

**Castrol India Limited**

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Mumbai - 400 093.

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Customer Service Toll Free No. : 1800 222 100 / 1800 209 8100

**10 May 2022****To,****The BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400001****National Stock Exchange of India Limited  
Exchange Plaza, Bandra Kurla Complex  
Plot No. C/1, 'G' Block  
Bandra (East), Mumbai 400051****Scrip Code: 500870****Symbol : CASTROLIND**

- Subject: 1. Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Electronic copy of the Notice of the 44<sup>th</sup> Annual General Meeting ("AGM") and the Annual Report of Castrol India Limited for the financial year ended 31 December 2021**
- 2. Intimation of cut-off date of 1 June 2022 to determine the eligibility of members to cast their votes through remote e-voting and e-voting during the 44<sup>th</sup> Annual General Meeting**

Dear Sir/Madam,

Pursuant to applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we wish to inform you that the 44<sup>th</sup> Annual General Meeting ("AGM") of the Company will be held on Wednesday, 8 June 2022 at 10 a.m. Indian Standard Time (IST), through Video Conferencing/Other Audio-Visual Means ("VC/OAVM").

We are enclosing electronic copy of the Notice of the 44<sup>th</sup> AGM and the Annual Report for the financial year ended 31 December 2021 including the Audited Financial Statements for the financial year ended 31 December 2021 which is being sent by email to those Members whose email addresses are registered with the Company/Depository Participant(s). For those Members, who have not registered their email address or have requested for physical copies, printed copies of the Notice of the 44<sup>th</sup> AGM and the Annual Report are being sent to such Members at their registered address. The Notice of the 44<sup>th</sup> AGM and the Annual Report are also being uploaded on the website of the Company at [https://www.castrol.com/en\\_in/india/home/investors/annual-reports.html](https://www.castrol.com/en_in/india/home/investors/annual-reports.html) and we request you to also upload them on your websites [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 login details for joining the 44<sup>th</sup> AGM through VC/ OAVM including e-voting, by sending details like Folio No., Name of shareholder, scanned copy of the signed letter, self-attested scanned copy of PAN card and AADHAR (or any document in support of the address of the Member) 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, the Company has fixed **1 June 2022 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 44<sup>th</sup> AGM to be held on 8 June 2022 through VC/OAVM Facility.

Request you to take the above on record.

Thanking you,

Yours faithfully,

**For Castrol India Limited**

HEMANGI

YATEEN GHAG

**Hemangi Ghag**

**Company Secretary & Compliance Officer**

Encl: A/a.

Digitally signed by HEMANGI YATEEN GHAG  
DN: cn=HEMANGI YATEEN GHAG, o=CASTROL INDIA LIMITED, ou=INDIA, email=HEMANGI.YATEEN.GHAG@CASTROLINDIA.COM, c=IN  
Date: 2022.05.18 09:56:45 +05'30'

**Castrol India Limited**

**44<sup>th</sup> Annual Report**

January – December 2021

**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 &  
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 &  
Wholetime Director

**Mayank Pandey**  
Wholetime Director  
(w.e.f. 9 August 2021)

### COMPANY SECRETARY & COMPLIANCE OFFICER

Hemangi Ghag

### 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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Mahakali Caves Road,  
Andheri (East),  
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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 – 400 083

Tel: +91-22-4918 6000

Fax: +91-22-4918 6060

Toll-free number: 1800 1020 878

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## MESSAGE FROM THE MANAGING DIRECTOR

*Dear Shareholders,*

The continued onslaught of COVID-19 made 2021 a uniquely challenging year. India was hit hard by the second wave of the pandemic in March 2021, which also affected your Company's 2Q performance. Overall, the year was marked by rising inputs costs and supply chain bottlenecks, which put pressure on our margins.

Despite these challenges, the Castrol India team demonstrated remarkable resilience and delivered its highest-ever revenue till date of Rs. 4,192 Crores in 2021, marking a growth of 40% over 2020. Further, we delivered strong volumes in 2021 bringing back our market share to 2019 pre-pandemic levels.

What did your Company do differently in 2021? We leveraged multiple growth opportunities through the expansion of independent workshops, launch of premium branded products, and introduction of new formats such as the Castrol Auto Service centers and Castrol Express Oil Change outlets. We not only invested in our brands, but we also strengthened our service & maintenance offerings to customers and scaled up adjacencies in the automotive aftermarket.

In 2021, we implemented the single biggest change to our B2C sales model in over twenty years by introducing a new route-to-market approach. This was aimed at bringing in higher sales force efficiency, enhancing productivity and digitalizing our business processes to make our operations more agile.

As industry leaders in the lubricants space, Castrol India is continuously evolving to be future-ready. In 2021, your Company was one of the first players in India to launch new products with BS-VI ready technology for both passenger cars and commercial vehicles. To cater to the rapidly growing electric vehicle (EV) segment, we are exploring options with two-wheeler EV manufacturers for developing EV fluids. At the same time, we continue to supply EV fluids to two leading passenger car OEMs in India. We are also supporting India's growing EV eco-system by collaborating with existing and new partners.

2021 saw your Company get external recognition for safety, quality, regulatory compliance, consistent delivery, and performance. Castrol India was conferred with the 'Ramp Up Agility' award by a leading OEM for enabling supply continuity for its ICE & Electric Car manufacturing operations. Further, the Castrol plant at Paharpur was awarded by the Indian Chamber of Commerce with its prestigious National Occupational Health & Safety Awards for 2021.



Advancing our sustainability agenda in India, we introduced targeted interventions in our operations, packaging, and distribution, with a focus on saving waste, reducing carbon, and improving people's lives. On the social front, our engagement with truck drivers and independent auto mechanics over the years, including our recent efforts to bring COVID-19 awareness, and community vaccination drives, helped us forge an even stronger bond with them. Your Company's efforts were acknowledged by the British Business Group, Delhi, who awarded us with the 2021 'Excellence in CSR award' for our programmes: Castrol Eklavya and Castrol Sarathi Mitra.

All these achievements reflect the power and salience of the Castrol brand and the relentless hard work of the Castrol India team. We delivered these results while looking after our people, enabling vaccination for our employees & contractors, and ensuring that everyone was safe and well during testing times. With vaccination rates going up in India and the economic environment moving towards normalcy, we remain confident of the long-term growth opportunities for Castrol India.

I sincerely thank all our employees, shareholders, distributors, customers, and wider stakeholders for their continued trust and support. We will continue to strengthen our business by exploring avenues for future growth and offering sustained value and returns to our shareholders and the wider society.

**Sandeep Sangwan**  
Managing Director,  
Castrol India Limited

## BOARD OF DIRECTORS



### **R Gopalakrishnan** Chairman

R. Gopalakrishnan (Gopal) is an Independent Director & Non-Executive Chairman for Castrol India Limited. He is also an Independent Director for the Press Trust of India (PTI). He brings with him an extensive corporate experience of nearly 55 years, of which 31 years were with Hindustan Lever Limited (HLL) / Unilever and 18 years with the Tata Group. He has a rich experience of over 34 years of serving across the boards of several companies.



Notable roles that Mr. Gopalakrishnan has held in his corporate career include that of Chairman of Unilever Arabia, based in Jeddah and Managing Director of Brooke Bond Lipton India, based in Bengaluru. He has also served as the Vice Chairman of HLL and Executive Director of Tata Sons Limited and other Tata companies.

He is passionate about mentoring start-ups and enjoys mentoring corporate managers through his talks and writing. He is actively engaged in motivational speaking and has delivered over 100 keynotes in India and abroad. Mr. Gopalakrishnan is also a prolific management writer and has authored 17 books and penned several newspaper columns and discourses on a variety of corporate topics.

He studied Physics at St. Xavier's College, Kolkata and did his Engineering from the Indian Institute of Technology (IIT), Kharagpur. Later, he completed an Advanced Management Program at the Harvard Business School, USA.

### **Uday Khanna** Independent Director

Uday Khanna is a Chartered Accountant and an Independent Director on the board of Castrol India Limited.

Mr. Khanna has served as the Managing Director & CEO of Lafarge India from July 2005 to July 2011. He had joined the Lafarge Group at its headquarters in Paris in June 2003 as Senior Vice President for Group Strategy. Prior to that, he worked for almost 30 years with Hindustan Lever Limited / Unilever in a variety of financial, commercial, and general management roles both in India and international markets.



His last role at Unilever was as Senior Vice President, Finance, Unilever Asia, based in Singapore. Mr. Khanna has earlier been on the Board of Hindustan Unilever Limited as Director Exports, after having served as Financial Controller and Treasurer of the company. He also worked as Vice Chairman of Lever Brothers in Nigeria and General Auditor for Unilever North America based in the USA and as Non-Executive Chairman of Bata India Limited.

Mr. Khanna has been the President of the Indo-French Chamber of Commerce & Industry from 2008 to 2009, and the President of the Bombay Chamber of Commerce & Industry from 2012 to 2013.

## BOARD OF DIRECTORS

### Sangeeta Talwar Independent Director

Sangeeta Talwar is an Independent Director on the board of Castrol India Limited. In a career spanning 30+ years, Mrs. Talwar has worked for several large corporations in Europe, America, and Asia. She brings with her multi-disciplinary experience across Marketing, Sales, Human Resources and General Management.

During her early years with Nestlé India, she helped craft, create, launch, and establish Maggi Noodles. She went on to hold several senior roles at Nestlé including Regional Sales Head, Vice President Human Resources and Marketing Director. She also worked at Nestlé's global headquarters in Switzerland as a Strategic Advisor.

After Nestlé, she joined Mattel India as the CEO & Managing Director. Subsequently, she moved to Tata Tea as an Executive Director and was appointed as President South Asia for the consolidated Tata Global Beverages. During her tenure, Tata Tea became the largest tea brand in India and also won international acclaim for its 'Jaago Re' campaign.

Mrs. Talwar also worked in the social sector as the Managing Director of NDDDB Dairy Services and spearheaded the design and establishment of an innovative business model for creating sustainable livelihood for dairy farmers in rural India.

She is the recipient of several distinctions including, 'Business Today 30 Most Powerful Women in Indian Business'. She now serves as an Independent Director on the boards of several large companies in sectors such as FMCG, Fashion, Energy, Education and Automobiles. She is a qualified Leadership Coach and is a passionate speaker on Diversity.

She holds a graduate degree in Economics and an MBA from the Indian Institute of Management (IIM), Kolkata. She has also completed an Executive Program from the Wharton School, USA.



### Rakesh Makhija Independent Director

Rakesh Makhija is an Independent Director on the board of Castrol India Limited. He also serves as an Independent Director on the Board of Axis Bank Limited (since 2015) and as the Non-Executive Chairman of Axis Bank since July 2019. Mr. Makhija also serves on the Board of A.TREDS Limited.

During his career spanning over four decades, Mr. Makhija has been an active contributor to the Industrial and Technology sectors, both internationally and in India. Mr. Makhija has held several top management positions within the SKF Group. He was the President for the Industrial market (Strategic industries) and a member of the SKF Group executive committee, based in Gothenburg, Sweden.

Prior to that, Mr. Makhija was President of SKF Asia with overall responsibility for China and India, based out of Shanghai. He served as the Managing Director of SKF India from 2002 to 2009. He was the recipient of the prestigious 'CNBC Business leader award for Talent Management' in 2007.

Before joining SKF, Mr. Makhija was the CEO & Managing Director of Tata Honeywell Limited. He was subsequently appointed as the Country Manager & Managing Director of Honeywell International, with responsibility for South Asia. Prior to Honeywell, Mr. Makhija worked with Kinetics Technology International BV (now Technip), a process engineering and contracting company in the Netherlands for over eight years.

Mr. Makhija is a Chemical Engineer from the Indian Institute of Technology (IIT), Delhi.



## BOARD OF DIRECTORS

### **Sandeep Sangwan** Managing Director

Sandeep Sangwan is the Managing Director of Castrol India Limited since January 2020. He joined bp Plc in April 2012 and has held various national and international leadership roles for key markets in Europe, Asia, and Africa.

Sandeep brings with him extensive experience in business transformation, sales, and marketing and is passionate about building brands, driving growth, and building high performance teams.

Prior to joining bp, he worked with Gillette and P&G for over 20 years in India, the Middle East, China, and Europe, where he held several leadership roles in sales, marketing, and P&L delivery.

He is an alumnus of the Indian Institute of Management (IIM), Lucknow and Regional Engineering College (NIT), Kurukshetra.



### **Deepesh Baxi** Chief Financial Officer & Wholetime Director

Deepesh Baxi is a finance professional with 25+ years of industry experience, of which he has spent 18 years at bp Plc. Deepesh is currently the Chief Financial Officer & Wholetime Director of Castrol India Limited (CIL). He and his team work closely with the Castrol India business to develop and deliver long term strategy and maintain a robust accounting, control & compliance environment. Deepesh is also responsible for strengthening relationships with CIL's investors, analysts, and bankers. Prior to this role, Deepesh worked as Financial Controller for Castrol's global business.

At bp, Deepesh has worked in the UK and Asia Pacific in Global, Regional and Country Leadership roles spanning across Finance, Strategy, Planning, Internal Audit, Risk management, Compliance and Business Transformation. Prior to joining bp, Deepesh worked with international consulting organizations for 7 years, where he was responsible for internal and external audits, M&A, and financial due-diligence projects.

Deepesh is a Chartered Accountant 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 the Indian Institute of Management (IIM) Ahmedabad and a Certified Internal Auditor (CIA) from the Institute of Internal Auditors, USA.



### **Mayank Pandey** Wholetime Director

Mayank Pandey has over 20 years of industry experience, of which he has spent the last 14 years at bp, having joined Castrol in September 2007. Mayank heads Supply Chain operations for India and is responsible for developing and implementing a robust Supply Chain strategy to enable business growth for Castrol India and operate a safe, reliable, and efficient supply chain.

Prior to this role, he worked as the Supply Chain Planning Head for Castrol Europe. In his earlier roles, Mayank has led Supply Chain Strategy & Transformation for Castrol China, led Supply Chain Operations for Castrol North Asia (Japan / Korea) and supply chain logistics & planning team lead roles with Castrol India. He is passionate about building high performance teams and driving customer centricity.

Mayank's professional experience spans lubricants, business consulting, paints, and the engineering industry. Prior to joining bp, Mayank has worked with the Tata Strategic Management Group, Asian Paints and Larsen & Toubro (L&T) in various roles spanning business strategy, procurement, logistics and manufacturing.

Mayank is an MBA from the SP Jain Institute of Management, Mumbai and a Mechanical Engineer from the Harcourt Butler Technological Institute.





## BOARD OF DIRECTORS

### Sashi Mukundan Nominee Director

Sashi Mukundan is the President, bp India and Senior Vice President, bp Group. He leads the gas and low carbon energy business in India, in addition to overseeing the wider operations of all bp group companies in the country. He is a senior member of the bp leadership team and is on the boards of India Gas Solutions Ltd., Reliance BP Mobility Limited, Castrol India Limited and BP Exploration (Alpha) Ltd. He was closely involved in forging the landmark partnership between bp and Reliance Industries Limited across the entire gas value chain.

Sashi is the Chairman of the National Committee on Hydrocarbons of CII (Confederation of Indian Industry). With nearly 40 years of experience in strategic planning, finance, business development, and operations in a variety of assignments in the U.S. and Asia, he is currently responsible for strengthening bp's portfolio in India.

Sashi holds a BS degree in Physics and an MBA in Marketing from Mumbai University. After completing his studies in India, he went to the U.S. and obtained an MBA in Finance.



### A.S. Ramchander Nominee Director

A.S. Ramchander (Ram) has over 35 years of experience in marketing, P&L management, strategy, sales, technology, and commercial development. He is currently the Chief Marketing Officer of Castrol globally, reporting to the CEO and is based out of the UK. As Castrol's head of global marketing, Ram is responsible for leading the marketing function in one of the top sales and marketing businesses in bp Plc's Customers & Products portfolio. Having worked in Hong Kong, Singapore, India, and the UK, Ram brings with him strong cross-cultural leadership competencies and global interpersonal skills.

Ram has served as an Executive Director on the board of Castrol India Limited for over 4 years and has a rich experience in corporate governance, business leadership and external stakeholder management. Currently, he is a Non-Executive Director on the board of Castrol India as a shareholder nominee. He also serves in an advisory capacity on the board of companies where bp is a venture investor in the UK and USA.

Ram holds a degree in Chemical Engineering, and a post-graduate qualification in marketing and management.



### Udayan Sen Nominee Director

Udayan Sen is a finance professional with 30 years of industry experience, of which he has spent the last 23 years at bp Plc. Prior to joining Castrol India in 1999, Udayan worked with ITC Limited where he joined as a Management Trainee (1992 – 1995) and later with Unilever India (1995 – 1999).

Udayan has worked across four continents in corporate and regional roles spanning Finance, Strategy & Planning and New Markets Business Development. His last role was CFO for ASPAC Fuels & Air bp, based in Melbourne, Australia. He took on the role of Global CFO for Castrol in January 2020 and is based out of the UK.

Udayan has an open and inclusive leadership style with a passion for people and relationships. He is recognised for leading the business and finance agenda by working closely with stakeholders across functions and geographies.

He holds a Bachelor of Commerce (Honours) degree from St. Xavier's College, Kolkata (1989) and is a member of the Institute of Chartered Accountants of India (1992). Udayan is an ardent fan of cricket and never misses an opportunity to play if an invite comes along the way.



## LEADERSHIP TEAM



**Sandeep Sangwan**  
Managing Director



**Bhairavi Popat**  
Vice President - Customer  
Excellence & Operations



**Deepesh Baxi**  
Chief Financial Officer



**Maria P Valles**  
Vice President - People &  
Culture



**Saugata Basuray**  
Vice President - B2C Sales



**Rajeev Govil**  
Vice President - B2B Sales



**Jaya Jamrani**  
Vice President - Marketing



**Rajesh Madathingal**  
Head - Technology



**Saswati Panigrahi**  
Head - Communications



**Mayank Pandey**  
Vice President - Supply Chain

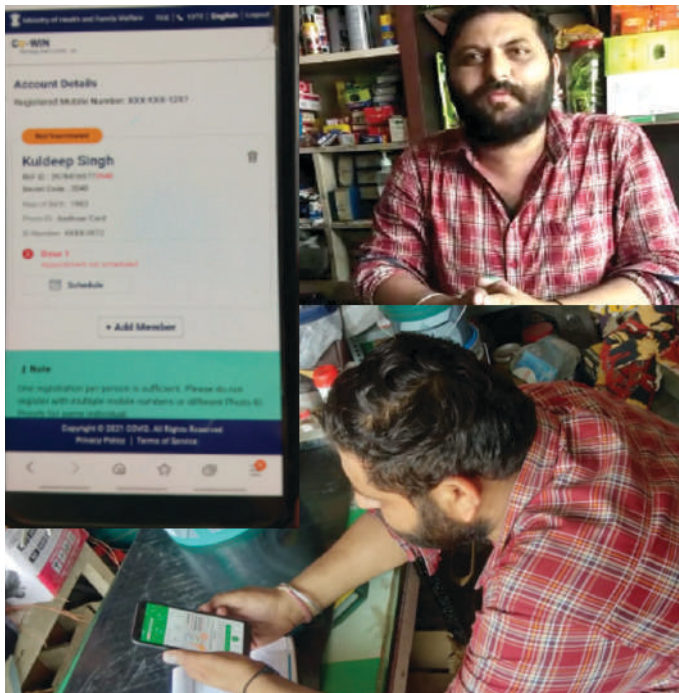


**Siddharth Shetty**  
Managing Counsel



**Sagar Vira**  
Vice President - Industrial Sales

# #INTHISTOGETHER - OUR RESPONSE TO THE COVID-19 PANDEMIC



Phase 1 of the #InThisTogether campaign focused on enabling COVID-19 vaccination registration for non-tech savvy trade, mechanics and consumers. Through various Castrol apps, our teams reached out to 450,000+ stakeholders and supported them to get registered and also receive both doses of the vaccine.



To complete their vaccination and address vaccine hesitancy, fully vaccinated mechanics were incentivized with two complimentary 1 litre packs of Castrol Activ. The Fast Scan App was used to nudge them through intra community word of mouth awareness and recognition on social media, thereby positively influencing more than 50,000 mechanics to get themselves vaccinated.

## #INTHISTOGETHER - OUR RESPONSE TO THE COVID-19 PANDEMIC

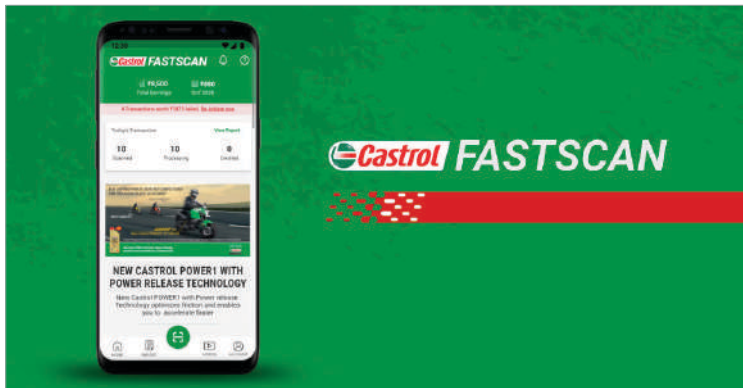


Phase 2 of #InThisTogether endeavored to rebuild mechanics' livelihoods at Castrol India's Independent Workshops (IWS) by reviving customer footfalls and re-instilling customer confidence. 1,500 IWS were provided with dispensers for hand sanitizers and counter shields.



To address vaccine hesitancy, we organized multiple sessions with our plant staff, contractors, and communities neighboring our plants at Patalganga, Silvassa and Paharpur. Administrators, officials, and medical practitioners shared their expert opinions and guidance on vaccine protection and COVID-19 appropriate behaviour.

## ACCELERATING DIGITAL TRANSFORMATION



The Castrol FASTSCAN app served as a powerful engagement tool and supported over 500,000 mechanics using the platform with the vaccination registration process by directing them to relevant and credible resources.



The Castrol FASTLANE application enables indirect customers to place orders at any time and from any location. Features like secure password-less entry, new product updates, current offers, and purchase history have attracted over 20,000 active customers.



The Castrol SMART application enables our sales force of 1,000+ to have meaningful conversations with retail store owners and IWS. By providing historical data and access to rich analytics at the point of capturing orders, the app has helped improve sales productivity and customer satisfaction.



Personalized and curated programs like Castrol Royals continue to build advocacy amongst franchise workshop dealers enabling them to focus on technological innovation and business growth. The Industrial Sales team partnered with the Nanyang Technological University, Singapore to conduct a series of online courses on Industrial Robotics, Industrial IoT and Sustainability in Manufacturing for Castrol Royals distributors. These three sessions were conducted by professors from the School of Mechanical and Aerospace Engineering.

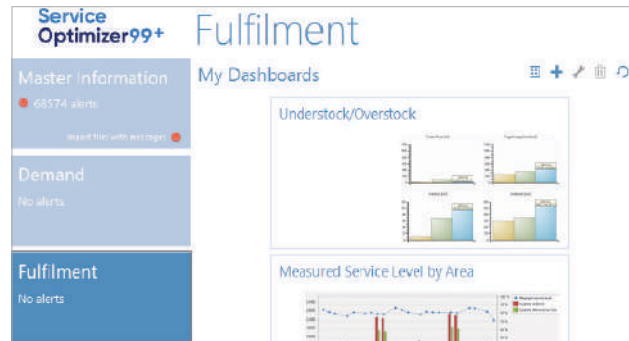
## ACCELERATING DIGITAL TRANSFORMATION



A series of capability development programs such as Red Carpet, Profit Manager and Tele-skills upskilled and engaged service advisors and managers of franchise workshop customers.



The Castrol DIGICLAIM portal has significantly reduced manual intervention in scheme and claim processing, thereby reducing time spent on non-value addition activities and releasing working capital for customers and channel partners.



The Service Optimizer 99+ (SO99+) launched in March 2021, helped to successfully digitalize our Supply Chain replenishment capability through advance demand and supply planning. The system provides various important, collaborative, and flexible functionalities like Demand Collaboration Hub and helps in optimizing the inventory deployment by better demand forecasting accuracy and Multi-echelon Inventory Optimization.



Over 35,000 car and bike mechanics engaged with the Castrol Super Mechanic Academy, gaining access to live sessions with experts, training sessions in regional languages and a library of recorded sessions on automotive technology, service and maintenance.



Castrol's HEADSTART technical webinars kept heavy duty customers updated on the best practices in lubrication, leading to increased brand salience.

## POWERFUL BRANDS. POWERFUL PERFORMANCE.



Castrol POWER1 ULTIMATE roped in Bollywood actor, Tiger Shroff, to establish rapid brand awareness and performance imagery among the youth. The new campaign plans to reach over 50 million biking enthusiasts on key digital platforms.



The new Castrol MAGNATEC, India's widest range of fully synthetic, BS-VI ready engine oils with the latest performance specifications was launched in 2021 to meet low-SAPS requirement for BS-VI cars and SUVs. Widely promoted through on-ground promotions and digital media, it generated awareness about the new engine oil requirements of BS-VI engines and Castrol MAGNATEC's superior product offering.

## POWERFUL BRANDS. POWERFUL PERFORMANCE.



Castrol POWER1 ULTIMATE associated with high performance-oriented properties like All India Xbhp road trip united, web series Cruising Legends and sports movie TOOFAAN, to establish itself as a premium performance 4T engine oil brand. These integration initiatives helped the brand connect with biking enthusiasts across the country, resulting in a combined reach of 25 million on digital, thus maximizing top of mind recall for Castrol POWER1 ULTIMATE.



