**

**Registered Office:**

**Technopolis Knowledge Park,**

**Mahakali Caves Road,**

**Andheri (East), Mumbai - 400 093.**

**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 43<sup>RD</sup> ANNUAL GENERAL MEETING (PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND (SS – 2 SECRETARIAL STANDARDS ON GENERAL MEETINGS):**

<b>Name of Director</b>	Mr. Sandeep Sangwan	Mr. Deepesh Baxi
<b>Director Identification Number (DIN)</b>	08617717	02509800
<b>Date of appointment</b>	1 January 2020	1 January 2021
<b>Date of Birth</b>	2 November 1966	16 February 1975
<b>Expertise in specific functional areas</b>	Sales, Marketing	Finance, Strategy, Planning, Internal Audit, Risk & Compliance and Business Transformation
<b>Qualifications</b>	MBA, Marketing from IIM Lucknow Engineering degree from NIT Kurukshetra	Chartered Accountant and was awarded CXO of the year in January 2020 by the Institute of Chartered Accountants of India (ICAI) Alumnus of Indian Institute of Management (IIM), Ahmedabad Certified Internal Auditor (CIA) from Institute of Internal Auditors, USA.
<b>Directorship as on 31 December 2020</b>	NIL	NIL
<b>Committee Membership in Castrol India Limited as on 31 December 2020</b>	<ul style="list-style-type: none"> <li>• Corporate Social Responsibility Committee</li> <li>• Stakeholders' Relationship Committee</li> <li>• Risk Management Committee</li> </ul>	NIL
<b>Shareholding in Castrol India Limited as on date</b>	NIL	NIL



[www.castrol.co.in](http://www.castrol.co.in)