Castrol launched the fourth edition of the country's largest mechanic skilling initiative 'Castrol Super Mechanic Contest' with the theme of #SeekhengeJeetengeBadhenge. This contest, which salutes the passion and the spirit of mechanics who keep India moving, onboarded 140,000+ mechanics in the first phase, of which nearly 24,000 shortlisted participants received advanced certified training from the Automotive Skill Development Council, India.



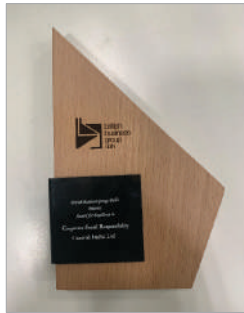
Castrol Activ launched a new marketing campaign '#3XProtectionKeepsEngineFit' featuring 3 distinct ad films across a mix of television, digital and OTT platforms, to complement its strong on-ground execution. The films demonstrated Castrol Activ's superior protection to bike engines and how it shields them from excessive sound, heat, and stress.



Under Castrol CRB Turbomax, the 'Chance to Win Gold Coin' campaign was launched involving a 360-degree deployment of the 'Dhan Aasana' initiative and a TV campaign, to build large scale awareness. This ably supported the strong on-ground activity reaching 50,000+ consumers and influencers in focus markets across the country.



## AWARDS AND ACCOLADES



In July 2021, Castrol India's flagship CSR programs - Castrol Eklavya for upskilling of mechanics and Castrol Sarathi Mitra for the holistic development of truck drivers - were recognized for 'Excellence in CSR' by the British Business Group Delhi.



GOTS (Global Organic Textile Standard) certification audit was successfully completed for the Silvassa plant pertaining to products Tribol BW 22 and Tribol BW 32, thereby ensuring organic status of textiles through environmentally and socially responsible manufacturing.



The Ford Q1 certification, a highly coveted award reflecting strong quality standards, processes and focus on customer service, was successfully renewed for the Silvassa plant in July 2021 – making it the only lubricants plant in Asia to win the prestigious award. In March 2021, the plant had successfully completed the annual Q1 manufacturing site assessment with all elements in "Green" and completed Materials Management Operating Guidelines/Logistic Evaluation (MMOG/LE), a mandatory sub-requirement for Ford Q1 with "Rating A".



Castrol India was awarded the Tata Motors Supplier Awards 2021 for 'Ramp Up Agility', for its contribution towards ensuring supply security for Tata's ICE and Electric Car manufacturing operations.



The Paharpur plant was conferred the Indian Chamber of Commerce Health & Safety Silver Award 2021 by the Hon'ble Minister for Labour, Government of West Bengal for utmost commitment to health and safety.

## 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 provided below:

### THE COMPANY'S RESPONSE TO THE COVID-19 PANDEMIC

In 2021, the world continued to reel under the threat of the coronavirus. The second wave of the COVID-19 pandemic hit India hard, and as a company, we were faced with several challenges and disruptions. Castrol India Limited managed this unprecedented situation with three clear objectives:

- Protecting our employees,
- Supporting our communities, and
- Protecting the financial health of our business

**Employees:** All employees, except the employees working in plants and those managing business critical activities, worked from home. The Company created safe operating guidelines for its sales teams and standard operating procedures for staff at its three manufacturing plants, following government advisories and guidelines. The Company activated a Site Task Force (STF) at its plants to provide all possible assistance to staff. Guidelines for safe operations during COVID-19 were deployed at all plants to ensure safeguards for the wellbeing of our people on the frontline. The Company kept teams informed and well engaged, and offered them psychological, ergonomic and IT support to work comfortably from home and safeguard their health.

**Customers:** The Company ensured business continuity and fulfilled customer demands during this period despite several logistic challenges. Teams were deployed to connect with the customers virtually and 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.

**Communities:** As a responsible corporate citizen, the Company committed its support as part of a country wide COVID-19 response. During the second wave that hit India hard, the Company continued to support the government's efforts by providing oxygen concentrators and critical medical

equipment to government hospitals across 3 states in the country. We also launched a COVID-19 vaccination support and awareness programme along with a vaccination drive for communities around our areas of operation and presence. Castrol India Limited made a social investment of around Rs. 21.2 Crores in 2021, collaborating with various national and local stakeholders to ensure sustained interventions.

**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 amongst the top three lubricant markets<sup>1</sup> of the world and accounts for 6 to 7% of the global lubricant demand<sup>1</sup>. India is seen as a market with immense potential for lubricant growth in an otherwise flat volumetric global lubricants industry<sup>1</sup>.

India's lubricant market operates in three broad segments: Automotive, Industrial and Marine. All three segments include players from National Oil Companies, international oil majors, and several local companies. Castrol India Limited operates across all three segments and holds a leading position in the retail automotive segment, with notable presence in specialized industrial fluids.

#### Demand drivers

Lubricants play a major role in reducing friction generated by metal-to-metal contact. It also helps in reducing noise and heat generated in metal parts, such as engines in the automotive industry and cutting or honing parts in industrial applications, as well as in protecting metal parts from corrosion and wear & tear. 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 in addition to process oils.

India's automotive industry is the world's fourth largest vehicle market<sup>1</sup> and the growing demand for vehicles is driving demand for automotive lubricants, along with increased usage of vehicles. Commercial automotive usage correlates with rising economic activity. Technological advancement in automotive hardware design is leading to demand for more efficient and premium lubricants. Demand for industrial lubricants arises from various industries such as Automotive, Wind, Power, Process Industries like Steel, Cement and general engineering, manufacturing etc. and is also linked to increased economic activity.

### 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 specifications from Original Equipment Manufacturers (OEMs) and industry norms. India is a net base oil deficit market leading to large scale import of base oils and additives. This exposes the lubricants business to fluctuations in foreign exchange rates and supply chain disruptions.

## Major industry developments

### Overall lubricants market

In 2021, post the second wave of the pandemic, economic recovery picked up and there was a steady expansion in the manufacturing and services sectors. Mobility across sectors such as retail & recreation and workplace also picked up a steady pace. New vehicle sales grew as compared to 2020, however total sales remained below 2019 pre-covid levels for all vehicle categories<sup>2</sup>. As part of the 2021 Union Budget, the Government of India announced a new vehicle scrappage policy<sup>3</sup>, which was later tabled in the Parliament. The policy aims to phase out cars and commercial vehicles older than 15 to 20 years to slash urban pollution levels and stimulate automotive sales, which slowed down during India's post-COVID-19 recovery phase. Additionally, the vehicle scrappage policy will also stimulate demand for OEMs and encourage fuel-efficient, environment-friendly vehicles, thereby reducing vehicular pollution and oil import costs.

While lubricant offtake in 2021 grew over 2020, it continued to remain below 2019 levels. Automotive lubricants offtake dipped sharply in Q2 2021 but saw a steady recovery. The recovery was led by personal mobility, while offtake build up for commercial vehicles remained sluggish.



In 2021, the Castrol Auto Service (CAS) network expanded to 94 centers in more than 40 cities enabling our customers to grow their business and offer specialized services to their clients.

<sup>1</sup> Automobile Industry in India, Indian Automobile Industry, Sector, Trends, Statistics (ibef.org)

<sup>2</sup> Auto retail grows 34% year-on-year in July but still lags pre-pandemic sales levels - The Economic Times (indiatimes.com)

<sup>3</sup> Vehicle Scrappage Policy 2021: Expectations And Challenges | IBEF

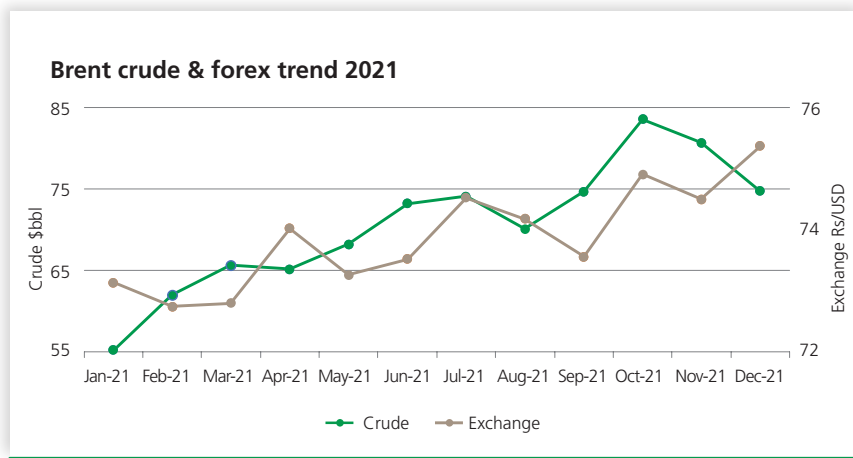
**Impact of foreign exchange, crude oil, and raw material prices**

2021 witnessed a continued rise in crude prices reaching up to USD 74.75 bbl mark in December<sup>4</sup>. While forex remained range bound, it lost some value especially during the last quarter of the year. The Indian economy saw month on month revival, however supply chains faced one of the most unprecedented challenges on account of rising inputs cost. Base oil prices touched a record high in the first half of the year due to lower refinery operating levels and for the first time, they were competing with fuel prices across the world. Lower fuel demand forced refiners to either shut their

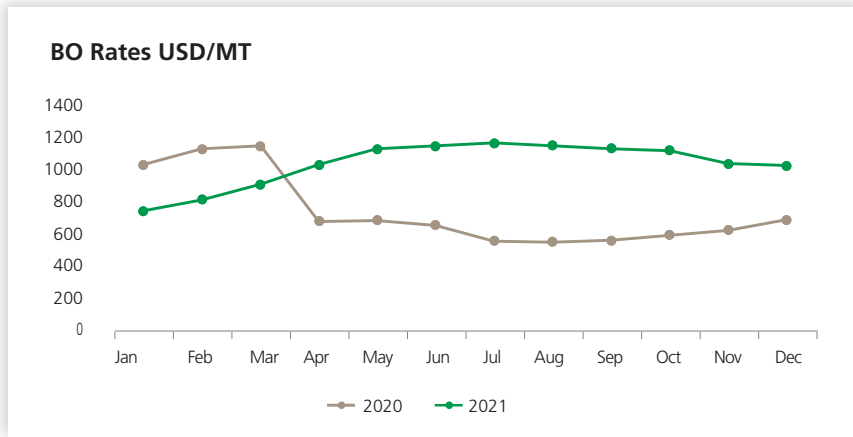
operations or operate at lower levels which in turn impacted base oil availability across the world with the highest impact seen in Asia Pacific.

For the first time, base oil prices surged to record high premiums to crude and diesel in response to unexpectedly tight supplies. COVID-19 caused additional challenges on sea logistics impacting supplies and imbalance between demand-supply and geopolitics continued to impact both availability and prices of multiple raw materials.

The following graph indicates the trend of crude prices and Rupee/USD for 2021.



The following graph indicates the trend of base oil price movement from 2020 to 2021.



Despite a 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.

The Company worked on a best value purchase model and value-based inventory management, keeping a close watch on cash costs, and working capital.

## OPPORTUNITIES AND THREATS

### Opportunities

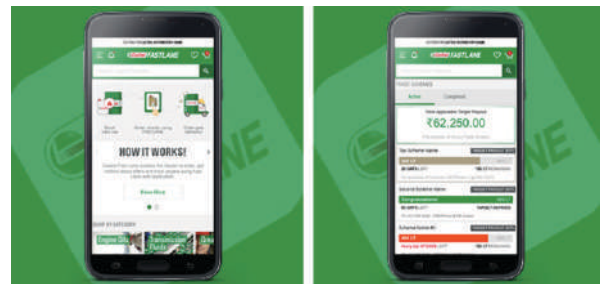
- Personal mobility: With the growth of new segments such as SUVs, increasing usage of passenger vehicles in smaller towns and a high percentage of personal vehicle owners being first-time users, the Company is tapping these segments through product innovations and sustained brand building campaigns.
- With the adoption of BS-VI specifications, the need for advanced engine oils is expected to rise. The Company is well positioned through BS-VI compliant offerings across categories to leverage this opportunity.



The all-new BS-VI compliant range of Castrol MAGNATEC is available in four variants which will help meet automotive OEMs recommendations for thinner grade lubricants.

- Improving technology in trucks: With stricter emission norms resulting in newer technologies for trucks, the C14+ segment is the fastest-growing segment in the commercial vehicle category. The Company focused on this segment with sustained brand building efforts and launched four BS-VI ready variants for Castrol CRB Turbomax and CRB Minitruck under CK4 specifications.
- Agricultural sector: With growing farm mechanization in the Indian agricultural sector, the Company ensured augmented availability of its heavy-duty lubricants and tractor oils, along with farmer connects through rural activations.
- Original Equipment Manufacturer (OEM) alliances: The Company has built enduring associations with leading heavy duty equipment manufacturers and passenger vehicle OEMs. It also continued alliances with two car OEMs for supply of electric vehicle (EV) fluids in India.

- Advanced energy solutions: Apart from mobility, new age energy storage solutions are also an emerging area. The Company is working with collaborators in this field for lubricant solutions to meet this need.
- New channels: Digitally enabled service ecosystems are an emerging business opportunity. Acceleration in digital has been aided by the COVID-19 pandemic. The Company forged new relationships on this front to strengthen reach amongst consumers.
- Digital initiatives: Building on its digitalization strategy, the Company continued digital initiatives such as FASTSCAN, FASTLANE and Castrol SUPER MECHANIC online academy including training programmes to offer a premium experience to customers and consumers.



The Castrol FASTLANE app enables indirect customers to place orders securely at any time and from any location. Castrol FASTSCAN has also supported 500,000 mechanics with vaccination registration.

### Threats

- Economic uncertainty due to the COVID-19 pandemic: While GDP has grown in 2021 over 2020 and recovered to 2019 levels in Q3 2021, uncertainty over sustained growth momentum remains around concerns on the impact of the next wave of the COVID-19 pandemic.
- Competitive activity: Competition in the lubricants market is intense and is likely to remain high in the foreseeable future. There is a rising trend of OEMs introducing lubricants under their own brand name, further impacting the competitive landscape.
- Electrification: India's passenger mobility segment is evolving with a growing electric vehicle (EV) market. While the EV market grows, the long-term demand for internal combustion engines (ICE) is also here to stay. EV's also require transmission fluids, greases, and coolants and Castrol is well positioned to cater to the EV segment and explore new business opportunities, while strengthening its existing business in ICE.

**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 passenger 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.

To strengthen our Service & Maintenance offerings, we commissioned Castrol Express Oil Change services for two-wheelers in urban Jio-bp mobility stations, which offer a bike health check and oil change in less than twenty minutes for consumers on the go. We are collaborating with Ki Mobility Solutions, a digitally enabled multi brand service ecosystem, having myTVS as their brick-and-mortar multi brand workshop network and Gobump, an aggregator platform with 400,000 customers and 1,500+ partner garages across 16 Indian cities.



The Castrol Express Oil Change outlets offer two-wheeler customers quick and reliable oil change services on the go.







Castrol is collaborating with Ki Mobility Solutions to leverage their physical and digital reach of more than 400,000 customers and 1,500+ partner garages across 16 Indian cities

**Marine lubricants**

As per a global trade outlook shared by the United Nations<sup>5</sup>, global trade from shipping in 2021 was expected to touch USD 28 trillion, marking an increase of 23% compared to 2020. But the outlook for 2022 remains uncertain with many economies, including those in the European Union facing COVID-19 related disruptions which may affect consumer demand in 2022.

In 2021, there were several investments announced in India, which augur well for our business in the marine segment.

**Energy lubricants**

The Indian oil and gas market is expected to record a CAGR of over 2.64% during the forecast period of 2020 to 2025<sup>6</sup>. Factors, such as increasing natural gas pipeline capacity, increasing refining capacity, and increasing demand for petroleum products, are expected to increase the growth for the Indian oil and gas market during the forecast period. However, a huge dependence over imports of crude oil and natural gas for satisfying domestic demand and high volatility of crude oil prices might impact the growth of the Indian oil and gas market.

With the Reliance MJ project progressing, we are witnessing an increased activity and enquiries for subsea lubes and Castrol is well poised to cater to this segment.

**Industrial lubricants**

The Company worked closely with its customers aiding learning through trainings and seminars and entered new segments such as Robotics while also launching bespoke performance lubricants for industry sectors like textiles, which have helped strengthen our positions. Our Silvassa plant received a GOTS (Global Organic Textile Standards) certification, which enhances our opportunities to work closely with textile machinery manufacturers.

<sup>5</sup> <https://news.un.org/en/story/2021/11/1106812>  
<sup>6</sup> <https://www.mordorintelligence.com/industry-reports/india-oil-and-gas-market>



The Castrol Silvassa plant, a symbol of quality, safety and manufacturing excellence, celebrated its 25<sup>th</sup> Anniversary in July 2021 marking 25 years of safe and successful operations.

## 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 rolled out a Quality culture survey, Quality Leadership awards & Digitization of Quality workflows to strengthen the Quality Culture across the organization. The Company successfully ended the year without any major quality incidents despite disruptions in operations due to the COVID-19 pandemic and natural calamities like cyclones Tauktae and Yaas.

The company completed the recertification audit of ISO 9001: 2015 and IATF 16949:2016 standards. The Silvassa plant was the proud recipient of the Ford Q1 recertification, a recognition of the plant's focus and quality excellence to the OEM business. The Silvassa plant also received Global Organic Textile Standard (GOTS) certification demonstrating proactive customer centric approach to explore new business opportunities with textile manufacturers.

## FUTURE OUTLOOK

The outlook for 2022 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 are now seeing a demand resurrection as the recovery builds up. While the long-term outlook is positive, the Company will continue to drive growth in this segment backed by a wide distribution reach, strong brand building and leveraging the growth of synthetic oils.
- **Commercial vehicles:** Despite short term challenges, this segment is expected to gradually pick up momentum. Growth in construction and off-highway sectors due to investment in infrastructure is also likely to lead to lubricants demand growth in this category. With the food & farming sector remaining resilient and growing, good lubricant demand growth is expected from the agricultural sector.

## Industrial lubricants

Although the growth momentum in Industrial output tempered down as we progressed through the year (due to low base effect waning off), industrial production has registered a consistent growth trend through 2021. The Business confidence index has also trended positively and as activities build further momentum, the demand for industrial lubricants is expected to grow with optimistic prospects for the long term.

## Marine & energy lubricants

World trade shows signs of bouncing back from a deep, COVID-19 induced slump, but the World Trade Organization economists caution that any recovery could be disrupted by the ongoing effects of the pandemic. Trade volume growth was expected to rebound to 7.2% in 2021 but remain well below the pre-pandemic levels.

## Channels of distribution

The Company's products are distributed through 330 distributors who service close to 118,000 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. With our alliance with Jio-bp (Reliance bp Mobility Limited), we have access to a new channel and are expanding Castrol's footprint in fuel forecourts across India.

Over the last few years, the focus on priority channels including e-commerce has contributed to strong topline growth in the Company's business. The Company has invested in a digitally enabled integrated service model to implement better market coverage and improve customer experience for our indirect customers.

In 2021, the Company continued to drive simplification in systems and processes to bring in more speed and efficiency in its back-end operations. It has also leveraged digitalization to create a superior and premium experience for customers in their interaction and touchpoints with the Company.

## RISKS AND CONCERNS

The risk from the COVID-19 pandemic continues to be one of the key business risks. 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 2021 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.

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. 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 an adequate and effective Internal Control System 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 System. 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

Please note that Castrol India Limited follows the calendar year (January to December) for its financial reporting. For the full year ended 31 December 2021, the Company registered Revenue from operations of Rs. 4,192 Crores, which is its highest-ever till date. It also marks an overall revenue growth of 40% compared to Rs. 2,997 Crores for the full year ended 31 December 2020. The Company's Gross Profit increased



by 23% in 2021 over 2020. This was on account of higher volume and strategic price interventions.

Operating and Other expenses increased by Rs. 151 Crores as compared to the previous year on account of investment in people, safety, brand, and business growth opportunities. Profit before Tax increased by about 31% over previous year to Rs. 1029 Crores. This generated a healthy cash flow from operations for 2021 of Rs. 630 Crores.

Overall, the Company delivered a resilient performance for the year despite unprecedented rise in input costs and supply chain disruptions resulting from the ongoing COVID-19 pandemic.

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	2021	2020	% change
Debtors turnover	Times	17.04	9.05	88%
Inventory turnover	Times	4.80	3.77	27%
Current ratio	Times	2.17	2.05	6%
Operating profit margin	%	25%	26%	-10%
Net profit margin	%	18%	19%	-5%
EBITDA	%	25%	27%	-7%
Return on net worth*	%	50%	42%	18%

\*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.

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. The increase is mainly on account of increase in turnover for the year due to volume growth.

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. The substantial increase in current year is mainly due to increase in volume growth and raw material prices.

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.

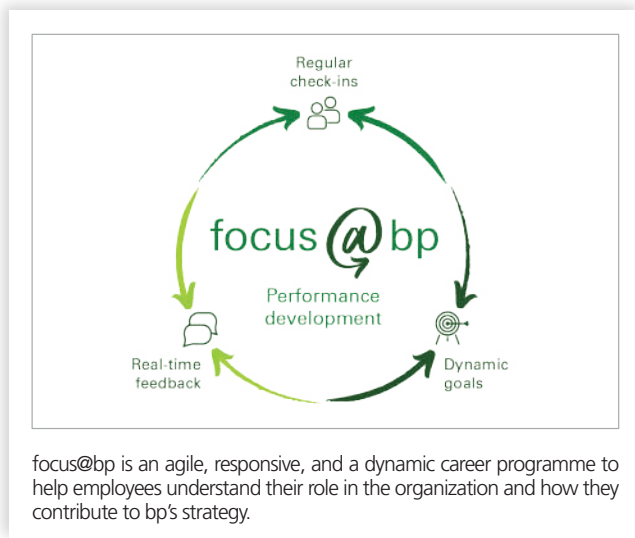
Operating profit margin is a profitability or performance ratio used to calculate the percentage of profit a company produces from its operations. It is calculated by dividing the earnings before interest & taxes (EBIT) by revenue from operations.

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 in 2021, the focus continued to be safeguarding the health and well-being of employees amidst the ongoing pandemic, along with ensuring employee engagement. Employees spent ~2,658 hours on various technical, behavioral safety and leadership trainings.

As we navigated through the new organization structure post implementing 'Reinvent bp' in 2021, 'Purposeful Connections' was introduced as a new program to help teams accelerate from forming to performing while focusing on creating and strengthening the connects within the team, arriving at a common purpose and leading together to reimagine and reinvent the future of the organisation.



To help accelerate employee career growth and development, 'focus@bp' was piloted which 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 42% positions being filled internally.

Hiring practices continued to ensure recruitment of diverse candidates with no compromise on meritocracy. The overall number of women in managerial populations at Castrol India Limited stood at 18% in 2021 and overall at 17%.

In 2021, as part of a review of internal controls over financial reporting, key controls in human resources and legal compliances 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 employee 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, vaccination, 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.

The total number of people employed in the Company as on 31 December 2021, including factory workmen, was 631.

### Health, Safety, Security and Environment

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 Health, Safety, Security and Environment (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 three manufacturing plants of Castrol India Limited are certified with the Environment Management System (ISO 14001:2015), Occupational Health and Safety Management System (ISO 45001) and Quality Management System Standard (ISO 9001:2015), with two of the Company's plants certified with Automotive Quality Management System IATF 16949:2016.

The plants won several external recognitions for their exemplary HSSE performance and practices during 2021. Our Paharpur plant in West Bengal was awarded by the Indian Chamber of Commerce (ICC) with its prestigious National Occupational Health & Safety Awards. Castrol India Limited bagged the Silver award in the Oil & Gas Sector in the Large Enterprise category.

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 its 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

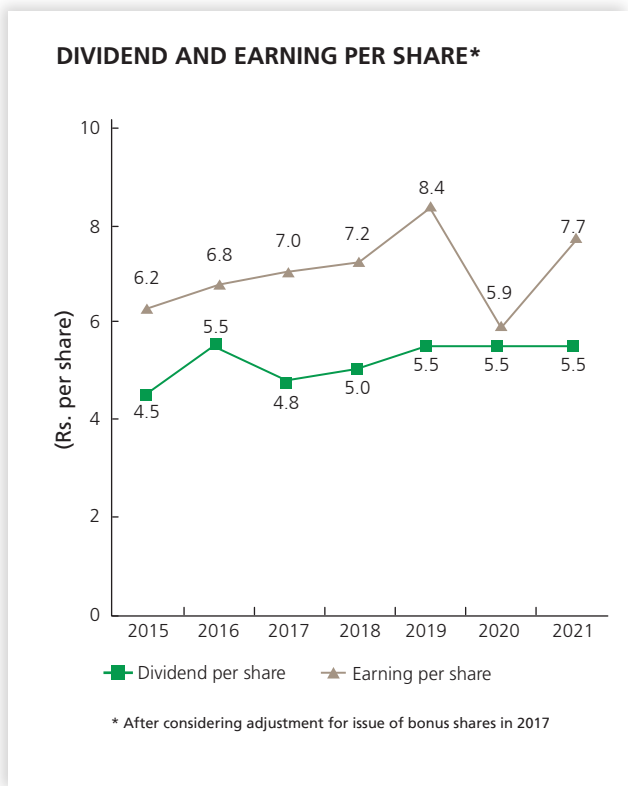
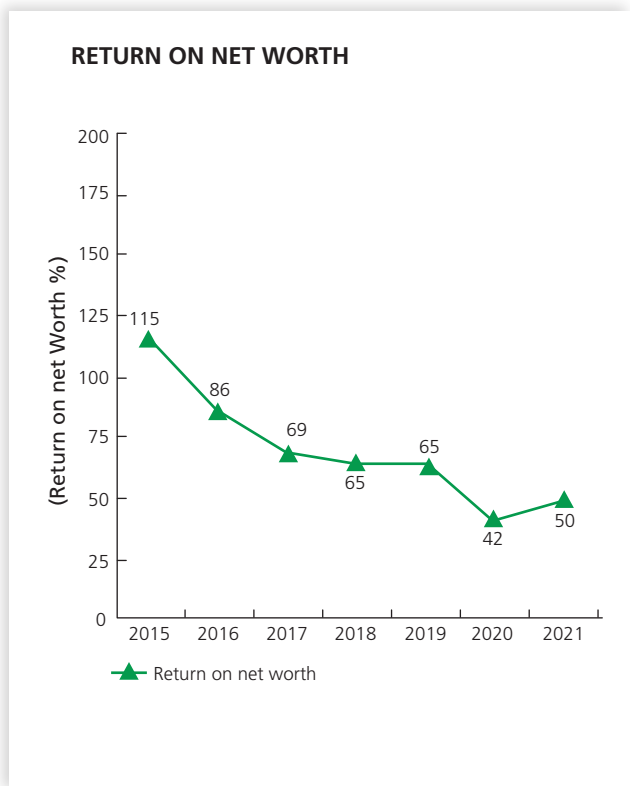
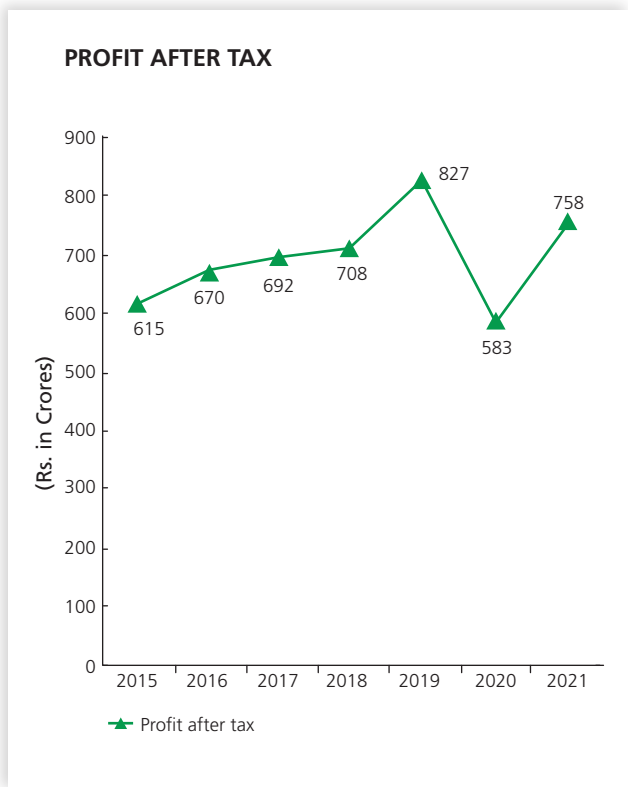
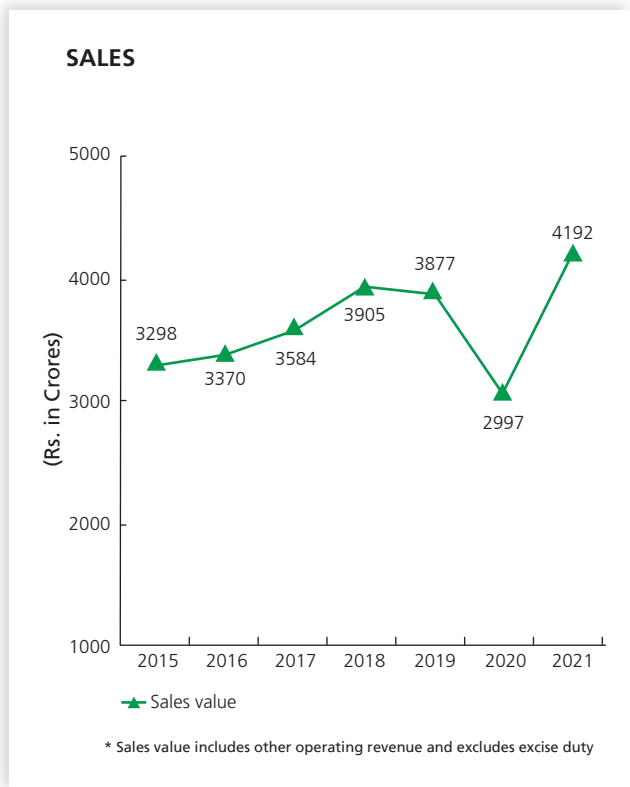
#### Deepesh Baxi

Chief Financial Officer & Wholetime Director  
DIN: 02509800

Place: Mumbai

Date: 7 February 2022

# FINANCIAL HIGHLIGHTS



## FINANCIAL HIGHLIGHTS

Particulars	Ind AS				IGAAP		
	2021	2020	2019	2018	2017	2016	2015
	<b>Rupees in Crores</b>						
Revenue from Operations (gross)	4,192.06	2996.92	3,876.82	3,904.55	3,851.56	3,875.96	3,791.42
Less: Excise Duty	—	—	—	—	^ 267.24	^ 505.63	493.39
<b>Revenue from operations (net)</b>	<b>4192.06</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>
Other income	48.43	62.03	64.77	84.31	83.65	87.39	95.87
Cost of materials consumed	2058.82	1266.34	1,747.65	1,906.56	1,665.90	1,531.59	1,600.79
Employee benefits and other expenses	1067.28	916.47	976.1	927.22	885.30	839.39	802.36
Depreciation and amortisation expense	82.7	86.62	69.74	55.57	45.50	44.96	38.97
Finance Costs	2.41	4.16	1.19	1.09	1.20	1.48	0.83
<b>Profit before exceptional items and tax</b>	<b>1029.28</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>
Exceptional item	—	—	—	—	—	—	—
<b>Profit before tax</b>	<b>1029.28</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>
Current taxation (Net of reversal of earlier years)	280.03	207.4	323.33	387.58	365.14	388.04	323.80
Deferred taxation	(8.84)	(4.98)	(3.79)	2.48	13.12	(18.12)	11.89
<b>Profit after taxation</b>	<b>758.09</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>
Total other comprehensive income / (expense) for the year	(0.79)	3.67	(4.29)	(1.13)	(2.10)	1.35	—
Total Comprehensive income for the year	757.30	586.61	823.08	707.23	689.71	671.73	615.26
Share capital #	494.56	494.56	494.56	494.56	494.56	247.28	247.28
Reserves & surplus	1150.95	919.67	872.39	671.10	525.59	734.26	328.33
<b>Net worth</b>	<b>1645.41</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>
Rupees							
<b>Earning per share*</b>	<b>7.66</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>Dividend per share*</b>	<b>5.50</b>	<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>Book value per share*</b>	<b>16.64</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>

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

\* After considering adjustments for issue of bonus shares in 2012 and 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 Fourth Annual Report of Castrol India Limited ("Castrol" or "Company") for the financial year ended 31 December 2021 ("year under review" or "year" or "FY21").

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 Listing Regulations"), this report covers the financial results and other developments during the financial year ended 31 December 2021 and upto the date of the Board meeting held on 2 May 2022 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 2021 is summarized below:

Particulars	For the year ended 31 December 2021 (INR in Crores)	For the year ended 31 December 2020 (INR in Crores)
Sales (a)	4192	2,997
Other income (b)	48	62
<b>Total Revenue (a+b)</b>	<b>4240</b>	3,059
Profit before tax and depreciation	1112	872
Depreciation and amortization	83	87
Profit before tax	1029	785
Tax expense (including deferred tax)	271	202
Profit after tax	758	583
Other Comprehensive income (net of tax)	(1)	4
Total Comprehensive income	757	587
Balance brought forward	882	840
Profit available for appropriation	757	587
Dividend (incl. tax)	544	544
Balance carried forward	1095	882

### 2. PERFORMANCE

Revenue from operations of your Company has increased by 40% mainly on account higher volume and strategic price interventions. Costs of materials were higher by about 63% over the previous year mainly due to unprecedented rise in input costs and supply chain disruptions resulting from the ongoing COVID-19 pandemic. Operating and Other expenses increased by INR 151 Crores as compared to the previous year on account of investment in people, safety, brand and business growth opportunities. Profit before Tax increased by about 31% over previous year to INR 1029 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 2021 (2020: Final dividend was INR 3/- per equity share) subject to the approval of members at the ensuing Annual General Meeting of the Company. The Board also declared interim dividend of INR 2.50/- per equity share for the financial year ended 31 December 2021 on 2 August 2021. (2020: interim dividend was 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

Pursuant to applicable provisions of the Companies Act, 2013 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 2014.

Members/claimants whose shares or 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 2014 and the interim dividend and corresponding shares for the financial year ended 31 December 2015 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

2021 Continued to be a difficult year in a very challenging supply market with frequent disruptions. Amidst the uncertainties, the focus of your supply chain was on servicing customers & ensuring supply continuity. This was achieved through agile planning, resilient manufacturing & distribution. We continued to commit for future by investing in technology and digital capabilities, upgrading & investing in our plants to build capacity & capability to support our business and customer needs.

Healthy, Safety, Security and Environment continued to be at the core of the operations. Manufacturing sites faced onslaught of COVID-19 Wave 2 in the months of April & May, along with the cyclone Taukute & Yaas in the West & East coast respectively. Despite such challenging environment, the plants continued to operate through the year taking care of your employees and ensuring highest safety protocols. Vaccination camps were organized for employees and their family members, and multiple interventions made to ensure safety of teams coming to the plants every day. Sites continued to be managed with detailed protocols in place, ensuring compliance to relevant local laws and organization guidelines. Reinforcements were provided to COVID-19 affected employees and their family through support groups and other avenues.

Plants also ran campaigns to support community around our plants covering Special education assistance program, supplied relief material for families, organized 24 medical check-up camps with over 1080 beneficiaries and helped surrounding hospitals by donating oxygen Concentrators, monitors & ventilator, participating in COVID-19 recovery program.

Your plants continued to receive external recognition. Patalganga plant received 2020 National Safety Council of India Silver Award at the National level for demonstrating outstanding performance consistently in implementing OHS management system and procedures. This is second year in row that site has won this prestigious award from NSCI. Paharpur Plant has won the prestigious Indian Chamber of Commerce [ICC] National Occupational Health & Safety Awards 2020 Gold award in the Oil & Gas Sector in Large Enterprise Category. The site has won this rigorous award twice in a row despite a restrictive COVID-19 environment. Silvassa plant has been accredited with Global Organic Textile Standard (GOTS) certification. GOTS has been developed by leading standard setters to define world-wide recognized requirements for organic textiles. From the harvesting of the raw materials, environmentally and socially responsible manufacturing to labelling, textiles certified to GOTS provide a credible assurance to the consumer.

Tata Motors Limited recognized the team's exemplary support during pandemic period by way an award, when faced with severe global shortage of Base Oil and additives. This recognition from one of our key partners was a great example of agility and teamwork.

Your plants continue to invest in upgrading manufacturing capacity & capabilities - in new filling lines, online labelling solutions and upgrading blending processes in the plants to enable & support growth. In addition, the teams continued to drive efficiency in operations by focusing on loss identification & elimination thereby mitigating inflationary impact.

Sustainability is at the core of operations & practices – both existing & new in manufacturing. There has been constant focus on reducing flush oil generation and improving the flush reuse through technical & process assessments. There has been a rigorous focus on blending at optimum temperature to ensure efficiency of energy used. Energy audits have been undertaken across plants and recommendation implementation has commenced. Recycling & reuse of water is another focus area in the plants.

Agile planning continued to be at the heart of strong customer deliver during the year. The Supply Chain disruptions also posed an opportunity of servicing

a market which competition was struggling with. This was managed through formulation transition and activating relevant back up scenario to ensure availability of products on shelves. Close coordination with the suppliers and leveraging relationships helped us successfully anticipate risks and plan mitigation. In addition, supply chain teams constantly engaged with business teams to identify critical business requirements to optimize resource allocation for potential challenges. Logistics teams worked closely with the network and transporters to ensure reliability and service, while continuing to follow all guidelines & protocols.

Your supply chain teams also continued a journey of digital transformation across processes – right from procurement to incoming raw materials, investing in advanced planning solutions, and digitization of transport management. These initiatives are becoming the bedrock of your agile and reliable supply chain.

Your supply chain team continued to lead business owners, understood the business priorities, and demonstrated great agility in pursuing all avenues to support volume and without compromising, service, product quality, integrity, and compliance requirements.

## 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 2021:

- a. Appointment of Mr. Deepesh Baxi (DIN: 02509800) as a Chief Financial Officer & Wholetime Director on the Board of the Company for a period of five (5) years with effect from 1 January 2021.
- b. Re-appointment of Mr. Siddharth Shetty as a Key Managerial Personnel of the Company for a period of three (3) years with effect from 3 May 2021.
- c. Appointment of Mr. Mayank Pandey (DIN: 09274832) as an Additional Director and the Wholetime Director on the Board of the Company for a period of five (5) years with effect from 9 August 2021, subject to the approval of the Members and the Central Government.
- d. Cessation of Ms. Chandana Dhar (ACS: 17891) as a Company Secretary & Compliance Officer of the Company with effect from the close of business hours on 5 September 2021.
- e. Appointment of Ms. Hemangi Ghag (FCS: 9329) as a Company Secretary & Compliance Officer of the Company with effect from 6 September 2021.

Further, the Board of Directors at its meeting held on 7 February 2022, appointed Mr. Saugata Basuray as an Additional Director and Wholetime Director of the Company for a period of five (5) years with effect from 1 April 2022 subject to obtaining of Director Identification Number and approval of the Members.

In accordance with the provisions of the Act and the Articles of Association of the Company, Mr. Sashi Mukundan (DIN: 02519725), Nominee Director and Mr. Deepesh Baxi (DIN 02509800) CFO & Wholetime Director of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment. Details of the Directors proposed to be re-appointed at the ensuing Annual General Meeting, as required by Regulation 36(3) of the SEBI Listing Regulations and SS - 2 (Secretarial Standards on General Meetings) are provided at the end of the Notice convening the 44<sup>th</sup> Annual General Meeting of the Company. Further, details of the Directorships held by Mr. Sashi Mukundan (DIN: 02519725) and Mr. Deepesh Baxi (DIN 02509800) 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 have fulfilled the conditions as specified in SEBI Listing Regulations, are independent of the management, 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 Chairperson 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 judgement.

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 29 October 2021 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, its Committees and the Board, its Committees and each Director playing more meaningful roles to increase shareholder value.

## 9. BOARD AND COMMITTEES

The Board met five 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 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 2021, 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 2021 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 policy was amended by the Board of Directors on 31 March 2022 to incorporate the new requirements introduced under the SEBI Listing Regulations.

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 arm's length basis except the transaction entered into by the Company, particulars of which are given in Form AOC-2 attached as **Annexure IV** to this report. No material related party transactions were entered into during the year by your Company.

In conformity with the requirements of the Act, read with the SEBI Listing Regulations, the policy to deal with related party transactions is also available on Company's website at [https://www.castrol.com/content/dam/castrol/country-sites/en\\_in/india/rpt-v3-26april21.pdf](https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/rpt-v3-26april21.pdf)

### 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 2021.

### 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 V**.

### 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. Your Directors recommend re-appointment of Statutory Auditors for a further period of five (5) years from the conclusion of the ensuing 44<sup>th</sup> Annual General Meeting till the conclusion of the 49<sup>th</sup> Annual General Meeting subject to the approval of Members.

The Statutory Auditors have 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 forms 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 for the year under review. They have been re-appointed as cost auditors for the financial year ending 31 December 2022. A remuneration of INR 3,85,000/- (Rupees Three Lakhs Eighty Five Thousand only) plus applicable taxes and out of pocket expenses has been fixed for the Cost Auditors subject to the ratification of such fees by the Members at the 44<sup>th</sup> AGM. Accordingly, the matter relating to ratification of the remuneration payable to the Cost Auditors for the financial year ending 31 December 2022 is placed at the 44<sup>th</sup> AGM. The Company has maintained cost records as specified under sub-section (1) of section 148 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 2022.

#### **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 2021. The Secretarial Auditor's report to the shareholders does not contain any qualification, and is annexed to this report marked as **Annexure VI**.

## **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 VII**.

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 Statements 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 Committee has been constituted in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. There was one training session conducted for the POSH Committee, Human Resource function and some of the Leaders

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 by 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 Wholtime 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.
7. The details of difference between amount of the valuation done at the time of one-time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof - Not Applicable
8. The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the year along with their status as at the end of the financial year - Not Applicable

## 26. AWARDS AND RECOGNITIONS

Your Company was recognized with many prestigious and diverse external accolades in 2021 which include:

1. Castrol India's flagship CSR programmes - Castrol Eklavya for upskilling of mechanics and Castrol Sarathi Mitra for the holistic development of truck drivers - were recognized for 'Excellence in CSR' by the British Business Group Delhi.
2. GOTS (Global organic textile standard) certification audit was successfully completed for the Silvassa

Plant pertaining to products Tribol BW 22 & Tribol BW 32, thereby ensuring organic status of textiles through environmentally and socially responsible manufacturing.

3. The Ford Q1 certification, a highly coveted award reflecting strong quality standards, processes and focus on customer service, was successfully renewed for the Castrol India Silvassa plant in July 2021 – making it the only lubricants plant in Asia to win the prestigious award. In March 2021, the plant had successfully completed the annual Q1 manufacturing site assessment with all elements in "Green" and completed Materials Management Operating Guidelines/Logistic Evaluation (MMOG/LE) which is a mandatory sub-requirement for Ford Q1 with "Rating A".
4. Castrol India Limited was awarded the Tata Motors Supplier Awards 2021 for "Ramp Up Agility" recognizing our contribution towards ensuring supply security for Tata's ICE & Electric Car manufacturing operations.
5. Castrol India Limited's Paharpur Plant was conferred the Indian Chamber of Commerce Health & Safety Silver Award 2021 by the Hon'ble Minister for Labour, Government of West Bengal for utmost commitment to Health and Safety of the workforce.

## 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 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 &  
Wholtime Director  
DIN: 02509800

**Place :** Mumbai  
**Date :** 2 May 2022

# 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 1000 Listed Companies in India as per Market Capitalization as on the preceding Financial Year shall formulate a dividend distribution policy.

### 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 or 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 Nomination & Remuneration 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-imbursements 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

### THE ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

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

#### 1. Brief outline on the CSR policy of the Company

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, the Company continues to engage with

communities around areas of operations and presence through various community development programmes focused on education and upskilling for youth and women.

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.

#### 2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Rakesh Makhija	Chairman	3	3
2	Mrs. Sangeeta Talwar	Member	3	3
3	Mr. Sashi Mukundan	Member	3	3
4	Mr. Sandeep Sangwan	Member	3	3
5	Mr. Deepesh Baxi	Member	3	3

3. Provide the web-link where Composition of CSR Committee, CSR policy, and CSR projects approved by the board are disclosed on the website of the company - [http://www.castrol.com/en\\_in/india/about-us/csr.html](http://www.castrol.com/en_in/india/about-us/csr.html)

4. Provide the details of Impact Assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach report)

5. Details of the amount available for set-off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and the amount required to be set-off for the financial year, if any – NA

## 6. Average net profit of the Company as per section 135(5)

Average net profit of the Company for last three financial years (2018, 2019 and 2020) calculated in accordance with the provisions of the Section 198 of the Companies Act, 2013 is INR 1052.3 crores

7. (a) Two percent of average net profit of the Company as per section 135(5) – INR 21.1 crores  
 (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years – NA  
 (c) Amount required to be set off for the financial year, if any – NA  
 (d) Total CSR obligation for the financial year (7a+7b-7c) – INR 21.1 crores
8. (a) CSR amount spent or unspent for the financial year:

Total Amount spent for the financial year (In Rs. crores)	Amount unspent (In Rs. crores)
21.2	Nil

- (b) Details of CSR amount spent against ongoing projects for the financial year:

(All figures in INR Crores)

1 Sl. No.	2 Name of the project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes / No)	5 Location of the project		6 Project duration	7 Amount allocated for the project  Rs. in crores	8 Amount spent in the current financial year  Rs. in crores	9 Amount transferred to unspent CSR account for the project as per section 135(6)  Rs. in crores	10 Mode of implementation –Direct (Yes/No)	11 Mode of implementation-Through implementing agency	
				State	District						Name	CSR registration number
1	Programme for mechanics-Castrol Eklavya: Strengthening skills in the automotive and industrial sectors, with a focus on technology	Livelihood enhancement projects	yes	Chhattisgarh Uttar Pradesh, Maharashtra Himachal Pradesh, Tamil Nadu, and Karnataka	Multiple districts	Jan 2021 to Dec 2021	7.2	7.2	-	No	Social Empowerment and Economic Development Society (SEEDS), Empower Foundation Friends Union for Energising Lives (FUEL)	CSR00000657  CSR00000606 CSR00000051
2	Programme for truck drivers – Castrol Sarathi Mitra: holistic development of truck drivers	Livelihood enhancement projects	yes	Maharashtra, Delhi/NCR, Tamil Nadu, West Bengal, Karnataka and Uttar Pradesh	Multiple districts	Jan 2021 to Dec 2021	8.2	8.2	-	No	Social Empowerment and Economic Development Society (SEEDS), Synergie Institute of Trade, Commerce and Industry	CSR00000657  CSR00000433
3	Community Development in the areas of operation and presence	Livelihood enhancement projects	Yes	Maharashtra, Silvassa and West Bengal	Silvassa, Patalganga and Paharpur, Mumbai	Jan 2021 to Dec 2021	1.0	1.0	-	No	Empower foundation Learning Links foundation United Way of Mumbai Magic Bus foundation	CSR00000606 CSR00000640 CSR00000762 CSR00001330
4	Humanitarian Aid - Covid vaccination programme	Disaster relief	Yes	Maharashtra, Delhi, Andra Pradesh	Mumbai, Delhi and Vijayawada	Jan 2021 to Dec 2021	0.7	0.7	-	No	Society for Educational reforms and Economic development (SEED) Synergie Institute of Trade, Commerce and Industry	CSR00000854  CSR00000433
							17.2	17.2	-			

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

1 Sl. No.	2 Name of the project	3 Item from the list of activities in Schedule VII to the Act	4 Local area (Yes/No)	5 Location of the project		6 Amount spent for the project (in Rs.)	7 Mode of implementation –Direct Yes/No)	8 Mode of implementation- Through implementing agency	
				State	District			Name	CSR registration number
1	Humanitarian aid - COVID-19 relief programme including supporting hospital with oxygen plant, O2 concentrators and ventilators;	Disaster relief	yes	Maharashtra, Delhi, Silvassa and Chhattisgarh	Multiple districts	2.9	No	Americares India	CSR00000791

(d) Amount spent in Administrative Overheads: Rs.1.0 crores

(e) Amount spent on Impact Assessment, if applicable: Rs.0.2 crores

(f) Total amount spent for the Financial Year: Rs. 21.2 crores

(8b +8c+8d+8e)

(g) Excess amount for set-off , if any : Nil

9. Details of unspent CSR amount for the preceding three financial years: Nil

10. In case of creation or acquisition of capital assets, furnish the details relating to the assets so created or acquired through CSR spent in the financial year: Nil

11. Specify the reasons, if the company has failed to spend two per cent of the average net profit as per section 135(5): NA

**Sandeep Sangwan**  
Managing Director  
DIN: 08617717

**Rakesh Makhija**  
Chairman, CSR Committee  
DIN: 00117692

## Annexure IV

### Form No. AOC-2

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms' length transactions under third proviso thereto:**

- 1. Details of contracts or arrangements or transactions not at arm's length basis:** The details of contracts or arrangements or transactions not at arm's length basis for the year ended 31 December 2021 are as follows:

Name(s) of the related party and nature of relationship	Nature of contracts / arrangements/ transactions	Duration of the contracts / arrangements/ transaction	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
BP Europa SE –Fellow Subsidiary	Sourcing of Biomass Graphene Disposal Face Masks	One- time arrangement	The Company procured 2.52 million units of Biomas Graphene Face masks free of cost from BP Europa SE, out of which 1.26 million units were distributed free of cost to the stakeholders of the Company and the balance 1.26 million units were transferred free of cost to BP India Private Limited.	As part of the Company's COVID-19 community outreach, the Company procured the masks to distribute free of cost to its the stakeholders.	18 June 2021	No	Not applicable

- 2. Details of material contracts or arrangements or transactions at arm's length basis:** There were no material contracts or arrangements or transactions entered into during the year ended 31 December 2021, which were at arm's length basis.

Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transaction	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
NIL						

**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 :** 2 May 2022

## Annexure V

### 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

Following are the key investments made for energy conservation in manufacturing plants

- INR 20 lacs in compressor & pump replacement
- INR 38 lacs for fuel conversion from HSD to PNG
- INR 20 lacs in solar tubes & enhancing natural light on the shop floor
- INR 20 lacs in energy efficient UPS

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

- Rationalization of EHT operations by changing temperature set points in storage tanks
- Replacing water feed tank, insulation, servicing of condensate recovery system, optimizing air fuel ratio and installation of energy efficient feedwater pumps to reduce Specific Fuel Consumption in boiler operations at Patalganga by 15%
- Lower temperature blending across 30% of the portfolio thereby reducing the heating requirement in manufacturing
- Consolidated energy audit across manufacturing to optimize energy conservation across all process end to end, with a multiyear implementation plan.
- Evaluation of increased usage of green energy across manufacturing plants

##### III. Sustainability

- Continuous optimization of flush oil generated in the manufacturing process & ensuring maximum reuse of the same across portfolio
- Collection of equivalent plastic from the market & compliance to the Extended Product Responsibility guidelines.
- Water audit in Silvassa through National Productivity Council, installation of sprinkler

system to reuse ETP treated water for gardening and eliminating major sources of water leakage in the plant

- Optimizing bottle design for upto 20% less plastic consumption, also resulting in reduction of logistics footprint
- Optimizing carton design to use 17% less paper, also saving water consumption & trees upstream in the overall carton manufacturing process. Enabling label suppliers to recycle label liner generated post label application.

#### 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 2021 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.
- India government leapfrogged BS V and moved directly from BS IV to BS VI giving the industry about 4 years for the change which took about 9 years in Europe. BSVI came into effect from 1 April 2020 in India to keep a check and control over release of air pollutants from equipment using internal combustion engines including vehicles. Company also launched BS VI ready products for new next generation cars in OEM space under its MAGNATEC portfolio. Molecule with DUALOCK technology cling to the surface, lock with each other and protect the critical engine parts. This helps provide 50% better protection from WARM-UP wear and STOP-



START wear, saves upto 50L fuel in a year. Thus giving non stop protection from every start.

- The following BSVI ready products in MAGNATEC portfolio were launched in market:
  - MAGNATEC STOP-START 0W-20
  - MAGNATEC STOP-START 5W-30
  - MAGNATEC SUV 5W-40
  - MAGNATEC STOP-START 0W-16
- The company continued to work with major local and global OEMs in motorcycles, passenger cars, commercial vehicles segments to develop products tailor made for their requirement.
- 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. The company also worked on POWER1 Super Bike variants.
- Products were upgraded in terms of their specification across POWER1, CRB, MAGNATEC.
- Benefits derived like product improvement, cost reduction, product development or import substitution.
- Localization projects were carried out across the industrial and automotive portfolio looking at cost optimized formulations and raw materials.
- Company launched next generation rust preventive product with reduced VOC elements.
- Products were continuously made robust looking at the base oils, additive packages and solvents across formulations.
- Field trials were continued in India to generate performance data in local conditions to build claims.

#### (ii) Imported technology

- Automotive: High performance automotive lubricants were introduced into Indian market within the last 3 years: VECTON LONG DRAIN 15W-40 CK-4/ E9 proven up to 120,000KM ODI, MAGNATEC STOP-

START 0W-20 & 5W-30 with up to 50L fuel savings per annum.

- E-Fluids: Unlike passenger cars with combustion engines, which require a multi-speed transmission, the electric motor in an electric vehicle generates a constant torque almost independently of the speed. It is important to note that the transmission oil plays an even more significant role in an electric vehicle than in combustion engines. The EV transmissions are developing from an electric motor with a separate electric gearbox to a combined system with increased demands on the EV fluids. The company continued to work with OEMs to develop e-fluids for their requirement. The company supplies e-fluids to MG motors and TATA.
- 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, Molub Alloy 6080/460-1.5 for High Performance application, Tribol BW 32, Perfecto X series, Rustilo HL 01 etc. for other industrial applications.

(iii) Expenditure on R&D	(INR in Crores)
Capital	1.28
Recurring	3.97
<b>Total</b>	<b>5.25</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 Vietnam, Shenzhen, Thailand and Belgium.

2. Earnings and Outgo	(INR in Crores)
Foreign Exchange Earnings	63.41
Foreign Exchange Outgo	1047.69

**On behalf of the Board of Directors**

**Sandeep Sangwan**  
Managing Director  
DIN: 08617717

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

**Place :** Mumbai  
**Date :** 2 May 2022

## Annexure VI

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> DECEMBER, 2021

*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial 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 2021**. 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 on 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, 2021**, 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, 2021** 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 (up to 12<sup>th</sup> August, 2021) and The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (with effect from 13<sup>th</sup> August, 2021) – **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 (up to 15<sup>th</sup> August, 2021) - **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 (up to 9<sup>th</sup> June, 2021) and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (with effect from 10<sup>th</sup> June, 2021) - **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.**
- i. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (with effect from 16<sup>th</sup> August, 2021)- **Not Applicable as the Company has not issued and listed debt securities 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 collating 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 and 2007 respectively.

**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/Committee Meetings, agenda and detailed notes on agenda were sent seven days in advance before the meeting. 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: F0044206C002453213

**Date :** 7 February 2022

**Place :** Thane

## Annexure A

To,  
The Members,  
**Castrol India Limited**  
**CIN: L23200MH1979PLC021359**  
1<sup>st</sup> Floor, Technopolis Knowledge Park  
Mahakali Caves Road,  
Andheri ( East),  
Mumbai 400 093

Our Secretarial Audit Report for the financial year ended **31 December 2021** 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. We have conducted our Audit remotely based on the records and information made available to us through electronic platform by the Company, due to COVID-19 pandemic induced lockdown and restrictions/Work From Home policy of the Company in place for the purpose of issuing this report..
6. 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.
7. 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: F004206C002453213

**Date** : 7 February, 2022

**Place** : Thane

## Annexure VII

### 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 2021, 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 2021:

Sr. No.	Name of Director/KMP	Designation	Remuneration of Director/ KMP for FY 2021 (INR in Crore)	Percentage increase in Remuneration in the Financial Year 2021	Ratio of remuneration of each Director/KMP to median remuneration of employees
1	Mr. Sandeep Sangwan	Managing Director	2.83	-23.9	12.1
2	Mr. Deepesh Baxi	CFO & Wholetime Director	1.73	-25.1	7.4
3	Mr. Mayank Pandey <sup>1</sup>	Wholetime Director - Supply Chain	0.50	N.A.	N.A.
4	Mr. Uday Khanna*	-	-	-	-
5	Mr. R. Gopalakrishnan*	-	-	-	-
6	Mrs. Sangeeta Talwar*	-	-	-	-
7	Mr. Rakesh Makhija*	-	-	-	-
8	Mr. Udayan Sen	-	-	-	-
9	Mr. Sashi Mukundan	-	-	-	-
10	Mr. Ramchander Subramaniam Avanavadi	-	-	-	-
11	Ms. Chandana Dhar <sup>2</sup>	Company Secretary	0.62	N.A.	N.A.
12	Ms. Hemangi Ghag <sup>3</sup>	Company Secretary	0.46	N.A.	N.A.

<sup>1</sup> Mr. Mayank Pandey joined as a Whole-time Director with effect from 9 August 2021 and hence his remuneration is for the period from 9 August 2021 to 31 December 2021.

<sup>2</sup> Ms. Chandana Dhar relinquished office as a Company Secretary & Compliance Officer with effect from 5 September, 2021 and hence her remuneration is for the period from 1 January 2021 to 5 September 2021.

<sup>3</sup> Ms. Hemangi Ghag was appointed as the Company Secretary & Compliance Officer with effect from 6 September 2022 and hence her remuneration is for the period from 6 September 2021 to 31 December 2021.

Accordingly, the percentage increase in Remuneration of the aforesaid Director/Company Secretary & Compliance Officer and the ratio of their remuneration to median remuneration of employees, are not shown as the same are not comparable.

\* 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 2021	632
Percentage increase in the median remuneration of employees* in the Financial Year	16.2%

\* excluding Managing Director and Wholetime Directors.

- (iii) The average percentage increase made in salaries of employees (other than managerial personnel) was 12.4% while increase in managerial remuneration was (-24.5)%. For the performance year 2020, performance linked bonus was not paid resulting in a reduction in managerial remuneration. 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 : 2 May 2022

# 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 ("SEBI Listing Regulations"). As of the year ended 31 December 2021, 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, the following changes took place in the composition of the Board of Directors:

- a. appointment of Mr. Deepesh Baxi (DIN: 02509800) as a Chief Financial Officer & Wholetime Director on the Board of the Company for a period of five (5) years with effect from 1 January 2021.
- b. appointment of Mr. Mayank Pandey (DIN: 09274832) as an Additional Director and the Wholetime Director on the Board of the Company for a period of five (5) years with effect from 9 August 2021, subject to the approval of the Central Government.

### 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) 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 the SEBI Listing Regulations.

The composition of the Board, Directorships/Committee membership positions in other companies as on year ended 31 December 2021, 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 the last AGM	Directorships in companies <sup>#</sup> (including Castrol India Limited)	Memberships of Board Committees <sup>^</sup> (including Castrol India Limited)	
			Held	Attended			Member	Chairman
Mr. R. Gopalakrishnan	Chairman & Independent Director	Non-Executive Director	5	5	Yes	4	3	1
Mr. Uday Khanna	Independent Director	Non-Executive Director	5	5	Yes	6	5	3
Mrs. Sangeeta Talwar	Independent Director	Non-Executive Director	5	5	Yes	9	8	2
Mr. Rakesh Makhija	Independent Director	Non-Executive Director	5	5	Yes	3	2	1
Mr. Sashi Mukundan (representing Castrol Limited, UK)	Nominee Director	Non-Executive Director	5	5	Yes	3	0	0
Mr. A. S. Ramchander (representing Castrol Limited, UK)	Nominee Director	Non-Executive Director	5	5	No	1	1	0
Mr. Sandeep Sangwan	Managing Director	Executive Director	5	5	Yes	1	1	0
Mr. Udayan Sen (representing Castrol Limited, UK)	Nominee Director	Non-Executive Director	5	5	No	1	1	0
Mr. Deepesh Baxi <sup>+</sup>	Chief Financial Officer & Wholetime Director	Executive Director	5	5	Yes	1	1	0
Mr. Mayank Pandey <sup>@</sup>	Wholetime Director	Executive Director	1	1	NA	1	0	0

<sup>#</sup> Directorships exclude Directorships in Foreign Companies.

<sup>^</sup> Board Committees' memberships include memberships of Audit Committee and Stakeholders' Relationship Committee of public limited companies, whether listed or not.

<sup>+</sup> Mr. Deepesh Baxi (DIN: 02509800) was appointed as Chief Financial Officer and Wholetime Director with effect from 1 January 2021.

<sup>@</sup> Mr. Mayank Pandey (DIN: 09274832) was appointed as a Wholetime Director of the Company with effect from 9 August 2021.

### Names of the listed entities where a Director of the Company is a Director and the category of Directorship as on 31 December 2021

Name of the Director	Name of the Company	Designation
Mr. R. Gopalakrishnan	None	-
Mr. Uday Khanna	Pfizer Limited	Non-Executive Independent Director
	Kotak Mahindra Bank Limited	Non-Executive Independent Director
	Pidilite Industries Limited	Non-Executive Independent Director
Mrs. 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
Mr. Sandeep Sangwan	None	-
Mr. Deepesh Baxi	None	-
Mr. Sashi Mukundan	None	-
Mr. A. S. Ramchander	None	-
Mr. Udayan Sen	None	-

Mr. Uday Khanna holds 1,600 equity shares of the Company, Mr. Ramchander Avanavadi Subramaniam holds 20 equity shares and Mr. Udayan Sen holds 1,508 equity shares of the Company. 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 are 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 & Compliance Officer is responsible for preparation of the agenda including the background papers and convening of the Board and Committee meetings. The Company Secretary & 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 5 (five) Board meetings were held i.e. on 1 February 2021, 26 April 2021, 18 June 2021, 2 August 2021 and 29 October 2021 respectively. The maximum interval between any two meetings was within the maximum allowed gap pursuant to the

Companies Act, 2013 and the 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 29 October 2021 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.

Upon appointment, 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 Directors and Independent Directors include 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/familiarization-programme-for-directors-fy2021.pdf](https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/familiarization-programme-for-directors-fy2021.pdf)



The table below highlights the Core Areas of Expertise/Skills/Competencies of the Board members. However, absence of mention of a skill/expertise/competency against a Director's name does not indicate that the Director does not possess that competency or skill:

Skills / Expertise / Competence	Sandeep Sangwan	R. Gopalakrishnan	Uday Khanna	Rakesh Makhija	Sangeeta Talwar	Deepesh Baxi	Mayank Pandey	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			✓	✓		✓				✓
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 44<sup>th</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 the 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 the SEBI Listing Regulations 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 management systems; and
16. approval of appointment of Chief Financial Officer (CFO).

As on 31 December 2021, the Audit Committee comprises 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, there were no 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 & 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 2020.

Five (5) meetings of the Audit Committee were held during the financial year ended 31 December 2021 i.e. on 1 February 2021, 26 April 2021, 18 June 2021, 2 August 2021 and 29 October 2021. The attendance of each member of the Committee is given below:

Name of the Director	Director Category	Designation	No. of Meetings Held	
			Held	Attended
Mr. Uday Khanna	Independent	Chairman	5	5
Mr. R. Gopalakrishnan	Independent	Member	5	5
Mrs. Sangeeta Talwar	Independent	Member	5	5
Mr. Rakesh Makhija	Independent	Member	5	5
Mr. A. S. Ramchander	Non-Executive	Member	5	5
Mr. Udayan Sen	Non-Executive	Member	5	5

#### (B) Nomination and Remuneration Committee

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

The 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 and 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; and

7. recommend to the Board, all remuneration, in whatever form, payable to senior management.

The NRC comprises five (5) members viz. Mrs. Sangeeta Talwar, Mr. R. Gopalakrishnan, Mr. Uday Khanna, Mr. Rakesh Makhija and Mr. Sashi Mukundan. The NRC is chaired by Mrs. 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 ("the 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 the SEBI Listing Regulations. 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) meetings of the NRC were held during the year ended 31 December 2021 i.e. on 1 February 2021, 26 April 2021, 2 August 2021 and 29 October 2021. The Chairperson of the Committee attended the 43<sup>rd</sup> Annual General Meeting of the Company for the year ended 31 December 2020, held on 30 April 2021. The Company Secretary & Compliance Officer acts as the Secretary to the Committee.

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

Name of the Director	Director Category	Designation	No. of Meetings Held	
			Held	Attended
Mrs. Sangeeta Talwar	Independent	Chairperson	4	4
Mr. R. Gopalakrishnan	Independent	Member	4	4
Mr. Uday Khanna	Independent	Member	4	4
Mr. Rakesh Makhija	Independent	Member	4	4
Mr. Sashi Mukundan	Non-Executive	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 Directors and Independent Directors other than payment of sitting fees paid to the Independent Directors for attending Board and Committee meetings and commission as approved by the Members and the 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.

The 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)

The details of remuneration paid to Executive Directors for the financial year ended 31 December 2021 is as under:

(Amount in INR)

Name of the Director	Salary	Perquisites	Retiral Benefits*	Performance Based Incentives**	Total
Mr. Sandeep Sangwan	23,467,215	3,651,233	1,181,250	-	28,299,698
Mr. Deepesh Baxi	15,124,802	1,303,969	878,550	-	17,307,321
Mr. Mayank Pandey (w.e.f. 9 August 2021)	4,733,116	-	227,385	-	4,960,501

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

\*\* Performance based incentive was not paid for the year 2020 (payable in the year 2021).

- 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 linked to short-term performance against the annual plan. The total overall bonus is linked to performance relative to measure and targets reflected in the annual plan which in turn reflects Company's strategy.

- the agreement with each Wholtime Directors and the Managing Director is made for a period of 5 year(s). 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 Directors are entitled to the shares of BP PLC (Ultimate Holding Company) under the 'BP Share-Match' and 'BP Share Value Plan' Schemes, as in force. In 2021, a one-time 'bp reinvent share plan' was launched for all eligible bp employees including Wholtime Directors and the Managing Director of the Company.

The details of remuneration of Non-Executive, Independent Directors for the financial year ended 31 December 2021 is as under:

(Amount in INR)

Name of the Director	Commission	Sitting Fees	Total
Mr. R. Gopalakrishnan	20,00,000	8,00,000	28,00,000
Mr. Uday Khanna	16,00,000	7,50,000	23,50,000
Mrs. Sangeeta Talwar	16,00,000	9,00,000	25,00,000
Mr. Rakesh Makhija	16,00,000	9,50,000	25,50,000

### (C) Stakeholders' Relationship Committee

Stakeholders' Relationship Committee ("SRC") has been constituted to monitor and review investors' grievances. As on 31 December 2021, it comprises Mr. R. Gopalakrishnan (Independent Director), Mr. Sandeep Sangwan and Mr. Deepesh Baxi. Mr. R. Gopalakrishnan is the Chairman of the Committee.

During the year under review:

- Mr. Deepesh Baxi was appointed as the member of the Committee w.e.f. 1 January 2021.
- Ms. Hemangi Ghag, Company Secretary & Compliance Officer of the Company, is the Compliance Officer for redressal of shareholders' / investors' complaints, with effect from 6 September 2021.

One (1) meeting of the Committee was held during the year ended 31 December 2021 on 26 April 2021 and all members attended the said meeting. The Chairman of the Committee attended the Annual General Meeting for the year ended 31 December 2020. The Company Secretary & Compliance Officer acts as the Secretary to the Committee.

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

Name of the Director	Director Category	Designation	No. of Meetings	
			Held	Attended
Mr. R. Gopalakrishnan	Independent	Chairman	1	1
Mr. Sandeep Sangwan	Executive	Member	1	1
Mr. Deepesh Baxi (w.e.f. 1 January 2021)	Executive	Member	1	1

#### Details of Shareholders'/Investors' Complaints

During the Financial Year ended 31 December 2021, 32 complaints were received from the shareholders. Out of the total complaints received during the year Nil were pending as on 31 December 2021. The complaints relate to non-receipt of annual report, dividend, share transfers, etc.

Opening as on 1 January 2021	0
Received during the year	32
Disposed off during the year	32
Closing as on 31 December 2021	0

#### (D) Corporate Social Responsibility Committee

As on 31 December 2021, the Corporate Social Responsibility ("CSR") Committee comprises Mr. Rakesh Makhija, Mrs. Sangeeta Talwar, Mr. Sashi Mukundan, Mr. Sandeep Sangwan and Mr. Deepesh Baxi. Mr. Rakesh Makhija is the Chairman of the Committee.

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

1. Mr. Deepesh Baxi was appointed as the Member of the Committee w.e.f. 1 January 2021.

The Company Secretary & Compliance Officer acts as the Secretary to the Committee. Three

(3) meetings of the Committee were held during the year ended 31 December 2021 viz. on 1 February 2021, 2 August 2021 and 29 October 2021.

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

Name of the Director	Director Category	Designation	No. of Meetings	
			Held	Attended
Mr. Rakesh Makhija	Independent	Chairman	3	3
Mrs. Sangeeta Talwar	Independent	Member	3	3
Mr. Sashi Mukundan	Non-Executive	Member	3	3
Mr. Sandeep Sangwan	Executive	Member	3	3
Mr. Deepesh Baxi (w.e.f. 1 January 2021)	Executive	Member	3	3

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 2021.

#### (E) Risk Management Committee

As on 31 December 2021, the Risk Management Committee ("RMC") comprises Mr. Sandeep Sangwan, Managing Director as the Chairman of the Committee and other members viz. Mr. Deepesh Baxi, Chief Financial Officer and Wholetime Director and Mr. Siddharth Shetty, Managing Counsel and Mr. Rakesh Makhija, Non-Executive Independent Director of the Company. The Company Secretary & Compliance Officer acts as the Secretary to the Committee.

Two (2) meetings of the RMC were held during the year ended 31 December 2021 viz. on 12 April 2021 and 12 October 2021.

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

1. Mr. Deepesh Baxi was appointed as the Member of the Committee w.e.f. 1 January 2021.
2. Mr. Rakesh Makhija, Independent Director was appointed as the Member of the Committee w.e.f. 18 June 2021.

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

Name of the Director	Director Category	Designation	No. of Meetings	
			Held	Attended
Mr. Sandeep Sangwan	Executive	Chairman	2	2
Mr. Siddharth Shetty	KMP	Member	2	1
Mr. Deepesh Baxi (w.e.f. 1 January 2021)	Executive	Member	2	2
Mr. Rakesh Makhija (w.e.f. 18 June 2021)	Independent	Member	1	1

### 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 2021, 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 appointed M/s. KPMG, 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/en\\_in/india/home/investors/corporate-governance.html#accordion\\_code-of-conduct](https://www.castrol.com/en_in/india/home/investors/corporate-governance.html#accordion_code-of-conduct)

## 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")	30 April 2021	3:00 P.M. IST	Nil
Video Conferencing ("VC") / Other Audio Visual Means ("OAVM")	15 July 2020	3:00 P.M. IST	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 A.M. IST	Nil

### Postal Ballot

During the year no special resolution was passed through postal ballot. There is no special resolution proposed to be conducted through postal ballot.

## 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/investors/intimation-to-share-holders.html#tab\\_2021](https://www.castrol.com/en_in/india/home/investors/intimation-to-share-holders.html#tab_2021).

## 7. General Shareholder Information

### Forty-Fourth (44<sup>th</sup>) Annual General Meeting

**Date** : Wednesday, 8 June 2022

**Time** : 10.00 AM IST

**Venue** : 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 – 400 093]

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

**Book Closure Dates:** Saturday, 4 June 2022 to Wednesday, 8 June 2022

**Dividend Payment Date:** on or before 7 July 2022

## 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.

### 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
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	27-10-2020	02-12-2027
2020	Final	30-04-2021	05-06-2028
2021	Interim	02-08-2021	07-09-2028

### 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 2021-22 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 2021:

Month	BSE		NSE	
	High (INR)	Low (INR)	High (INR)	Low (INR)
January 2021	131.80	121.95	131.80	121.80
February 2021	135.40	123.30	135.50	123.20
March 2021	140.35	117.75	140.30	117.70
April 2021	134.15	117.75	134.40	117.70
May 2021	138.15	122.25	138.25	122.85
June 2021	154.90	131.45	154.90	131.25
July 2021	149.90	137.50	150.00	137.70
August 2021	142.40	127.00	142.70	127.10
September 2021	143.85	132.30	143.90	133.50
October 2021	149.55	136.50	149.60	136.30
November 2021	142.50	128.75	142.50	128.70
December 2021	129.50	120.00	126.90	119.70

## 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 2021, 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 2021.

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 SEBI Listing Regulations. 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.



**Distribution of shareholding by size class:**

No. of Shares held	No. of shares	No. of shareholders	% of shareholders
Upto 500	24626943	223319	83.35
501 – 1000	14525631	18449	6.89
1001 – 2000	16293884	10834	4.04
2001 – 3000	10619894	4192	1.56
3001 – 4000	8894121	2483	0.93
4001 – 5000	8039332	1747	0.65
5001 – 10000	25493601	3507	1.31
10001 and above	880628978	3392	1.27
<b>Total</b>	<b>989122384</b>	<b>267923</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	1	504452416	51.00
II	Foreign Collaborator	0	0	0.00
III	Foreign Institutional Investors & FPI & Foreign National	197	120233044	12.16
IV	Overseas Bodies Corporate	0	0	0.00
V	Non-Resident Indians	4586	10105278	1.02
VI	Public Financial Institutions	2	2500768	0.25
VII	Indian Mutual Funds & Alternate Investment Fund	33	18475855	1.87
VIII	Nationalised Banks/	9	530120	0.05
IX	Non-Nationalized Bank	11	2624	0.00
X	Other Banks (Foreign Bank)	2	19276	0.00
XI	Domestic Companies (Other Bodies Corporate)	79	2692577	0.27
XII	Resident Individuals	256360	172400421	17.42
XIII	Directors and Relatives	4	3228	0.00
XIV	Others (Clearing Member, HUF, Insurance Companies, IEPF, NBFC, Trust)	6637	157706777	15.94
<b>Total</b>		<b>267921</b>	<b>989122384</b>	<b>100.00</b>

As on 31 December 2021, about 99.15% 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 has not maintained any demat suspense account and/or unclaimed suspense account as on 31 December 2021.

**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

1<sup>st</sup> Floor, Technopolis Knowledge Park, Mahakali Caves Road, Andheri (East), Mumbai – 400 093

Email ID for investors: 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 2021, the Company has paid a consolidated sum of INR 1.63 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 SEBI 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 circulation all over India and in a Marathi newspaper having 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 SEBI Listing Regulations.

**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 off 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 2021.

**Place:** Mumbai  
**Date:** 7 February 2022

**Sandeep Sangwan**  
Managing Director  
DIN: 08617717

## 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

1<sup>st</sup> Floor, 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 ('the Company') bearing 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 2021 and Financial year 2022 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.

We have issued this certificate on the basis of records and information made available to us through electronic platform by the Company, due to COVID-19 pandemic induced lockdown and restrictions/ Work From Home policy of the Company.

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 none of the Directors on the Board of the Company, as listed hereunder for the Financial Year ended 31<sup>st</sup> December, 2021, 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. Ramabadran 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	Mrs. Sangeeta Talwar	00062478	23-07-2018	NA
5	Mr. Rakesh Makhija	00117692	01-10-2019	NA
6	Mr. Ramchander Subramaniam Avanavadi	00046647	29-04-2019	NA

Sr. No.	Name of Director	Director Identification Number (DIN)	Date of Appointment	Date of cessation
7	Mr. Udayan Sen	02083527	02-04-2020	NA
8	Mr. Sandeep Sangwan	08617717	01-01-2020	NA
9	Mr. Deepesh Baxi	02509800	01-01-2021	NA
10	Mr. Mayank Pandey	09274832	09-08-2021	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 December, 2021.

**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 : F004206C002452951

**Date:** 7 February 2022

**Place:** Thane

## TO THE MEMBERS OF CASTROL INDIA LIMITED

### INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter dated July 02, 2021.
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, 2021.
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: 22101708AAROYO6354

**Place:** Mumbai

**Date:** 7 February 2022

## 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	1 <sup>st</sup> Floor, Technopolis Knowledge Park, Mahakali Caves Road, Andheri (East), Mumbai – 400 093
4.	Website	<a href="http://www.castrol.co.in">www.castrol.co.in</a>
5.	E-mail id	<a href="mailto:investorrelations.india@castrol.com">investorrelations.india@castrol.com</a>
6.	Financial Year Reported	1 January to 31 December, 2021
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)	Rs. 494.56 Crores
2.	Total Turnover (INR)	Rs. 4192.1 Crores
3.	Total profit after taxes (INR)	Rs. 758.1 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.8% of PAT (Rs. 21.2 Crores on PAT of Rs. 758.1 Crores)
5.	List of activities in which expenditure in 4 above has been incurred:	Please refer to CSR Report on page no. 40

### 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	02509800	09274832
<b>Name</b>	Mr. Sandeep Sangwan	Mr. Deepesh Baxi	Mr. Mayank Pandey
<b>Designation</b>	Managing Director	Chief Financial Officer and Wholetime Director	Wholetime Director

(b) Details of the BR head:

Sr. No.	Particulars	Details		
1.	<b>DIN Number (if applicable)</b>	08617717	02509800	09274832
2.	<b>Name</b>	Mr. Sandeep Sangwan	Mr. Deepesh Baxi	Mr. Mayank Pandey
3.	<b>Designation</b>	Managing Director	Chief Financial Officer and Wholetime Director	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 been 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?	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 been 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?	<p><b>bp Code of Conduct:</b> <a href="https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/who-we-are/our-code-our-responsibility.pdf">https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/who-we-are/our-code-our-responsibility.pdf</a></p> <p><b>Castrol Code of Conduct:</b> <a href="https://www.castrol.com/en_in/india/home/investors/code-of-conduct.html">https://www.castrol.com/en_in/india/home/investors/code-of-conduct.html</a></p> <p><b>Customer policy:</b> <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></p> <p><b>HSE policy:</b> <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></p> <p><b>CSR policy:</b> <a href="https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/cil-csr-policy-2021.pdf">https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/cil-csr-policy-2021.pdf</a></p>								
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**

- **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?**

The Board of Directors of the Company assesses various initiatives forming part of the BR performance of the Company at least once a year.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company publishes the information on BR in the Annual Report of the Company available on the website of the Company.

[https://www.castrol.com/en\\_in/india/home/investors/annual-reports.html](https://www.castrol.com/en_in/india/home/investors/annual-reports.html)

**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 the financial year 2021, a total of 10 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 the Corporate Governance Report on Page 50.

## Principle 2 – Products Lifecycle Sustainability

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

All three CIL manufacturing plants are certified to the Environment Management System (ISO 14001:2015), Occupational Health and Safety Management System (ISO 45001: 2018) and Quality Management System Standard (ISO 9001:2015), with two of the plants certified with the Automotive Quality Management System IATF 16949:2016. Our Silvassa plant received a GOTS (Global Organic Textile Standards) certification in 2021.

The Company's commitment to sustainability is demonstrated through maintaining products like Castrol VECTON RX fuelsaver with 3% fuel efficiency and Castrol VECTON LONG DRAIN CK4 proven up to 120,000KM ODI.

The Company also launched EV fluids to cater to the growing requirement of electric mobility in India. The company continues to work with OEMs to develop EV fluids for their requirement. The Company currently supplies EV fluids to two of India's leading passenger car OEMs and is exploring options to supply EV fluids to manufacturers of two wheelers.

In the Industrial segment, the Company has environment friendly products like Hysol SL 35 XBB, Alusol SL 61 XB and Techniclean 80 XBC which deliver prolonged fluid life with an improved health and safety profile. In greases, we have environment friendly Mine Grease for Construction and Mining space and Molub Alloy 6080/460-1.5 for the steel industry. We are also offering our sustainable carbon neutral product Optigear CT 320 for wind industry.

The Company launched BS-VI ready products for new next generation cars in the OEM space under its MAGNATEC portfolio. Molecules with DUALOCK

technology cling to the surface, lock with each other and protect the critical engine parts. This helps provide 50% better protection from WARM-UP wear and STOP-START wear, saves upto 50 litres of fuel in a year, thus giving non-stop protection from every start.

The following BS-VI ready products were launched in 2021 in India under the MAGNATEC portfolio:

- MAGNATEC STOP-START 0W-20
- MAGNATEC STOP-START 5W-30
- MAGNATEC SUV 5W-40
- MAGNATEC STOP-START 0W-16

The raw material sourcing and finished goods distribution systems of the company continue to be optimized with a focus on ensuring as much bulk consolidation as possible. The focus continues to be on maximizing high-capacity vehicles for delivering the products.

The Company has taken various energy efficiency measures at its plants including - consolidated energy audit to optimize energy conservation across all processes end to end, with a multi-year implementation plan, reduced temperature blending across 30% of the portfolio thereby reducing the heating requirement in manufacturing, rationalization of EHT operations by changing temperature set points in storage tanks and multiple efficiency measures to reduce Specific Fuel Consumption in boiler operations by 15% at its Patalganga plant in Maharashtra.

With continued focus on sustainability, there is continuous optimization of flush oil generated in the manufacturing process and ensuring maximum reuse of the same across our portfolio.

Equivalent plastic is collected from the market as per compliance to the Extended Product Responsibility guidelines (EPR) guidelines.

Installation of sprinkler system to reuse ETP treated water for gardening and eliminating major sources of water leakage in the plant is being undertaken at Silvassa.

The Company also optimized its bottle packaging design, thus achieving upto 20% less plastic consumption, also

resulting in reduction of logistics footprint, optimizing carton design to use 17% less paper, thus contributing to reduction in water consumption & trees upstream in the overall carton manufacturing process and enabling label suppliers to recycle label liner generated post label application.

### **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:

- Our employees’ safety is our first priority
- bp grows best by growing its own people
- Our people have potential - we need to develop it
- Diversity matters - so does inclusion
- 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 Pulse 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 three of the Company’s plants. As on 31 December 2021, Castrol India Limited had 469 permanent employees, of which 80 were female employees. In addition, the Company employed 92 contract staff and 162 workmen. The Company does not have any employees with permanent disability. Workers’ trade unions are active in each of the plants and approximately 26% 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)**

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, however 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 centerstage in 2021 at 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, recognize 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 42% of the vacancies the Company had in 2021.

Global Capability Week was introduced for the very first time in the Company in 2017. We have continued with this theme since then. In 2021, during the lockdown and continued work from home we used this as an opportunity to upskill our employees on various technical and behavioral topics.

Our employees spent a total of 2,658 hours attending various virtual sessions on 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 Security scores and generate cyber awareness across all teams and locations.

## 3. Diversity, Equity and Inclusion (DE&I)

The Business Resource Groups (BRGs) on DE&I is employee-initiated and employee-driven and works towards making the Company more inclusive by helping to deliver its DE&I ambition. We also have specific initiatives in the country which help us attract 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 'Purposeful Connections', a new programme which aims at developing better working relations within the team creating trust and empathy between team members. 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, Castrol India Limited follows 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. In 2021, there was one training session run for the POSH committee, P&C and some of the leaders to refresh the awareness thereby creating a stronger committee.

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

The company through its partners interacts and engages with truck drivers who form an important part of India's economic value chain, moving goods across the country. Castrol contracts its logistics through Logistics Services companies who operate approx 750 trucks for Castrol on a daily basis, employing close to 2,000+ truck drivers. With a vision to improve the drivers' safety & wellbeing we work very closely with our partners to engage, train and support drivers to stay safe on road. Programs like Defensive Driver Training (DDT) and several risk-based trainings on road safety were organised throughout 2021 to improve safety mindset and safe driving behaviours.

Road Safety Month was celebrated across all the locations from January to February 2021. More than 2,000 hours of safety focused engagements were done with drivers across the locations.

As a big chunk of the driver community found it difficult to get themselves registered for COVID-19 vaccination,

we connected with more than 700 drivers and helped 400+ truck drivers to get registered for vaccination on the COWIN portal. This was in addition to awareness sessions on the importance of vaccine and other COVID-19 controls.

Along with the CSR team we felicitated the driver community for their dedication to duty and service to people during the COVID-19 pandemic lockdown period. Around 400 drivers operating for Castrol logistics partners were recognised in the same program.

Across our manufacturing sites, we have contractors who provide us services in the areas of housekeeping, engineering & construction, material handling and other project activities. As the country was reeling under the impact of COVID-19, Castrol India Limited undertook various engagement sessions for its contractors and their workforce with support of local authorities to promote vaccination drives.

Castrol India Limited worked closely with local authorities and JV partners to offer free vaccination for all its contractors at its three manufacturing plants. A total of 650+ contractors were vaccinated through these vaccination drives ensuring close to 93% of contractors being fully vaccinated.

Our employees also participated in various activities to contribute towards making a positive impact on local communities and the environment. At our Silvassa plant our employees led a community awareness session on Water, Sanitation, Health and Personal Hygiene as a part of the 'Ujjwal Kal' program. On World Environment Day 2021, we conducted multiple engagement activities on the theme of 'Ecosystem Restoration' for our employees & contractors.

**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 at bp / Castrol.

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 personnel who protect our sites.

Our actions and operations can also bring about major benefits and improvements to individuals, communities and society. bp wants to contribute to sustainable development and is working to do more to support the delivery of the UN Sustainable Development Goals (SDGs). 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](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 all relevant stakeholders. Safety and environmental performance is integral to the business performance of the Company.

The Company has adopted a strategy to advance in the area of energy transition by providing products and services that help business and consumers lower their carbon footprint and use of resources. The experience and expertise the Company have acquired over decades inform its actions, future plans and belief that, to meet global climate goals improving energy efficiency is vital.

The Company is driven to help our customers to minimise waste – wasted energy through friction, down time etc. More information is available on the Company's website in the section on sustainability:

[https://www.castrol.com/en\\_in/india/home/castrol-story/sustainability.html](https://www.castrol.com/en_in/india/home/castrol-story/sustainability.html)

All manufacturing plants of the Company are certified by internationally recognised and certified bodies for Environment Management System (ISO 14001:2004) and Occupational health and safety management systems (ISO 45001: 2018) and ISO 9001:2008 (Quality Management System Standard).

Regular internal and external audits help to continually improve the process and make the Company's processes more efficient. HSSE performance of the company is being reviewed monthly by the Country Leadership Team. The Company has initiatives to address environmental aspects from its manufacturing sites e.g. Non usage of chemicals that can result in Ozone Depletion.

Sites have programmes in place to track energy and water consumption and work towards its 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. The Company is also taking various initiatives to reduce environment footprint of its operations.

The Company has taken various measures to ensure Resource Conservation including:

- Using energy efficient technology like solar and LED lights to reduce energy consumption and move towards cleaner energy.
- 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
- Reduction of Waste through recycle of cleaning oils.
- Adopting technologies and cleaner fuel for its heating requirements.
- Recycling treated water from effluent treatment plant for overall water conservation.

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 environmental performance has been recognized and appreciated by various stakeholders and bodies. The Company has complied to all necessary statutory permits and 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 if any 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:

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

**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 flagships 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:

- Road safety training
- Financial literacy training
- Eye check-ups with distribution of corrective glasses and overall wellbeing of 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.

Since 2020, the programme is being delivered in hybrid model - classroom based training and virtually. Additionally, sessions on health and hygiene practices, linkages to schemes introduced by government, tele-counselling and stress management are being provided to support the drivers and their family members during these pandemic situations. Castrol Sarathi Mitra programme has trained over 125,000 truck drivers across the country till date.

### **Programme for mechanics with an aim to strengthen skill development – 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.

Since 2020, the programme is being delivered in a hybrid model - classroom based training and virtually. Additionally, sessions on health and hygiene practices, linkages to schemes introduced by government, tele-counselling and stress management are also being provided to support the mechanics and their family members during these pandemic situations.

The Castrol Eklavya programme has trained over 225,000 mechanics across the country till date.

### **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.

- **'Two Wheels One Life'** is our programme for safe two-wheeler riding training for youth in and around Mumbai created awareness of safe two-wheeler driving techniques in more than 7,000 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 second COVID-19 wave, the Company continued to support the government's efforts by providing oxygen concentrators and critical medical equipment to government hospitals across 3 states in the country. COVID-19 vaccine hesitancy support and awareness programme along with vaccination drive was also launched during the year in the communities around our areas of operation and presence.

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. 21.2 Crores in 2022, 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 the engine cool and Enduring performance. Along with this we introduced a new variant with 15W50 viscosity on Castrol Activ CRUISE with a 2.5 litre pack, catering to high performance cruiser bikes.

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

In response to the ongoing COVID-19 situation, Castrol India launched a campaign to #SaluteTruckers for keeping India moving by ensuring supply of essential products throughout the country.

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 365,000 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, has 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 bravely helped 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 in early 2021, 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 had launched a new marketing campaign post the lockdown in 2020, continuing on the brand purpose of 'Protect what you love'. The campaign was focused on reminding people to 'Keep moving ahead with #Non-Stop Protection' when the lockdown

was lifted and the country 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.

The Company committed to spend atleast Rs. 10 per pledge (upto a maximum Rs. 50 lakhs) for the upskilling and development of independent mechanics. The campaign received approx. 250,000 pledges, and the amount towards the same was used for various initiatives in 2021 like the Castrol 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.

The Company follows the applicable laws across all its businesses. During the period of 1 January to 31 December 2021, there have been no new cases/complaints with regard to irresponsible advertising related to company business/products.

However, in certain ongoing and new, litigations/complaints/disputes against CIL, the counter parties may have wrongfully alleged unfair trade practice or anti-competitive behavior, however no order and/or judgement against CIL has been passed in the year under review.

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 2021, 99% of the genuine quality complaints received from the market were closed within an average period of 14 working days.

The Company mentions information such as claims and technical specification used in the product, in addition to the mandatory information on the product labels.

Castrol is a technology leader in the lubricant industry that carries out its business in an honest, respectful and

responsible manner. Castrol is renowned for being an extremely ethical organization with strong embedded values and stringent adherence to our Code of Conduct.

### **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:** 7 February 2022

# 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, 2021, 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, 2021, 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 Matter

Key audit matters is the matter that, in our professional judgment, was of most significance in our audit of the financial statements of the current period. This matter was 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 this matter. 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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2021 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: 22101708AARKNH2018

**Place:** Mumbai

**Date:** 7 February 2022

## 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, 2021 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, 2021, 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: 22101708AARKNH2018

Place: Mumbai

Date: February 07, 2022

## 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 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, 2021	Remark
Freehold Land located at Mehsana, Gujarat	₹ 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, 2021 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, 2021 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	20.49	0.69	19.80
		Commissioner (Appeals)	2005-2017	3.99	0.41	3.58
		Tribunal	1996-2016	78.19	2.75	75.44
		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	46.58	12.48	34.10
		Appellate Authority	1994-2018	5.79	2.97	2.82
		Tribunal	1999-2013	1244.34	2.90	1241.44
		High Court	1999-2000	0.23	-	0.23
The Income Tax Act. 1961	Income tax	Central Sales Tax Appellate Authority (CSTAA)	2007 - 2016	2,892.05	-	2,892.05
		Income Tax Appellate Tribunal	2003-04 and 2005-2006	2.64	-	2.64
		Commissioner Income Tax	2016-2017	0.62	-	0.62

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

**Samir R. Shah**

Partner

Membership No. 101708

UDIN: 22101708AARKNH2018

Place: Mumbai

Date: February 07, 2022

## BALANCE SHEET AS AT 31 DECEMBER 2021

Particulars	Note No.	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	171.51	172.58
Right-of-use asset	23	24.26	34.88
Capital work-in-progress	3	50.04	43.54
Other intangible assets	3	5.41	1.75
Financial assets			
Loans receivable	4.1	6.62	6.12
Other financial assets	4.2	-	-
Income tax assets (net)	5	60.00	60.32
Deferred tax assets (net)	6	71.35	62.24
Other non-current assets	7	70.90	68.44
<b>Total Non-current assets</b>		<b>460.09</b>	<b>449.87</b>
<b>Current assets</b>			
Inventories	8	491.65	366.87
Financial assets			
Trade receivables	4.3	311.65	180.49
Cash and cash equivalents	4.4	184.23	194.68
Bank balances other than above	4.5	1,115.98	1,079.51
Loans receivable	4.1	1.94	1.46
Other financial assets	4.2	30.73	30.84
Other current assets	7	107.75	89.78
<b>Total Current assets</b>		<b>2,243.93</b>	<b>1,943.63</b>
<b>Total assets</b>		<b>2,704.02</b>	<b>2,393.50</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Equity share capital	9	494.56	494.56
Other equity	10	1,150.95	919.67
<b>Total equity</b>		<b>1,645.51</b>	<b>1,414.23</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities			
Other financial liabilities	11.2	-	6.22
Other liabilities	14	5.68	7.58
Provisions	12	18.50	18.84
<b>Total Non-current liabilities</b>		<b>24.18</b>	<b>32.64</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	11.1	23.93	4.62
Total outstanding dues of creditors other than micro enterprises and small enterprises	11.1	596.72	540.91
Other financial liabilities	11.2	302.63	305.44
Other liabilities	14	62.15	44.24
Provisions	12	33.05	35.52
Current tax liabilities (net)	13	15.85	15.90
<b>Total Current liabilities</b>		<b>1,034.33</b>	<b>946.63</b>
<b>Total equity and liabilities</b>		<b>2,704.02</b>	<b>2,393.50</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

**Samir R. Shah**  
Partner

**Hemangi Ghag** Company Secretary  
FCS No: 9329

For and on behalf of Board of Directors  
Executive Directors

**Sandeep Sangwan** Managing Director  
DIN: 08617717

**Deepesh Baxi**  
DIN: 02509800

Chief Financial Officer & Whole time Director

Place: Mumbai

Date: February 7, 2022

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 DECEMBER 2021

Particulars	Note No.	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Income</b>			
Revenue from operations	15	<b>4,192.06</b>	2,996.92
Other income	16	<b>48.43</b>	62.03
<b>Total Income</b>		<b>4,240.49</b>	<b>3,058.95</b>
<b>Expenses</b>			
Cost of raw and packing materials consumed	17.1	<b>1,879.08</b>	1,173.97
Purchase of traded goods	17.2	<b>191.85</b>	116.50
Changes in inventories of finished goods / traded goods	17.3	<b>(12.11)</b>	(24.13)
Employee benefits expense	18	<b>231.99</b>	219.81
Finance costs	19	<b>2.41</b>	4.16
Depreciation and amortization expense	20	<b>82.70</b>	86.62
Other expenses	21	<b>835.29</b>	696.66
<b>Total Expenses</b>		<b>3,211.21</b>	<b>2,273.59</b>
<b>Profit Before Tax</b>		<b>1,029.28</b>	<b>785.36</b>
<b>Tax expenses</b>			
Current tax (net of Charge / (reversal) of earlier years - Rs. 0.69 Crore (December 31, 2020 : Rs. (4.60) Crore))		<b>280.03</b>	207.40
Deferred tax	6	<b>(8.84)</b>	(4.98)
<b>Total tax expenses</b>		<b>271.19</b>	<b>202.42</b>
<b>Profit after tax</b>		<b>758.09</b>	<b>582.94</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		<b>(1.05)</b>	4.91
Less : Income tax effect on above		<b>0.26</b>	(1.24)
<b>Total other comprehensive income / (expense) for the year</b>		<b>(0.79)</b>	<b>3.67</b>
<b>Total comprehensive income for the year</b>		<b>757.30</b>	<b>586.61</b>
Earnings per equity share - Basic and Diluted - Face Value Rs. 5.00 each	22	<b>7.66</b>	5.89
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

**Samir R. Shah**  
Partner

**Hemangi Ghag** Company Secretary  
FCS No: 9329

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 7, 2022

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

Particulars		For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Cash flow from operating activities</b>			
<b>Profit before tax</b>		<b>1,029.28</b>	785.36
Adjustments for:			
Depreciation and amortization expenses		<b>82.70</b>	86.62
Loss on disposal / write off of property, plant and equipment and intangible assets (net)		<b>0.94</b>	0.15
Impairment on property, plant and equipment and intangible assets		-	0.23
Allowance for doubtful debts written back (net)		<b>(1.31)</b>	(1.36)
Expense recognised in respect of share based payments		<b>18.00</b>	4.68
Loss / (gain) on fair valuation of forward contract		<b>2.16</b>	(0.76)
Unrealized foreign exchange (gain) / loss		<b>0.82</b>	(1.40)
Finance costs		<b>2.41</b>	4.16
Interest income		<b>(36.33)</b>	(46.98)
Net gain on termination of lease contracts		<b>0.01</b>	(0.10)
Excess accruals written back		<b>(6.05)</b>	(2.09)
<b>Operating profit before working capital changes</b>		<b>1,092.63</b>	<b>828.51</b>
Movements in working capital:			
Decrease / (Increase) in inventories		<b>(124.78)</b>	(62.15)
Decrease / (Increase) in trade and other receivables		<b>(150.54)</b>	279.25
Increase / (Decrease) in trade and other payables and provisions		<b>92.66</b>	86.76
Cash generated from / (used in) operations		<b>909.97</b>	<b>1,132.37</b>
Income tax refund / (payment) (net) (including interest)		<b>(279.76)</b>	(239.58)
<b>Net cash flow from / (used in) operating activities</b>	<b>(A)</b>	<b>630.21</b>	<b>892.79</b>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment (including capital work-in-progress and intangible assets)		<b>(83.21)</b>	(23.76)
Payment for acquiring right-of-use assets		<b>0.00</b>	(17.91)
Proceeds from sale of property, plant and equipment		-	0.01
Placement of bank deposits		<b>(1,596.99)</b>	(1,344.46)
Encashment of bank deposits		<b>1,558.97</b>	1,143.34
Interest received		<b>38.15</b>	41.84
<b>Net cash flow from / (used in) investing activities</b>	<b>(B)</b>	<b>(83.08)</b>	<b>(200.94)</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2021 (CONTD.)

Particulars		For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Cash flow from financing activities</b>			
Dividend paid		(542.47)	(544.01)
Interest paid on other than lease liabilities		(1.19)	(1.20)
Principal payment of lease liabilities		(12.61)	(16.72)
Interest paid on lease liabilities		(1.31)	(2.40)
<b>Net cash flow from / (used in) financing activities</b>	<b>(C)</b>	<b>(557.58)</b>	<b>(564.33)</b>
Net increase / (decrease) in cash and cash equivalents	<b>(A+B+C)</b>	<b>(10.45)</b>	127.52
Cash and cash equivalents at the beginning of the year		<b>194.68</b>	67.16
<b>Cash and cash equivalents at the end of the year</b>		<b>184.23</b>	<b>194.68</b>
<b>Components of cash and cash equivalents</b>			
Cash on hand		-	0.01
Balances with banks in current accounts		<b>11.70</b>	19.00
Deposits with banks		<b>172.53</b>	175.67
<b>Total cash and cash equivalents (note 4.4)</b>		<b>184.23</b>	<b>194.68</b>

### Non cash transactions:

#### Share value plan:

Equity settled share based payments is expensed over the vesting 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))

#### Note:

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

**Hemangi Ghag** Company Secretary  
ACS No: 9329

**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 7, 2022

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2021

### (a) Equity share capital

Particulars	Rupees in Crore	
	No. of shares	Amount
<b>Balance as at January 1, 2020</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>
Changes in equity share capital during the year	-	-
<b>Balance as at December 31, 2021</b>	<b>989,122,384</b>	<b>494.56</b>

### (b) Other equity

Particulars	Reserves & Surplus			Total Other Equity
	Capital Reserve	Retained Earnings	Share based payment	
<b>Balance as at January 1, 2020</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 including corporate dividend tax	-	(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>
Profit for the year	-	758.09	-	758.09
Recognition of Share based payment charge	-	-	18.00	18.00
Other comprehensive Income, net of tax	-	(0.79)	-	(0.79)
<b>Total Comprehensive Income for the year</b>	<b>-</b>	<b>757.30</b>	<b>18.00</b>	<b>775.30</b>
Payment of Dividend	-	(544.02)	-	(544.02)
<b>Balance as at December 31, 2021</b>	<b>13.62</b>	<b>1,095.58</b>	<b>41.75</b>	<b>1,150.95</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

**Hemangi Ghag** Company Secretary  
ACS No: 9329

**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 7, 2022



# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

## 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 recognized 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, 2022

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 2. Significant accounting policies (Contd.)

#### 2.5 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.

##### 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 2. Significant accounting policies (Contd.)

#### 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 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 recognizes 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 2. Significant accounting policies (Contd.)

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 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 vesting 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 recognized as an expense over the vesting period. A corresponding credit is recognized within equity since the cost of such share value plan is borne by the Ultimate Holding Company.

##### Restricted share unit and options

BP PLC ("Ultimate Holding Company") has a "One time reinvent plan" whereby all the employees of its subsidiaries are granted restricted share units of Ultimate Holding Company. Each restricted share unit represents a conditional entitlement to receive one share of Ultimate Holding Company in future, provided that certain terms and conditions are met. Each Option consist of a defined number of shares of ultimate holding company (lot) at a fixed price with a condition entitlement to sell the lot of shares in future after the vesting period.

The main terms and conditions are a) continuous employment with the BP group until the end of vesting 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 recognized as an expense over the vesting period. A corresponding credit is recognized 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 2. Significant accounting policies (Contd.)

#### 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, 2021 and the provision for the remaining period of nine months ending on December 31, 2021. The provision for the remaining period of nine months has been arrived at by applying the applicable tax rate of the financial year 2021-22 to Profit Before Tax of the said period.

#### Deferred tax

Deferred tax is recognized 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.

Unrecognized 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.

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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 2. Significant accounting policies (Contd.)

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 30 years	60 years
Plant and machinery	2 years to 21 years	15 years
Computers	3 years to 6 years	3 years
Equipment board with dealers	3 years	10 years
Furniture and fixtures (including office equipment)	2 years to 15 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 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 recognizes 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 recognize 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 2. Significant accounting policies (Contd.)

The right-of-use assets are initially recognized 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.

#### 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.

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.

#### j. 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 2. Significant accounting policies (Contd.)

#### k. 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.

###### 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.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 2. Significant accounting policies (Contd.)

#### 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 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.

#### I. 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 2. Significant accounting policies (Contd.)

#### m. 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.

#### n. 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.

#### o. 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 DECEMBER 31, 2021

### 3. Property, plant and equipment, Capital work-in-progress and Intangible assets

Particulars	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>A. Carrying amounts</b>		
<b>Tangible Assets</b>		
Freehold Land	3.92	3.92
Leasehold Land	-	-
Building (Including Leasehold Improvements)	36.96	38.33
Plant & equipment	50.84	62.13
Laboratory Equipment	12.22	12.25
Computer Hardware	1.92	3.17
Furniture & Fixture	62.71	49.10
Office Equipment	2.83	3.55
Motor Vehicles	0.11	0.13
	<b>171.51</b>	<b>172.58</b>
<b>Intangible Assets</b>		
Computer Software	5.41	1.75
<b>B. Capital work-in-progress</b>	<b>50.04</b>	<b>43.54</b>

	Freehold Land	Leasehold Land	Building (Including Leasehold Improvements)	Plant & equipment	Laboratory Equipment	Computer Hardware	Furniture & Fixture	Office Equipment	Motor Vehicles	Computer Software	Total
Rupees in Crore											
<b>Cost</b>											
Balance at January 1, 2020	3.92	0.29	58.50	126.95	20.37	9.55	128.32	8.04	0.22	11.16	367.32
Additions	-	-	1.48	17.29	0.36	0.12	22.89	1.30	-	0.45	43.89
Disposals	-	-	1.43	0.84	0.06	0.68	33.94	0.43	-	-	37.38
Reclassified on account of Adoption of Ind AS 116	-	0.29	-	-	-	-	-	-	-	-	0.29
Balance at December 31, 2020	3.92	-	58.55	143.40	20.67	8.99	117.27	8.91	0.22	11.61	373.54
Additions	-	-	3.22	6.48	2.29	0.24	55.20	0.73	-	5.55	73.71
Disposals	-	-	0.88	2.68	-	0.62	48.61	0.03	-	0.34	53.16
Balance at December 31, 2021	3.92	-	60.89	147.20	22.96	8.61	123.86	9.61	0.22	16.82	394.09
<b>Accumulated depreciation</b>											
Balance at January 1, 2020	-	0.01	17.46	63.96	6.27	4.71	61.43	4.48	0.07	8.83	167.22
Additions	-	-	4.17	17.79	2.19	1.53	40.56	1.30	0.02	1.03	68.59
Disposals	-	-	1.41	0.48	0.04	0.65	33.82	0.42	-	-	36.82
Reclassified on account of Adoption of Ind AS 116	-	0.01	-	-	-	-	-	-	-	-	0.01
Balance at December 31, 2020	-	-	20.22	81.27	8.42	5.99	68.17	5.36	0.09	9.86	198.98
Additions	-	-	4.13	17.51	2.32	1.41	41.56	1.45	0.02	1.78	70.18
Disposals	-	-	0.42	2.42	-	0.45	48.58	0.03	-	0.23	52.13
Balance at December 31, 2021	-	-	23.93	96.36	10.74	6.55	61.15	6.78	0.11	11.41	217.03
<b>Impairment Loss [refer Note a]</b>											
Balance at January 1, 2020	-	-	-	0.36	0.01	-	0.03	-	-	-	0.40
Additions	-	-	-	-	-	0.23	-	-	-	-	0.23
Disposals	-	-	-	0.36	0.01	-	0.03	-	-	-	0.40
Balance at December 31, 2020	-	-	-	-	-	0.23	-	-	-	-	0.23
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	0.09	-	-	-	-	0.09
Balance at December 31, 2021	-	-	-	-	-	0.14	-	-	-	-	0.14
<b>Carrying amounts</b>											
Balance at January 1, 2020	3.92	0.28	41.04	62.63	14.09	4.84	66.86	3.56	0.15	2.33	199.70
Additions	-	-	1.48	17.29	0.36	0.12	22.89	1.30	-	0.45	43.89
Depreciation / Impairment	-	-	4.17	17.79	2.19	1.76	40.56	1.30	0.02	1.03	68.82
Disposals (net)	-	-	0.02	-	0.01	0.03	0.09	0.01	-	-	0.16
Reclassified on account of Adoption of Ind AS 116	-	0.28	-	-	-	-	-	-	-	-	0.28
Balance at December 31, 2020	3.92	-	38.33	62.13	12.25	3.17	49.10	3.55	0.13	1.75	174.33
Additions	-	-	3.22	6.48	2.29	0.24	55.20	0.73	-	5.55	73.71
Depreciation / Impairment	-	-	4.13	17.51	2.32	1.41	41.56	1.45	0.02	1.78	70.18
Disposals (net)	-	-	0.46	0.26	-	0.08	0.03	-	-	0.11	0.94
Reclassified on account of Adoption of Ind AS 116	-	-	-	-	-	-	-	-	-	-	-
Balance at December 31, 2021	3.92	-	36.96	50.84	12.22	1.92	62.71	2.83	0.11	5.41	176.92
<b>Capital work in progress movement</b>											
Balance at January 1, 2020											27.33
Addition during the year											60.10
Capitalised during the year											43.89
Balance at December 31, 2020											43.54
Addition during the year											80.21
Capitalised during the year											73.71
Balance at December 31, 2021											50.04

#### Notes :

(a) Impairment Loss is recognized in the statement of Profit and Loss under "Impairment on property, plant and equipment and other intangible assets".

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 4. Financial assets

(Unsecured, considered good, unless otherwise stated)

#### 4.1 Loans receivable

	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Non-Current</b>		
Loans receivable Considered good- Unsecured		
Loans to employees *	0.91	0.52
Security deposits #	5.71	5.60
	<b>6.62</b>	<b>6.12</b>
<b>Current</b>		
Loans receivable Considered good- Unsecured		
Loans to employees *	0.53	0.45
Security deposits #	1.41	1.01
	<b>1.94</b>	<b>1.46</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, 2020 : Rs. Nil ).

#### 4.2 Other financial assets

##### Financial assets carried at amortized cost

	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Non Current</b>		
Advance to Customers - Rebate		
- Considered good	-	-
- Considered Doubtful	4.29	4.12
	<b>4.29</b>	<b>4.12</b>
Less : Allowance for doubtful advances	4.29	4.12
	-	-
<b>Current</b>		
Rebates receivable	18.15	16.12
Interest accrued on bank deposits	12.58	14.40
<b>Derivative instruments at fair value through Profit or loss</b>		
Derivatives not designated as hedges		
Foreign exchange forward contracts *	-	0.32
	<b>30.73</b>	<b>30.84</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.

#### 4.3 Trade receivables \*# (Refer note 28)

Particulars	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Current</b>		
Trade receivables Considered good - Secured ##	73.85	54.61
<b>Unsecured</b>		
Trade receivables Considered good - Unsecured	237.80	125.88
Trade receivables - Considered Doubtful	7.85	11.84
Less : Allowance for doubtful debts	7.85	11.84
	<b>237.80</b>	<b>125.88</b>
	<b>311.65</b>	<b>180.49</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 4.3 Trade receivables (Contd.)

Movement in the allowance of doubtful debts

Particulars	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
Balance at the beginning of the year	11.84	13.70
Add: Allowance created during the year	1.23	1.84
Less: Reversal of allowance during the year	(2.54)	(3.20)
Less: Amount Written back during the year	(2.68)	(0.50)
<b>Balance at end of the year</b>	<b>7.85</b>	<b>11.84</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.

### 4.4 Cash and cash equivalents

Particulars	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Balance with banks</b>		
In current accounts	11.70	19.00
Deposits with original maturity of less than 3 months	172.53	175.67
Cash on hand	-	0.01
<b></b>	<b>184.23</b>	<b>194.68</b>

'0.00' represents amount less than Rs. 0.01 crore.

### 4.5 Bank Balances other than above

Particulars	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
Deposits with original maturity for less than 12 months	1,096.99	1,058.97
Earmarked deposit with banks #	2.08	5.18
Unclaimed dividend account and capital reduction (Includes unclaimed amount of Rs. 1.22 Crore (December 31, 2020 : Rs. 1.22 Crore ) pertaining to capital reduction in earlier years)	16.91	15.36
<b></b>	<b>1,115.98</b>	<b>1,079.51</b>

# Represents deposit placed for payment for acquisition of land

### Break up of financial assets carried at amortized cost

Particulars	Note	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
Loans	4.1	8.56	7.58
Trade receivables	4.3	311.65	180.49
Cash and cash equivalents	4.4	184.23	194.68
Other balances with banks	4.5	1,115.98	1,079.51
Other financial assets	4.2	30.73	30.52
<b></b>	<b></b>	<b>1,651.15</b>	<b>1,492.78</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 5. Income tax assets (net)

Particulars	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
Advance Income tax / tax deducted at source (net of current tax provision)	60.00	60.32
	<b>60.00</b>	<b>60.32</b>

### 6. Deferred tax assets - (net)

Particulars	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
Deferred tax assets (net)	71.35	62.24
	<b>71.35</b>	<b>62.24</b>

#### Movement in deferred tax assets balances

	Net balance as at January 1, 2021	Recognised in profit and loss	Recognised in OCI	Rupees in Crore Net deferred tax asset/(liability) as at December 31, 2021
<b>Deferred tax asset / (liabilities)</b>				
Property, plant and equipment	30.68	7.17	-	37.85
43B disallowances	12.63	(0.76)	0.26	12.13
Inventory - obsolete	2.64	(0.51)	-	2.13
Allowance for doubtful debts	5.96	(0.87)	-	5.09
Other temporary differences	10.32	3.82	-	14.14
<b>Deferred tax asset / (liabilities)</b>	<b>62.24</b>	<b>8.85</b>	<b>0.26</b>	<b>71.35</b>

#### Movement in deferred tax balances

	Net balance as at January 1, 2020	Recognised in profit and loss	Recognised in OCI	Rupees in Crore 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>

#### Income Tax

The major components of income tax expense

Particulars	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Profit and Loss:</b>		
Current tax (net of Charge / (reversal) of earlier years - Rs. 0.69 Crore (December 31, 2020 : Rs. (4.60) Crore))	280.03	207.40
Deferred tax	(8.84)	(4.98)
<b>Total Income tax expense</b>	<b>271.19</b>	<b>202.42</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 6. Deferred tax assets - (net) (Contd.)

#### Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate

Particulars	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
Profit before Income tax expense	1,029.28	785.36
Tax at the Indian tax rate 25.17% (December 31, 2020 : 25.17%)	259.07	197.68
<b>Item giving rise to difference in tax</b>		
Effect of non-deductible expenses	11.13	9.18
Effect of tax adjustment of earlier years	0.69	(4.61)
Others	0.30	0.17
<b>Income tax expense</b>	<b>271.19</b>	<b>202.42</b>

### 7. Other assets

	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Non-Current</b>		
Advance to Customers - Rebate		
Considered good	26.78	22.01
Doubtful	-	0.03
	<b>26.78</b>	<b>22.04</b>
Less : Allowance for doubtful advances	-	0.03
	<b>26.78</b>	<b>22.01</b>
Capital advances	3.22	0.46
Prepaid expenses	4.16	0.77
Provident fund surplus assets	-	1.83
Deposits / balance with statutory / government authorities		
Considered good	36.74	43.37
Doubtful	6.86	6.86
	<b>77.76</b>	<b>75.30</b>
Less: Allowance for doubtful deposits	6.86	6.86
	<b>70.90</b>	<b>68.44</b>
<b>Current</b>		
Advance to Customers - Rebate		
Considered good	19.79	14.29
Doubtful	1.15	0.45
	<b>20.94</b>	<b>14.74</b>
Less : Allowance for doubtful advances	1.15	0.45
	<b>19.79</b>	<b>14.29</b>
Prepaid expenses	5.50	2.58
Advance to supplier	14.21	8.50
Other receivables		
Considered good	4.21	3.59
Considered doubtful	-	0.37
	<b>4.21</b>	<b>3.96</b>
Less: Allowance for doubtful receivables	-	0.37
	<b>4.21</b>	<b>3.59</b>
Deposits / balance with statutory / government authorities	64.04	60.82
	<b>107.75</b>	<b>89.78</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 8. Inventories (lower of cost and net realizable value)

	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
Raw materials (including stock in transit Rs. 45.21 Crore (December 31, 2020 : Rs. 46.59 Crore))	296.59	185.93
Packing materials (including stock in transit Rs. 1.41 Crore (December 31, 2020 : Rs. Nil))	8.66	6.65
Finished goods	139.11	136.20
Traded goods (including stock in transit Rs. 12.95 Crore (December 31, 2020 : Rs. 6.32 Crore))	47.29	38.09
	<b>491.65</b>	<b>366.87</b>

**Note:** The cost of inventories recognised in December 31, 2021 includes Rs. 2.03 Crore in respect of write down of inventories to net realisable value (December 31, 2020 : Rs. 3.50 Crore in respect of reversal write down of inventories)

### 9. Equity share capital

	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Authorized</b>		
990,000,000 equity shares of Rs. 5/- each (December 31, 2020 : 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, 2020 : 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, 2021		As at December 31, 2020	
	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
<b>Outstanding at the end of the year</b>	<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, 2020 : 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, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Dividend on Equity Shares paid during the year</b>		
Final Dividend Rs. 3.00 per share for the year December 31, 2020 (December 31, 2019 : Rs. Nil per share)	296.73	-
Interim Dividend Rs. 2.50 per share for the year December 31, 2021 (December 31, 2020 : Rs. 2.50 per share)	247.28	247.28
2 <sup>nd</sup> Interim Dividend Rs. Nil per share for the year December 31, 2020 (December 31, 2019 : Rs. 3.00 per share)	-	296.73
<b>Proposed Dividend on Equity Shares</b>		
Final Dividend Rs. 3.00 per share for year December 31, 2021 (December 31, 2020 : Rs. 3.00 per share)	296.73	296.73



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 9. Equity share capital (Contd.)

The Board of Directors of the Company has at its meeting held on February 7, 2022 recommended a final dividend of Rs. 3.00 per share for year ended December 31, 2021 (December 31, 2020 : Rs. 3.00 per share).

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:

Dividend on Equity Shares	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
Castrol Limited, U.K . 504,452,416 equity shares of Rs. 5/- each fully paid (Holding Company) [December 31, 2020 : 504,452,416 equity shares of Rs. 5/- each fully paid (Holding Company)]	252.22	252.22

#### d. Aggregate number of bonus shares issued, for consideration other than cash during the period of five years immediately preceding the balance sheet date:

Dividend on Equity Shares	As at December 31, 2021 No. of Shares	As at December 31, 2020 No. of Shares
Equity shares allotted as fully paid bonus shares by capitalisation of general reserve and retained earnings		
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, 2021		As at December 31, 2020	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
<b>Equity shares of Rs. 5/- each fully paid up (December 31, 2020 : Rs. 5/- each)</b>				
Castrol Limited, U.K.	504,452,416	51.00%	504,452,416	51.00%
Life Insurance Corporation of India	112,127,182	11.34%	104,581,312	10.57%

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 DECEMBER 31, 2021

### 10. Other Equity \*\*

	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
Share based payment ##	41.75	23.75
Capital Reserve #	13.62	13.62
Retained Earnings @	1,095.58	882.30
	<b>1,150.95</b>	<b>919.67</b>

## Share value plan of Ultimate Holding Company (refer note 2.5(2) (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, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Current</b>		
Total outstanding dues of micro enterprises and small enterprises (Refer note 26)	23.93	4.62
Total outstanding dues of creditors other than micro enterprises and small enterprises	596.72	540.91
	<b>620.65</b>	<b>545.53</b>

# Trade payables are non-interest bearing and are normally settled between 7 to 90 days credit terms

#### 11.2 Other financial liabilities

Financial liabilities at amortized cost

	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Non Current</b>		
Lease Liabilities	-	6.22
	-	<b>6.22</b>
<b>Current</b>		
Deposit from customers #	25.82	23.25
Employee benefits payable	37.27	35.38
Capex payables	44.77	45.01
Interest accrued and due on deposit from customers	0.57	0.65
Rebate payables	168.65	172.42
Corporate social responsibility	0.09	2.15
Unclaimed dividend account and capital reduction (Includes unclaimed amount of Rs. 1.22 Crore (December 31, 2020 : Rs. 1.22 Crore ) pertaining to capital reduction in earlier years)	16.91	15.36
Lease Liabilities	6.72	11.22
<b>Derivative instruments at fair value through Profit or loss</b>		
Derivatives not designated as hedges		
Foreign exchange forward contracts*	1.83	-
	<b>302.63</b>	<b>305.44</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. The company has not transferred an amount of Rs. 0.12 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

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 12. Provisions

	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Non Current</b>		
Provision for employee benefit (Refer note 27)	18.50	18.84
	<b>18.50</b>	<b>18.84</b>
<b>Current</b>		
Provision for employee benefit (Refer note 27)	0.06	0.40
Provision for indirect taxes (Refer note ( a ) and ( c ) below)	31.38	33.51
Provision for litigations (Refer note ( b ) and ( c ) below)	1.61	1.61
	<b>33.05</b>	<b>35.52</b>

#### (a) Movement in Provision for Indirect Taxes:

	As at December 31, 2021 Rupees in Crore	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore	As at December 31, 2020 Rupees in Crore
	Excise, Customs and Service tax	Sales Tax, VAT and GST	Excise, Customs and Service tax	Sales Tax, VAT and GST
Balance as at January 1	6.54	26.97	7.33	18.76
Addition during the year	-	4.22	1.92	13.11
Reversed / Paid during the year	3.84	2.51	2.71	4.90
Balance as at December 31	2.70	28.68	6.54	26.97
<b>Total</b>		<b>31.38</b>		<b>33.51</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, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
Provision for tax (net of advance tax and tax deducted at source)	15.85	15.90
	<b>15.85</b>	<b>15.90</b>

### 14. Other liabilities

	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Non Current</b>		
Advance Rebate from Supplier	5.68	7.58
	<b>5.68</b>	<b>7.58</b>
<b>Current</b>		
Statutory dues	44.43	22.80
Advance from customers	8.06	6.74
Deferred revenue	9.66	14.70
	<b>62.15</b>	<b>44.24</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 15. Revenue from operations #

	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Revenue from operations</b>		
Sale of products (net of rebates ₹ 435.62 Crore [December 31, 2020 : ₹ 347.55 Crore])	<b>4,178.24</b>	2,982.16
<b>Other operating revenue</b>		
Income from services	<b>9.24</b>	9.49
Scrap sale	<b>4.58</b>	5.27
<b>Revenue from operations</b>	<b>4,192.06</b>	<b>2,996.92</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, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
Interest income on financial assets carried at amortized cost		
From bank deposits	<b>36.04</b>	46.64
Others	<b>0.29</b>	0.34
Excess accruals written back	<b>1.50</b>	2.09
Exchange Gain (net)	-	2.40
Allowance for doubtful debts written back (net)	<b>1.31</b>	1.36
Profit on fair valuation of forward contract	-	0.76
Net gain on termination of lease contracts	<b>0.01</b>	0.10
Miscellaneous income *	<b>9.28</b>	8.34
	<b>48.43</b>	<b>62.03</b>

\* Includes service rendered to related parties of Rs. 9.22 Crore (December 31, 2020 : Rs. 6.73 Crore)

### 17.1 Cost of raw and packing materials consumed

	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Raw materials and packing materials consumed</b>		
Inventory at the beginning of the year	<b>192.58</b>	154.56
Add : Purchases during the year	<b>1,991.75</b>	1,211.99
	<b>2,184.33</b>	1,366.55
Less : Inventory at the end of the year	<b>305.25</b>	192.58
<b>Total raw materials and packing materials consumed</b>	<b>1,879.08</b>	<b>1,173.97</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 17.2 Purchase of traded goods

	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
Purchase of traded goods	191.85	116.50
	<b>191.85</b>	<b>116.50</b>

### 17.3 Changes in inventories of finished goods / traded goods

	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Inventories at the end of the year</b>		
Traded goods	47.29	38.09
Finished goods	139.11	136.20
	<b>186.40</b>	<b>174.29</b>
<b>Inventories at the beginning 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>Net (Increase) / decrease in inventories of finished / traded goods</b>	<b>(12.11)</b>	<b>(24.13)</b>

### 18. Employee benefits expense

	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
Salaries and wages #	189.55	187.18
Share based payments	19.39	6.08
Contribution to provident and other funds	16.35	17.87
Staff welfare expenses	6.70	8.68
	<b>231.99</b>	<b>219.81</b>

# Employee benefit expenses include one time cost Rs. 19.5 crore for the year ended 31 December 2020 towards Organisation Transformation and Restructuring Programme implemented during the previous year.

### 19. Finance costs

	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
Interest on financial liabilities carried at amortized cost	1.11	1.29
Interest on income tax	-	0.43
Interest on lease liabilities	1.30	2.44
	<b>2.41</b>	<b>4.16</b>

### 20. Depreciation and amortisation expense

	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
Depreciation of property plant and equipment (refer note 3)	68.40	67.56
Depreciation of Right-of-use asset	12.52	18.02
Amortization of intangible assets (refer note 3)	1.78	1.04
	<b>82.70</b>	<b>86.62</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 21. Other expenses

	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
Rent	3.38	0.56
Rates and taxes	2.66	0.92
Power and fuel	5.70	5.11
Stores and consumables	2.22	1.81
Freight and forwarding charges	133.26	109.20
Insurance	6.73	4.08
Repairs and maintenance		
Land and buildings	3.60	4.32
Plant and equipment	8.40	5.86
Others	20.51	19.05
Processing and filling charges	16.95	14.53
Advertising	141.75	132.97
Stock point operating charges	40.19	38.39
Loss on disposal/write off of Property, plant and equipment and Intangible assets (net)	0.94	0.15
Impairment on property, plant and equipment and intangible assets	-	0.23
Director sitting fees	0.34	0.35
Commission to resident non-whole time Indian directors	0.68	0.68
Royalty	104.61	79.27
Sales promotion fees	187.98	172.24
Travelling expenses	6.11	4.62
Legal, professional fees and contract charges	107.05	56.87
Payment to auditors [Refer note (i) below]	1.62	1.55
Exchange loss (net)	4.74	-
Loss on fair valuation of forward contract	2.16	-
Corporate social responsibility [Refer note (ii) below]	21.23	25.37
Miscellaneous expenses	12.48	18.53
	<b>835.29</b>	<b>696.66</b>
	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Note</b>		
<b>(i) Payment to auditor (excluding taxes)</b>		
<b>As auditor:</b>		
Audit fee	1.05	1.00
Tax accounts and tax audit fees	0.28	0.25
Limited review	0.19	0.18
Certification fees	0.03	0.01
Reimbursement of expenses	0.07	0.11
	<b>1.62</b>	<b>1.55</b>
<b>(ii) Corporate social responsibility activities</b>		
<b>For the year ended December 31, 2020</b>		
Gross amount required to be spent by the Company during the year.	22.60	
Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company)	25.35	
Amount outstanding as at year end	2.15	

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 21. Other expenses (Contd.)

	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>For the year ended December 31, 2021</b>		
Gross amount required to be spent by the Company during the year.	21.12	
Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company) - includes amount spent by implementation agency on behalf of the company and direct expenses.	20.69	
Amount given to implementation agency (on purpose other than construction / acquisition of assets controlled by the company) during the year and spent within 30 days from the year-end by the implementation agency towards on-going project	0.45	
Amount outstanding (payable to implementation /CSR monitoring agency) as at year end for ongoing projects	0.09	

### 22. Earnings per share (EPS)

	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
Profit for the year	758.09	582.94
	<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.)	7.66	5.89
Nominal value per share (Rs.)	5.00	5.00

### 23. Leases

#### Right-of-use assets

	Rupees in Crore			
Particulars	Land	Buildings	Vehicles	Total
<b>Balance at January 1, 2021</b>	19.09	14.52	1.27	34.88
Add: Reclassified on account of Adoption of Ind AS 116	-	-	-	-
Additions	-	-	2.06	2.06
Less: Deletions	-	-	0.16	0.16
Less: Depreciation	1.02	8.83	2.67	12.52
<b>Balance at December 31, 2021</b>	<b>18.07</b>	<b>5.69</b>	<b>0.50</b>	<b>24.26</b>
Particulars	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>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 23. Leases (Contd.)

#### Lease Liabilities

Particulars	Rupees in Crore			
	Land	Buildings	Vehicles	Total
<b>Balance at January 1, 2021</b>	0.77	15.35	1.32	17.44
Additions	-	-	2.06	2.06
Add: Finance costs	0.05	0.92	0.33	1.30
Less: Deletions	-	-	0.16	0.16
Less: Payments	0.81	10.10	3.01	13.92
<b>Balance at December 31, 2021</b>	<b>0.00</b>	<b>6.17</b>	<b>0.54</b>	<b>6.72</b>
<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, 2021:

Particulars	Rupees in Crore
Less than one year	6.72
Between one and five years	0.00

### 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, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Revenue</b>		
India	4,164.37	2,989.89
Outside India	27.69	7.03
	<b>4,192.06</b>	<b>2,996.92</b>
<b>Capital expenditure (including capital work-in-progress)</b>		
India	80.21	60.10
Outside India	-	-
	<b>80.21</b>	<b>60.10</b>
<b>Non-current assets</b>		
India	322.08	319.36
Outside India	0.04	-
	<b>322.12</b>	<b>319.36</b>

There are no transactions with single customer which amounts to 10% or more of the Company's revenue for year ended December 31, 2021 and December 31, 2020.



## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 25. (i) Contingent liabilities & commitments

		As at December 31, 2021 Rupees in Crore	As at December 31, 2020 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	29.93	37.81
(2)	Claims against the Company not acknowledged as debts estimated at:		
	- Income tax matters in dispute under appeal	10.57	-
	- In respect of compensation claimed by third parties / workers / employees	3.65	3.59
	<b>(A)</b>	<b>44.15</b>	<b>41.40</b>
<b>(b) Commitments</b>			
(1)	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	60.66	25.47
	<b>(B)</b>	<b>60.66</b>	<b>25.47</b>
	<b>Total (A + B)</b>	<b>104.81</b>	<b>66.87</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 2021 and considered this to be remote.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 25. (ii) (Contd.)

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	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.
2016-17	565.00	
2017-18 (Apr-17 to Jun-17)	163.47	
<b>Total</b>	<b>4,131.21</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.

### 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, 2021 Rupees in Crore	As at December 31, 2020 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	0.44	4.58
- Interest due on above	0.00	0.04
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;	0.00	0.04
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 Rs. 0.01 crore.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 27 Employee Benefits

#### I) Defined Contribution Plan

Contribution to Provident and Other Funds' in Note 18 includes Rs. 0.98 Crore (December 31, 2020: Rs. 1.04 Crore) for ESIC and Labour Welfare Fund. Note 21 includes Insurance Rs. 4.24 Crore (December 31, 2020: Rs. 2.13 Crore) for Medical Insurance benefits and post retiral medical benefit scheme. Salaries, wages and bonus in Note 18 includes Rs. 1.39 Crore for share match (December 31, 2020: Rs. 1.40 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.

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, 2021. 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 DECEMBER 31, 2021

### 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, 2021 and December 31, 2020:

Amount (Rs in Crore)

Particulars	As at December 31, 2021				As at December 31, 2020			
	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)
<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>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>
Current service cost	3.92	0.08	(0.12)	8.41	4.42	0.10	0.20	7.66
Past service cost	-	-	-	-	-	-	-	-
Interest cost	2.75	-	0.37	17.91	3.53	-	-	16.41
Actuarial (gain) / loss due to change in assumptions	(2.22)	-	-	-	(3.08)	-	-	-
Experience (gain) / loss on plan liability	1.60	-	-	(2.66)	(2.00)	-	-	1.95
Benefits paid and transfer out	(7.20)	(0.12)	(0.32)	(34.05)	(3.66)	-	(0.28)	(18.56)
Contributions by employee	-	-	-	12.27	-	-	-	11.25
Transfer in	(4.15)	-	-	4.38	(0.58)	-	-	7.25
<b>Obligation at period end</b>	<b>51.91</b>	<b>1.55</b>	<b>1.41</b>	<b>221.50</b>	<b>57.21</b>	<b>1.59</b>	<b>1.48</b>	<b>215.24</b>
<b>Change in plan assets</b>								
<b>Plan assets at period beginning, 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>
Expected return on plan assets	2.16	-	-	18.07	2.58	-	-	16.50
Experience (gain) / loss on plan assets	0.32	-	-	(4.64)	(0.87)	-	-	2.65
Asset gain / (loss)	(4.15)	-	-	-	(0.58)	-	-	-
Contributions by employer	4.20	-	-	8.41	3.95	-	-	7.66
Contributions by employee	-	-	-	12.27	-	-	-	11.25
Benefits paid	(7.20)	-	-	(34.05)	(3.66)	-	-	(18.56)
Transfer in	-	-	-	4.37	-	-	-	7.25
<b>Plan assets at period end, at fair value</b>	<b>36.36</b>	<b>-</b>	<b>-</b>	<b>221.50</b>	<b>41.03</b>	<b>-</b>	<b>-</b>	<b>217.07</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	36.36	-	-	221.50	41.03	-	-	217.07
Present value of the defined benefit obligation at the end of the period	(51.91)	(1.55)	(1.41)	(221.50)	(57.21)	(1.59)	(1.48)	(215.24)
<b>Asset / (liability) recognized in the Balance Sheet</b>	<b>(15.55)</b>	<b>(1.55)</b>	<b>(1.41)</b>	<b>(0.00)</b>	<b>(16.18)</b>	<b>(1.59)</b>	<b>(1.48)</b>	<b>1.83</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 27 Employee Benefits (Contd.)

- b) Amount for the year ended December 31, 2021 and December 31, 2020 recognised in the statement of Profit and Loss/capitalised (including amount recovered from group Companies) under employee benefit expenses.

Amount (Rs in Crore)

Particulars	For the year ended December 31, 2021				For the year ended December 31, 2020			
	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	3.92	0.08	(0.12)	8.41	4.42	0.10	0.20	7.66
Past service cost	-	-	-	-	-	-	-	-
Net interest cost	2.75	-	-	17.91	0.95	-	-	16.41
Interest income	(2.16)	-	0.37	(18.07)	-	-	-	(16.50)
(Gains) / losses - other long term benefits								
<b>Total cost recognised in Profit and Loss</b>	<b>4.51</b>	<b>0.08</b>	<b>0.25</b>	<b>8.25</b>	<b>5.37</b>	<b>0.10</b>	<b>0.20</b>	<b>7.57</b>

- c) Amount for the year ended December 31, 2021 and December 31, 2020 recognized in the statement of other comprehensive income:

Amount (Rs in Crore)

Particulars	As at December 31, 2021				As at December 31, 2020			
	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	0.55	-	-	-	0.04	-	-	-
Actuarial (Gain) / Loss due to Financial Assumption changes in DBO	(2.78)	-	-	-	(3.12)	-	-	-
Actuarial (Gain) / Loss due to Experience on DBO	1.62	-	-	(2.67)	(2.00)	-	-	1.95
Return on Plan Assets (Greater) / Less than Discount rate	(0.33)	-	-	4.66	0.87	-	-	(2.65)
<b>Total Actuarial (Gain)/Loss included in OCI</b>	<b>(0.94)</b>	<b>-</b>	<b>-</b>	<b>1.99</b>	<b>(4.21)</b>	<b>-</b>	<b>-</b>	<b>(0.70)</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 27 Employee Benefits (Contd.)

#### d) Major Categories of Plan assets are as follows

<b>Provident fund</b>		Amount (Rs in Crore)	
<b>Particulars</b>	<b>As at December 31, 2021</b>	<b>As at December 31, 2020</b>	
The composition of plan assets			
Special Deposit	17.32	17.32	
Investment in Government and Debt Securities	184.95	172.61	
Investment in Mutual Funds	7.21	7.23	
Bank Balance	4.69	10.65	
Other receivables	7.33	9.26	
<b>Total</b>	<b>221.50</b>	<b>217.07</b>	
<b>Gratuity</b>		Amount (Rs in Crore)	
<b>Particulars</b>	<b>As at December 31, 2021</b>	<b>As at December 31, 2020</b>	
The composition of plan assets			
Special Deposits	0.76	0.76	
Deposit with insurance schemes	33.76	34.76	
Bank Balance	0.93	4.15	
Others - Receivables / (Payables)	0.91	1.36	
<b>Total</b>	<b>36.36</b>	<b>41.03</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, 2021 and December 31, 2020 are set out below:

Particulars	As at December 31, 2021			As at December 31, 2020		
	Gratuity	Compensated absences	Provident Fund	Gratuity	Compensated absences	Provident Fund
	(Funded)	(Non-funded)	(Funded)	(Funded)	(Non-funded)	(Funded)
Discount rate	6.20%	6.20%	6.20%	5.27%	5.27%	5.27%
Rate of increase in compensation level	Executives - 10.00%	Executives - 10.00%	Executives - 10.00%	Executives - 10.00%	10.00%	Executives - 10.00%
	Workers - 4%	Workers - 4%	Workers - 4%	Workers - 4%		Workers - 4%
Interest Rate Guarantee	-	-	8.50%	-	-	8.50%

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 27 Employee Benefits (Contd.)

#### f) Sensitivity Analysis

Amount (Rs in Crore)

Particulars	As at December 31, 2021			As at December 31, 2020		
	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	49.20	1.34	215.25	54.13	1.40	208.61
b) Decrease by 100 basis points	54.10	1.48	230.98	60.62	1.57	224.47
<b>Rate of increase in compensation</b>						
a) Increase by 100 basis points	54.27	1.48		60.16	1.57	
b) Decrease by 100 basis points	49.67	1.34		54.41	1.40	
<b>Interest Rate Guarantee</b>						
a) Increase by 100 basis points	-	-	230.45	-	-	223.92
b) Decrease by 100 basis points	-	-	215.25	-	-	208.73

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, 2020: Rs. 4.52 Crore)

Provident fund: Rs. 4.43 Crore (December 31, 2020: Rs. 8.12 Crore)

#### g) Maturity profile of defined benefit obligation is as follows

Amount (Rs in Crore)

Particulars	As at December 31, 2021		As at December 31, 2020	
	Gratuity	Provident Fund	Gratuity	Provident Fund
	(Funded)	(Funded)	(Funded)	(Funded)
Year 1	8.61	29.67	9.86	24.55
Year 2	5.70	34.72	6.48	32.25
Year 3	5.78	34.53	6.53	30.74
Year 4	6.87	33.27	6.21	28.09
Year 5	4.40	22.24	6.57	19.45
Year 6 - 10	20.55	67.07	21.56	80.16

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 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)<br>Burmah Castrol PLC (Holding Company of Castrol Limited, U.K.)<br>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<br>(where transaction exists)                                       | AsPac Lubricants (Malaysia) Sdn. Bhd.<br>BP - Castrol (Thailand) Limited<br>BP (China) Industrial Lubricants Limited<br>BP Corporation North America<br>Castrol Germany GmbH<br>Castrol Belgium BV<br>BP Europa SE Zweigniederlassung Austria (Lubes)<br>BP Exploration (Alpha) Limited<br>BP France Lubes<br>BP India Private Limited<br>BP International Limited<br>BP Italia SPA<br>BP Japan K.K.<br>BP Korea Limited<br>BP Lubricants USA Inc<br>BP Marine Limited | BP Middle East (Auto and Marine Lubes)<br>BP Petrolleri Anonim Sirketi<br>BP Shipping Limited - OBC UK<br>BP Singapore Pte Limited<br>Castrol (Shenzhen) Company Limited<br>Castrol Australia Pty. Limited<br>Lubricants UK Limited<br>PT Castrol Indonesia<br>Castrol bp Petco limited<br>Castrol Philippines Inc<br>Bp Products North America Inc<br>Castrol (Shanghai) Management Co.<br>Nordic Lubricants A/S<br>BP Business Solutions India Private Limited |
| 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<br>Castrol India Ltd. Staff Pension Fund<br>Castrol India Ltd. Employees' Gratuity Fund   |  |
| d) | Key management personnel<br>(where transaction exists)                                  | Sandeep Sangwan<br>Rashmi Joshi<br>Deepesh Baxi<br>Jayanta Chatterjee<br>Mayank Pandey   | Managing Director<br>Chief Financial Officer & Whole time Director (up to 31.12.2020)<br>Chief Financial Officer & Whole time Director (w.e.f 01.01.2021)<br>Whole Time Director - Supply Chain (up to 31.12.2020)<br>Whole time Director - Supply Chain (w.e.f 09.08.2021)  |
| e) | Non-executive Independent Directors *   | Rakesh Makhija<br>Uday Khanna  | R. Gopalakrishnan<br>Sangeeta Talwar   |
| f) | Non-executive non-Independent Directors *   | Sashi Mukundan<br>Udayan Sen (w.e.f 02.04.2020)  | A. S. Ramchander   |

\* 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 DECEMBER 31, 2021

### 28. Related party disclosures as required under Ind AS - 24, 'Related Party Disclosures', are given below: (Contd.)

#### B. Transactions with related parties

	Nature of Relationship	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Purchase of materials / traded goods</b>			
BP Europa SE ®	Fellow subsidiary	28.73	12.73
BP Europa SE - BP Belgium (Branch)	Fellow subsidiary	18.25	13.58
BP France	Fellow subsidiary	8.42	1.22
BP Products North America Inc	Fellow subsidiary	17.19	15.92
BP Lubricants USA Inc	Fellow subsidiary	6.20	6.01
Others	Fellow subsidiaries	5.14	3.04
<b>Total</b>		<b>83.93</b>	<b>52.50</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	19.54	5.77
AsPac Lubricants (Malaysia) Sdn. Bhd.	Fellow subsidiary	-	1.20
BP - Castrol (Thailand) Limited	Fellow subsidiary	0.44	0.97
Castrol BP Petco limited	Fellow subsidiary	20.50	-
Others	Fellow subsidiaries	1.30	1.67
<b>Total</b>		<b>41.78</b>	<b>9.61</b>
<b>Receiving of services</b>			
BP International Limited	Fellow subsidiary	6.73	7.18
BP Europa SE	Fellow subsidiary	1.83	6.10
Lubricants UK Limited	Fellow subsidiary	0.18	1.65
BP Business Solutions India Private Limited	Fellow subsidiary	5.50	-
Others	Fellow subsidiaries	0.31	0.85
<b>Total</b>		<b>14.55</b>	<b>15.78</b>
<b>Payment of IT Support service</b>			
BP India Private Limited	Fellow subsidiary	0.33	1.37
<b>Total</b>		<b>0.33</b>	<b>1.37</b>
<b>Rendering of services (Including reimbursement of expenses)</b>			
Castrol Limited, U.K	Holding company	2.51	2.31
BP International Limited	Fellow subsidiary	3.75	1.73
BP India Private Limited ®	Fellow subsidiary	4.20	4.20
Lubricants UK Limited	Fellow subsidiary	-	0.31
BP Singapore Pte Limited	Fellow subsidiary	0.76	2.07
Others	Fellow subsidiaries	1.29	0.99
<b>Total</b>		<b>12.51</b>	<b>11.61</b>
<b>Contribution to funds</b>			
Castrol India Ltd. Employees' Provident Fund	Post employment benefit funds	8.41	7.66
Castrol India Ltd. Staff Pension Fund	Post employment benefit funds	2.90	3.29
Castrol India Ltd. Employees' Gratuity Fund	Post employment benefit funds	4.21	3.95
		<b>15.52</b>	<b>14.90</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 28. Related party disclosures as required under Ind AS - 24, 'Related Party Disclosures', are given below: (Contd.)

#### B. Transactions with related parties (Contd.)

	Nature of Relationship	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Disbursement from funds</b>			
Castrol India Ltd. Employees' Provident Fund	Post employment benefit funds	34.04	18.56
Castrol India Ltd. Staff Pension Fund	Post employment benefit funds	16.15	6.84
Castrol India Ltd. Employees' Gratuity Fund	Post employment benefit funds	7.21	3.66
		<b>57.40</b>	<b>29.06</b>
<b>Commission income</b>			
BP Marine Limited	Fellow subsidiary	3.80	2.30
<b>Total</b>		<b>3.80</b>	<b>2.30</b>
<b>Overriding Commission</b>			
Reliance BP Mobility Limited	Joint venture of BP Global Investment Limited, a subsidiary of Ultimate Holding Company	4.18	1.50
<b>Total</b>		<b>4.18</b>	<b>1.50</b>
<b>Dividend (On payment Basis)</b>			
Castrol Limited, U.K.	Holding company	277.45	277.45
<b>Total</b>		<b>277.45</b>	<b>277.45</b>
<b>Royalty expense</b>			
Castrol Limited, U.K.	Holding company	104.61	79.27
<b>Total</b>		<b>104.61</b>	<b>79.27</b>
<b>Share value and share match payments *</b>			
BP PLC	Ultimate Holding Company	19.39	6.08
<b>Total</b>		<b>19.39</b>	<b>6.08</b>
* Share value expenses to be borne by BP PLC			
® During the year, the Company has procured 2.52 million units of Biomas Graphene Face masks free of cost from BP Europe SE, and 1.26 million masks from the said procurement have been distributed free of cost to BP India Private Limited by the Company, based on approval of the board of directors of the Company in its meeting held on June 18, 2021.			
<b>Remuneration to executive directors * ##</b>			
Sandeep Sangwan	Key management personnel	2.82	3.72
Rashmi Joshi	Key management personnel	-	2.31
Mayank Pandey	Key management personnel	0.50	-
Deepesh Baxi	Key management personnel	1.73	-
Jayanta Chatterjee	Key management personnel	-	2.45
<b>Total</b>		<b>5.05</b>	<b>8.48</b>
<b>Bifurcation of long term and short term benefits</b>			
Short-term employee benefits		4.40	7.13
Post-employment gratuity and medical benefits		0.23	0.39
Share-based payment transactions		0.42	0.96
<b>Total compensation paid to executive directors</b>		<b>5.05</b>	<b>8.48</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 28. Related party disclosures as required under Ind AS - 24, 'Related Party Disclosures', are given below: (Contd.)

#### B. Transactions with related parties (Contd.)

	Nature of Relationship	For the year ended December 31, 2021 Rupees in Crore	For the year ended December 31, 2020 Rupees in Crore
<b>Commission and Director sitting fees to non-executive Independent directors #</b>			
R Gopalakrishnan	Key management personnel	0.28	0.29
S.M.Datta	Key management personnel	-	-
Uday Khanna	Key management personnel	0.24	0.24
Rakesh Makhija	Key management personnel	0.26	0.25
Sangeeta Talwar	Key management personnel	0.25	0.25
		<b>1.02</b>	<b>1.03</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.

	Nature of Relationship	As at December 31, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
<b>Balance as at year ended</b>			
<b>Amounts payable</b>			
Castrol Limited, U.K.	Holding company	93.17	70.62
BP Europa SE	Fellow subsidiary	15.03	11.21
BP products north america inc	Fellow subsidiary	-	15.94
Castrol India Ltd. Employees' Provident Fund	Post employment benefit funds	1.71	3.15
Castrol India Ltd. Staff Pension Fund	Post employment benefit funds	0.24	0.27
Castrol India Ltd. Employees' Gratuity Fund	Post employment benefit funds	0.34	0.34
Deepesh Baxi	Key management personnel	0.39	-
Mayank Pandey	Key management personnel	0.24	-
Sandeep Sangwan	Key management personnel	1.11	-
R Gopalakrishnan #	Key management personnel	0.20	0.20
Uday Khanna #	Key management personnel	0.16	0.16
Rakesh Makhija #	Key management personnel	0.16	0.16
Sangeeta Talwar #	Key management personnel	0.16	0.16
Others	Fellow subsidiaries	22.40	10.21
<b>Total</b>		<b>135.31</b>	<b>112.42</b>
# Commission and sitting fees to non-executive Independent directors			
<b>Amounts receivable</b>			
Castrol Limited, U.K.	Holding company	2.23	2.29
Castrol BP Petco Limited Liability Company	Fellow subsidiary	20.31	-
BP India Private Limited	Fellow subsidiary	1.03	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	1.82	0.75
Others	Fellow subsidiaries	3.79	1.28
		<b>29.17</b>	<b>6.52</b>
<b>Share based payments - Other equity *</b>			
BP PLC	Ultimate Holding Company	41.75	23.75
<b>Total</b>		<b>41.75</b>	<b>23.75</b>

\* Payments are not made being deemed contribution.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 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, 2021 and December 31, 2020, the Company had a working capital of Rs. 1209.6 Crore and Rs. 997.0 Crore respectively including cash and cash equivalents of Rs. 184.23 Crore and Rs. 194.68 Crore respectively.

The table below provides details regarding the contractual maturities of significant financial liabilities as on reporting date.

Particulars	Amount (Rs in Crore)			
	On demand	Less than 1 year	1 to 5 years	Total
<b>As at December 31, 2021</b>				
Other financial liabilities	(16.91)	(285.72)	-	(302.63)
Trade and other payables	-	(620.65)	-	(620.65)
<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. 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 2021 and 31 December 2020. 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 2021 and 31 December 2020.

##### B1. Foreign Currency risk

Foreign currency risk is the risk that the fair value or 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 2021 and 31 December 2020 the Company hedged more than 80% of its expected 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.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 29. Financial Risk Management (Contd.)

#### Hedged Foreign Currency exposure as at Balance Sheet Date

	As at December 31, 2021	As at December 31, 2020
No of buy contracts relating to firm commitments for imports	2	2
Foreign currency - USD	20,823,416	15,950,957
Rs. Crore	157.26	117.47

#### 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, 2021		As at December 31, 2020	
	Foreign currency	Rupees in Crore	Foreign currency	Rupees in Crore
<b>Trade payables</b>				
USD	32,635,147	242.50	2,087,865	14.31
EURO	3,270,786	27.53	1,820,608	16.36
GBP	54,392	0.55	234,704	2.34
JPY	26,348	0.00	535,172	0.04
AUD	4,892	0.03	849	0.00
CHF	-	-	44,680	0.37
<b>Trade receivables</b>				
USD	4,284,537	31.88	1,889,017	13.80
<b>Loans and advances given</b>				
USD	5,868,939	43.61	435,193	3.18
EURO	212,494	1.79	5,400	0.05
GBP	3,856	0.04	-	-

#### 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, 2021	As at December 31, 2020
USD	8.35	(0.13)
Euro	1.29	0.82
<b>Total</b>	<b>9.64</b>	<b>0.68</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.

'0.00' represents amount less than Rs. 0.01 crore.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 29. Financial Risk Management (Contd.)

Sensitivity : 1% decrease in commodity rates would have led to approximately an additional 1.23 Crore (December 31, 2020 – 0.68 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. The expected credit loss is provided basis the above impairment analysis done.

In case of cash and cash equivalents, since the amount is in 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, 2021, December 31, 2020 were as follows

Particulars	As at December 31, 2021		As at December 31, 2020	
	Carrying value	Fair Value	Carrying value	Fair Value
Assets				
Loans	6.62	6.62	6.12	6.12
Other financial assets	-	-	-	-
Foreign exchange forward contracts	-	-	0.32	0.32
<b>Total</b>	<b>6.62</b>	<b>6.62</b>	<b>6.44</b>	<b>6.44</b>
Liabilities				
Other financial liabilities	-	-	6.22	6.22
Foreign exchange forward contracts	1.83	1.83	-	-
<b>Total</b>	<b>1.83</b>	<b>1.83</b>	<b>6.22</b>	<b>6.22</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 DECEMBER 31, 2021

### 31. Equity Settled Share-based payments

#### a) Share Match Plan

During the year ended **31<sup>st</sup> December, 2021 : 82,322 shares** (31<sup>st</sup> December, 2020 : 99,388 shares) were purchased by employees at weighted average fair value of GBP 3.13 per share (31<sup>st</sup> December, 2020 : GBP. 3.30 per share). The Company contribution during the year on such purchase of shares amounting to Rs. 1.38 crores (31<sup>st</sup> December, 2020 : Rs 1.40 crores) 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, 2021 Rupees in Crore	December 31, 2020 Rupees in Crore
Total expense recognised for equity settled share-based payment transaction	18.00	4.68

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, 2021	December 31, 2020
<b>Share Value Plan</b>		
Number of units granted	212,765	193,920
Weighted average fair value	\$4.63	\$3.51
<b>Restricted Share unit</b>		
Number of units granted	1,260,000	-
Weighted average fair value	\$4.63	-
<b>Options</b>		
Number of units granted	1,350,000	-
Weighted average fair value	\$0.82	-

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, 2021 Number of shares	December 31, 2020 Number of shares
Within one year	78,739	90,357
1 to 2 years	158,760	92,922
2 to 3 years	217,130	193,220
3 to 4 years	2,610,000	-
<b>Total</b>	<b>3,064,629</b>	<b>376,499</b>

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2021

### 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, 2021 Rupees in Crore	As at December 31, 2020 Rupees in Crore
Trade payables	620.65	545.53
Other payables	437.86	433.74
Less: cash and cash equivalents	184.23	194.68
Net debt	874.28	784.59
Total equity	1,645.51	1,414.23
Capital and net debt	2,519.79	2,198.82
Gearing ratio	35%	36%

- 33.** Estimation uncertainties relating to the global health pandemic from COVID-19 (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

**R Gopalakrishnan**  
DIN: 00027858

Chairman

**Sandeep Sangwan** Managing Director  
DIN: 08617717

**Hemangi Ghag**  
FCS No: 9329

Company Secretary

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

**Place:** Mumbai

**Date:** February 7, 2022



## NOTICE

### CASTROL INDIA LIMITED

**CIN:** L23200MH1979PLC021359

**Registered Office:** 1<sup>st</sup> Floor, Technopolis Knowledge Park, Mahakali Caves Road, Andheri (East), 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** is hereby given that the Forty Fourth (44<sup>th</sup>) Annual General Meeting of the Members of Castrol India Limited will be held on **Wednesday, 8 June 2022 at 10 A.M.** Indian Standard Time ("**IST**") through Video Conferencing facility/ Other Audio-Visual Means ("**VC/OAVM**") to transact the following business:

#### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended 31 December 2021 and the reports of the Board of Directors and the Statutory Auditors thereon.
2. To declare a final dividend on equity shares for the financial year ended 31 December 2021.
3. To appoint a Director in place of Mr. Sashi Mukundan (DIN 02519725), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Deepesh Baxi (DIN 02509800), who retires by rotation and being eligible, offers himself for re-appointment.
5. To re-appoint Statutory Auditors and fix their remuneration and if thought fit, to pass, the following resolution as an

#### **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 139 and 141 of the Companies Act, 2013 and the Rules made thereunder, as amended from time to time, Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number 117366W-100018) and holding valid Peer review certificate issued by the Institute of Chartered Accountants of India, be and are hereby re-appointed as Statutory Auditors of the Company, to hold office for a term of five consecutive years from the conclusion of this Forty-Fourth Annual General Meeting ("**AGM**") until the conclusion of Forty-Ninth AGM of the Company, on such remuneration as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors of the Company and the Statutory Auditors from time to time.

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including a Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

#### **SPECIAL BUSINESS:**

6. To ratify the remuneration payable to M/s. Kishore Bhatia & Associates, Cost Accountants, for the financial year ending 31 December 2022 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, the Members of the Company do hereby ratify the remuneration of INR 3,85,000/- (Rupees Three Lakhs Eighty-Five Thousand only) plus applicable tax and 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 2022."

7. To consider the appointment of Mr. Mayank Pandey (DIN 09274832) as Director of the Company and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

**"RESOLVED THAT** Mr. Mayank Pandey (DIN 09274832), who was appointed as an Additional Director of the Company with effect from 09 August 2021 by the Board of Directors pursuant to Section 161(1) of the Companies Act, 2013 ("**the Act**") and Article 128 of the Article 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."

8. To consider the appointment of Mr. Mayank Pandey (DIN 09274832) as a Wholetime Director of the Company for a period of five years effective 9 August 2021 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 (“the Act”) 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 Act, the consent of the Company, be and is hereby accorded to the appointment of Mr. Mayank Pandey (DIN 09274832) as a Wholetime Director of the Company, for a period of five years effective 9 August 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 Act or any statutory modification(s) or re-enactment thereof.”

9. To consider the appointment of Mr. Saugata Basuray (DIN: 09522239) as Director of the Company and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

**“RESOLVED THAT** Mr. Saugata Basuray (DIN: 09522239), who was appointed as an Additional Director of the Company with effect from 1 April 2022 by the Board of Directors pursuant to Section 161(1) of the Companies Act, 2013 (“the Act”) and Article 128 of the Article 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.”

10. To consider the appointment of Mr. Saugata Basuray (DIN: 09522239) as a Wholetime Director of the Company for a period of five years effective 1 April 2022 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 (“the Act”) 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 Act, the consent of the Company, be and is hereby accorded to the appointment of Mr. Saugata Basuray (DIN: 09522239) as a Wholetime Director of the Company, for a period of five years effective 1 April 2022, 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 Act or any statutory modification(s) or re-enactment thereof.”

**On behalf of the Board of Directors**

**Hemangi Ghag**

Company Secretary & Compliance Officer  
Membership no.: FCS 9329

**Place:** Mumbai

**Date:** 2 May 2022

**Registered Office:**

1<sup>st</sup> Floor, Technopolis Knowledge Park,  
Mahakali Caves Road,  
Andheri (East), Mumbai – 400 093

**NOTES:**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs, Government of India (“MCA”) has vide its circular dated 8 December 2021 and 14 December 2021 read with circulars dated 13 January 2021, 5 May 2020, 13 April 2020 and 8 April 2020 (collectively referred to as “MCA Circulars”) permitted the holding of the Annual General Meeting (“AGM” or “Meeting”) through Video Conferencing facility/ Other Audio Visual Means (“VC/OAVM”), on or before 30 June 2022, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 (“the Act”), the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”) and MCA Circulars, the 44<sup>th</sup> AGM of the Company is being held through VC/OAVM.
2. The Company has availed the services of Central Depository Services (India) Limited (“CDSL”) for conducting the AGM through VC/OAVM and enabling participation of members at the meeting thereto and for providing services of remote e-voting and e-voting during the AGM.
3. An Explanatory Statement pursuant to Section 102 of the Act, relating to special business to be transacted at the AGM, is annexed hereto.
4. Details of the Directors proposed to be appointed / re-appointed as required in terms of Regulation 36(3) of the SEBI Listing Regulations and Secretarial Standards on General Meetings (“Secretarial Standards – 2”) issued by The Institute of Company Secretaries of India, are provided at the end, and form an integral part of this Notice.
5. 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, attendance slip and route map are not annexed to this Notice.
6. 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.
7. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which Directors are interested under Section 189 of the Act, agreements entered with Wholetime Directors and any other documents referred to in the accompanying Notice and Explanatory Statements, shall be made available for inspection in accordance with the applicable statutory requirements based on the requests received by the Company at [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com).
8. Pursuant to Sections 101 and 136 of the Act read with the relevant Rules made thereunder and Regulation 36 of the SEBI Listing Regulations, companies can send Annual Reports and other communications through electronic mode to those Members who have registered their e-mail addresses either with the Company or with the Depository Participant(s). For Members who have not registered their email address, physical copies of the Annual Report for the financial year 2021 are being sent in the permitted mode.
9. The Notice and Annual Report will also be available on the Company's website [https://www.castrol.com/en\\_in/india/home/investors/general-meeting.html](https://www.castrol.com/en_in/india/home/investors/general-meeting.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).
10. The recorded transcript of the AGM will be hosted on the website of the Company.
11. Members, whose email address is not registered with the Company /RTA or with their respective Depository Participant(s) are requested to register their e-mail address in the following manner:
  - Members holding shares in physical form can register their e-mail id with the RTA by clicking the link [https://linkintime.co.in/emailreg/email\\_register.html](https://linkintime.co.in/emailreg/email_register.html). In case of any query, a member may send an e-mail to RTA at [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).
  - Members holding shares in demat mode may update the email address through their respective Depository Participant(s).
12. In terms of the SEBI Listing Regulations, securities of listed companies can now only be transferred in dematerialized form, so the Members are advised to dematerialize shares held by them in physical form.

13. 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.
14. The Securities and Exchange Board of India (“SEBI”) has recently mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, email address, mobile number, bank account details) and nomination details by holders of securities. Effective from 1 January 2022, any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. On or after 1 April 2023, in case any of the above cited documents/ details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s). Relevant details and forms prescribed by SEBI in this regard are available on the website of the Company at [https://www.castrol.com/en\\_in/india/home/investors/information-for-shareholders.html](https://www.castrol.com/en_in/india/home/investors/information-for-shareholders.html).
15. Final dividend on equity shares, if declared at the meeting, will be credited / dispatched on or before 7 July 2022 to those Members whose names shall appear on the Company’s register of members as on book closure date.
16. The register of members and share transfer books will remain closed from Saturday, 4 June 2022 to Wednesday, 8 June 2022 (both days inclusive) for determining names of members eligible for final dividend on equity shares, if declared at the meeting.
17. 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.
18. In the event the Company is unable to pay the dividend to any Member directly in their bank accounts through Electronic Clearing Service or any other means, due to non-registration of the Electronic Bank Mandate, the Company shall dispatch the dividend warrant/ Bankers’ cheque/ demand draft to such Member, as soon as possible.
19. 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”). The due dates for transfer of unclaimed dividend and unclaimed shares to IEPF are provided in the report on Corporate Governance. Members are requested to ensure that they claim the dividends and shares referred above, before they are transferred to the said Fund.
20. The Company has uploaded information of unclaimed dividends as on date of the 43<sup>rd</sup> Annual General Meeting held on 30 April 2021, on the websites of the IEPF viz. [www.iepf.gov.in](http://www.iepf.gov.in) and of the Company [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 2021.
21. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5. The said form is available on MCA’s website [www.mca.gov.in](http://www.mca.gov.in).

#### Instructions for remote e-voting:

22. Any person, whose name is recorded in the Register of Members or in the Register of beneficial owners (in case of electronic shareholding) maintained by the depositories as on the **cut-off date, i.e. Wednesday, 1 June 2022** only shall be entitled to avail the facility of remote e-voting.
23. The remote e-voting period commences on **Saturday, 4 June 2022 at 9.00 am IST** and ends on **Tuesday, 7 June 2022 at 5.00 pm IST**. The remote e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
24. The voting right of members shall be in proportion to their share in the paid-up equity share capital of the Company as on the cut-off date.
25. Pursuant to the provisions of Section 108 of the read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI Listing Regulations (as amended), and MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with CDSL for facilitating voting through electronic means, as the authorized e-Voting’s agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

26. Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09 December 2020**, under Regulation 44 of the SEBI Listing Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

Currently, there are multiple e-voting service providers ("ESPs") providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants**. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

27. The procedure for remote e-voting is as under:

**A. The detailed process and manner for remote e-voting for Individual shareholders holding securities in Demat mode are explained herein below:**

Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting their vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from an e-Voting link available on <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page or click on <a href="https://evoting.cdslindia.com/Evoting/EvotingLogin">https://evoting.cdslindia.com/Evoting/EvotingLogin</a> the system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all e-voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-Voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS" portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> </ol>

	3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting
Individual Shareholders (holding securities in demat mode) login through their <b>Depository Participants</b>	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After Successful login, you will be able to see e-voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual meeting and voting during the meeting.

**Important note:** Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

**Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL:**

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cslindia.com">helpdesk.evoting@cslindia.com</a> or contact at 022- 23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30

**B. Login method for e-voting and joining virtual meeting for physical shareholders and shareholders other than individual holding in demat form:**

- i. Shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- ii. Click on "Shareholders" module.
- iii. Enter your 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.
- iv. Next enter the Image Verification as displayed and click on "Login".
- v. If you are holding shares in dematerialised form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier e-voting of any company, then your existing password is to be used.

- vi. If you are a first time users follow the steps given below:

	<b>For Shareholders holding shares in Dematerialised Form or Physical Form</b>
PAN	Enter your 10 digital 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 number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR 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.

- vii. After entering these details appropriately, click on “SUBMIT” tab.
- viii. 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 holders 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.
- ix. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- x. Click on the EVSN for CASTROL INDIA LIMITED.
- xi. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to a resolution and option NO implies that you dissent from a Resolution.
- xii. Click on the “RESOLUTIONS FILE LINK” if they wish to view the entire Resolution details.
- xiii. After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If they wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xv. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xvi. If a demat account holder 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.

**28. 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 update your e-mail id and mobile no. with your respective Depository Participant (DP).
- iii. For individual shareholders holding shares in dematerialised form - please update your e-mail id and mobile no. with your respective Depository Participant (DP) which is mandatory while e-voting and joining virtual meetings through Depository.

**Instructions for Members attending the AGM through VC/OAVM:**

29. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned in point no. 27 for e-voting.
30. A person who is not a member as on the cut-off date should treat this Notice of the AGM for information purpose only.
31. As per the provisions of the circulars, Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
32. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
33. The facility of participation at the AGM through VC/OAVM will be made available on first come first served basis. This will not apply to large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Auditors etc. who are allowed to attend the AGM without any restriction on account of first come first served basis.
34. 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.
35. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
36. 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.
37. 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 minimize / mitigate any kind of aforesaid glitches.
38. Members are requested to send their questions in advance prior to Tuesday, 31 May 2022 mentioning their name, demat account number/folio number, email ID, mobile number at [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com). Such questions by the members shall be taken up during the meeting and replied by the Company suitably.
39. Members who would like to express their views/ask questions during the Meeting may register themselves as a speaker by sending their request in advance prior to Tuesday, 31 May 2022 mentioning their name, demat account number/folio number, email ID, mobile number at [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com).
40. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the Meeting.
41. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the AGM, depending on the availability of time.
42. Members who need assistance before or during the AGM, or have any queries or issues regarding e-voting, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call 022- 23058738 and 022-23058542/43.
43. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, CDSL, 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 022-23058542/43.

**Instructions for Shareholders For e-Voting during the meeting**

44. Procedure for e-Voting on the day of the AGM is same as the remote e-voting as mentioned above.
45. 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.
46. 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.
47. 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.
48. 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.



**Instructions for Non-Individual Shareholders and Custodians**

49. Institutional Members are encouraged to attend and vote at the AGM through VC / OAVM.
50. 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.
51. 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).
52. 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.
53. 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.
54. 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.
55. 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.
56. 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.
57. 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.
58. 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 [castrolagm2021@sarafandassociates.com](mailto:castrolagm2021@sarafandassociates.com) and [investorrelations.india@castrol.com](mailto:investorrelations.india@castrol.com) respectively 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**

59. 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.
60. 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 2 (two) days from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
61. 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/investors/general-meeting.html](https://www.castrol.com/en_in/india/home/investors/general-meeting.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.
62. Subject to the receipt of requisite number of votes, the resolutions shall be deemed to be passed on the date of the Meeting i.e. Wednesday, 8 June 2022.

**On behalf of the Board of Directors**

**Hemangi Ghag**

Company Secretary & Compliance Officer  
Membership no.: FCS 9329

**Place:** Mumbai

**Date:** 2 May 2022

**Registered Office:**

1<sup>st</sup> Floor, Technopolis Knowledge Park,  
Mahakali Caves Road,  
Andheri (East), Mumbai – 400 093

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 5 – To re-appoint Statutory Auditors and fix their remuneration.**

Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration Number 117366W-100018), were appointed as the Statutory Auditors of the Company by the Members at the 39<sup>th</sup> Annual General Meeting of the Company held on 31 May 2017 for a period of 5 consecutive years until the conclusion of 44<sup>th</sup> Annual General Meeting.

Considering the industry experience, quality of audit, independence, technical skills of Deloitte Haskins & Sells LLP and based on the recommendation of Audit Committee, the Board of Directors approved their appointment as Statutory Auditors for another term of 5 consecutive years from the conclusion of 44<sup>th</sup> Annual General Meeting until the conclusion of the 49<sup>th</sup> Annual General Meeting, subject to approval of the Members, on such remuneration as recommended by the Audit Committee and as may be mutually agreed between the Board of Directors and the Statutory Auditors from time to time.

The Statutory Auditors have confirmed their eligibility, submitted the certificate in writing that they are not disqualified to hold the office of the statutory auditor and given their consent for the aforesaid appointment. Further, Deloitte Haskins & Sells LLP confirmed that they hold a valid peer review certificate issued by the Institute of Chartered Accountants of India.

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. 5 as an ordinary resolution for approval by the Members.

**Item No. 6 – To consider and ratify the remuneration payable to M/s. Kishore Bhatia & Associates, Cost Accountants for the financial year ending 31 December 2022.**

The Board of Directors, based on the recommendation of the Audit Committee, approved at its meeting held on 7 February 2022, the appointment of M/s. Kishore Bhatia & Associates, Cost Accountants, (Registration No. 00294), as the Cost Auditors of the Company to conduct the audit of the cost records of the Company, at a remuneration of INR 3,85,000 (Rupees Three Lakhs Eighty Five Thousand Only) plus taxes and out-of-pocket expenses at actuals.

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. 6 of the Notice, for ratification of remuneration payable to the Cost Auditors for the financial year ending 31 December 2022.

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. 6 as an ordinary resolution for approval by the Members.

**Item Nos. 7 & 8 –**

- **To consider the appointment of Mr. Mayank Pandey (DIN: 09274832) as a Director of the Company; and**
- **To consider the appointment of Mr. Mayank Pandey (DIN: 09274832) as Wholetime Director of the Company for the period of (5) five years effective from 9 August 2021.**

The Board of Directors of the Company, at its meeting held on 2 August 2021, based on the recommendation of the Nomination and Remuneration Committee and taking into consideration several relevant factors appointed Mr. Mayank Pandey as a Wholetime Director, for a period of 5 (five) years, with effect from 9 August 2021 upto 8 August 2026 and approved the terms and conditions of his appointment, including payment of remuneration, subject to the approval of Members of the Company. Mr. Mayank Pandey being non-resident at the time of his appointment, approval of the Central Government for his appointment has been sought by the Company.

Mr. Mayank Pandey is not disqualified in terms of Section 164 of the Act and has given his consent to act as the Wholetime Director of the Company. Mr. Mayank Pandey satisfies all the conditions as set out in Section 196(3) of the Act.

Brief profile and details under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read together with Secretarial Standards – 2 are provided at the end of the notice.

The material terms of appointment and remuneration as given below:

Reward Element	Amount (in INR)
Basic Salary	In the scale of 7,074,000 to 11,392,500
Flexible Compensation Pay	In the scale of 7,074,000 to 11,392,500
Annual Cash Bonus	As per the Company's policy and subject to approvals from Nomination and Remuneration Committee and the Board
Equity	As per the Company's policy
Retirals (Provident Fund, Superannuation and Gratuity)	As per the Company's policy
Other perquisites and benefits (such as top up for housing, medical reimbursement, leave and leave travel concession, club fees, company car, personal accident and life insurance)	As per the Company's policy
Gross monthly remuneration	In the scale of 2,410,950 to 3,742,488

The Board of Directors shall fix the annual remuneration within the above scale based on the recommendation of the Nomination and Remuneration Committee.

**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. Mayank Pandey 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.

This explanatory statement together with the accompanying resolution may also be regarded as an abstract of the terms and conditions of the appointment of Mr. Mayank Pandey under Section 190 of the Companies Act, 2013. The agreement entered with Mr. Mayank Pandey shall be available for inspection by the Members.

None of the Directors, Key Managerial Personnel of the Company other than Mr. Mayank Pandey are concerned or interested, financially or otherwise in the resolution set out at Item Nos. 7 & 8.

The Board recommends the ordinary resolution as set out at Items Nos. 7 & 8 of the Notice for approval by the Members.

#### Item Nos. 9 & 10 –

- **To consider the appointment of Mr. Saugata Basuray (DIN: 09522239) as a Director of the Company; and**
- **To consider the appointment of Mr. Saugata Basuray (DIN: 09522239) as a Wholetime Director of the Company for the period of (5) five years effective from 1 April 2022.**

The Board of Directors of the Company, at its meeting held on 7 February 2022, based on the recommendation of the Nomination and Remuneration Committee and taking into consideration several relevant factors appointed Mr. Saugata Basuray as a Wholetime Director, for a period of 5 (five) years, with effect from 1 April 2022 upto 31 March 2027 and approved the terms and conditions of his appointment, including payment of remuneration, subject to the approval of Members of the Company.

Mr. Saugata Basuray is not disqualified in terms of Section 164 of the Act and has given his consent to act as the Wholetime Director of the Company. Mr. Saugata Basuray satisfies all the conditions as set out in Section 196(3) of the Act.

Brief profile, details under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read together with Secretarial Standards – 2 are provided in the end of the notice.

The material terms of appointment and remuneration as given below:

Reward Element	Amount (in INR)
Basic Salary	In the scale of 7,045,500 to 11,347,000
Flexible Compensation Pay	In the scale of 7,045,500 to 11,347,000
Annual Cash Bonus	As per the Company's policy and subject to approvals from Nomination and Remuneration Committee and the Board
Equity	As per the Company's policy
Retirals (Provident Fund, Superannuation and Gratuity)	As per the Company's policy
Other perquisites and benefits (such as top up for housing, medical reimbursement, leave and leave travel concession, club fees, company car, personal accident and life insurance)	As per the Company's policy
Gross monthly remuneration	In the scale of 2,402,163 to 3,728,458

The Board of Directors shall fix the annual remuneration within the above scale based on the recommendation of the Nomination and Remuneration Committee.

**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. Saugata Basuray 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.

This explanatory statement together with the accompanying resolution may also be regarded as an abstract of the terms and conditions of the appointment of Mr. Saugata Basuray under Section 190 of the Companies Act, 2013. The agreement entered with Mr. Saugata Basuray shall be available for inspection.

None of the Directors, Key Managerial Personnel of the Company other than Mr. Saugata Basuray are concerned or interested, financially or otherwise in the resolution set out at Item Nos. 9 & 10.

The Board recommends the ordinary resolution as set out at Item Nos. 9 & 10 of the Notice for approval by the members.

**On behalf of the Board of Directors**

**Hemangi Ghag**

Company Secretary & Compliance Officer  
Membership no.: FCS 9329

**Place:** Mumbai

**Date:** 2 May 2022

**Registered Office:**

1<sup>st</sup> Floor, Technopolis Knowledge Park,  
Mahakali Caves Road,  
Andheri (East), Mumbai – 400 093

**DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT AT THE 44<sup>TH</sup> ANNUAL GENERAL MEETING (PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARDS – 2):**

Name of Director	Mr. Sashi Mukundan	Mr. Deepesh Baxi	Mr. Mayank Pandey	Mr. Saugata Basuray
<b>Brief Profile</b>	<p>Mr. Sashi Mukundan is the President, bp India and Senior Vice President, bp group. He leads the gas and low carbon energy business in India, in addition to overseeing the wider operations of all bp group companies in the country. He is a senior member of the bp leadership team and is on the boards of India Gas Solutions Ltd., Reliance BP Mobility Limited, Castrol India Limited and BP Exploration (Alpha) Ltd. He was closely involved in forging the landmark partnership between bp and Reliance Industries Limited across the entire gas value chain.</p> <p>Mr. Mukundan is the Chairman of the National Committee on Hydrocarbons of CII (Confederation of Indian Industry). With nearly 40 years of experience in strategic planning, finance, business development, and operations in a variety of assignments in the U.S. and Asia, he is currently responsible for strengthening bp's portfolio in India.</p>	<p>Mr. Deepesh Baxi is a finance professional with 25+ years of industry experience, of which he has spent 18 years at bp Plc. Mr. Baxi is currently the Chief Financial Officer &amp; Wholetime Director of Castrol India Limited (CIL). He and his team work closely with the Castrol India business to develop and deliver long term strategy and maintain a robust accounting, control &amp; compliance environment. Mr. Baxi is also responsible for strengthening relationships with CIL's investors, analysts, and bankers. Prior to this role, Mr. Baxi worked as Financial Controller for Castrol's global business.</p> <p>At bp, Mr. Baxi has worked in the UK and Asia Pacific in Global, Regional and Country Leadership roles spanning across Finance, Strategy, Planning, Internal Audit, Risk management, Compliance and Business Transformation. Prior to joining bp, Mr. Baxi worked with international consulting organizations for 7 years, where he was responsible for internal and external audits, M&amp;A, and financial due-diligence projects.</p>	<p>Mr. Mayank Pandey has over 20 years of industry experience, of which he has spent the last 14 years at bp, having joined Castrol in September 2007. Mr. Pandey heads Supply Chain operations for India and is responsible for developing and implementing a robust Supply Chain strategy to enable business growth for Castrol India and operate a safe, reliable, and efficient supply chain.</p> <p>Prior to this role, he worked as the Supply Chain Planning Head for Castrol Europe. In his earlier roles, Mr. Pandey has led Supply Chain Strategy &amp; Transformation for Castrol China, led Supply Chain Operations for Castrol North Asia (Japan / Korea) and supply chain logistics &amp; planning team lead roles with Castrol India. He is passionate about building high performance teams and customer centricity.</p> <p>Mr. Pandey's professional experience spans lubricants, business consulting, paints, and the engineering industry. Prior to joining bp, Mayank has worked with Tata Strategic Management Group (TSMG), Asian Paints and Larsen &amp; Toubro (L&amp;T) in various roles spanning business strategy, procurement, logistics and manufacturing.</p>	<p>Mr. Saugata Basuray is the Vice President, B2C Sales for Castrol India and brings with him 23+ years of rich experience in sales, marketing, and business development roles in India and global markets.</p> <p>Mr. Basuray joined Castrol as a Management Trainee in 1999. Over the next decade, he worked across diverse sales and category marketing roles at Castrol India. He served as an Executive Assistant to the Managing Director of Castrol India &amp; Regional Vice President, where he was involved in driving business development and negotiating complex commercial agreements.</p> <p>After an assignment in the UK with the global marketing team, Mr. Basuray returned to India to lead sales in the FW and branded workshop channel. This was followed by a stint as the interim head of marketing for Castrol India and Saudi Arabia. Soon after, Mr. Basuray moved to South East Asia, where he worked as Country Manager for Castrol in Philippines. Prior to his current role, he served as the President Director of bp's joint-venture lubricants operation in Indonesia.</p>

<b>Name of Director</b>	<b>Mr. Sashi Mukundan</b>	<b>Mr. Deepesh Baxi</b>	<b>Mr. Mayank Pandey</b>	<b>Mr. Saugata Basuray</b>
<b>Director Identification Number (DIN)</b>	02519725	02509800	09274832	09522239
<b>Date of appointment</b>	21 April 2009	1 January 2021	9 August 2021	1 April 2022
<b>Date of Birth</b>	31 July 1957	16 February 1975	21 January 1973	8 October 1974
<b>Expertise in specific functional areas</b>	Strategic Planning, Finance, Business Development and Operations	Finance, Strategy, Planning, Internal Audit, Risk management, Compliance and Business Transformation	Supply Chain Management, Manufacturing, Project Management and Procurement	Sales, Marketing and Business Development
<b>Qualifications</b>	BS (Physics) and MBA (Marketing & Finance)	Chartered Accountant, awarded CXO of the year in January 2020 by the Institute of Chartered Accountants of India (ICAI), alumnus of the Indian Institute of Management (IIM) Ahmedabad and Certified Internal Auditor (CIA) from the Institute of Internal Auditors, USA	MBA and Mechanical Engineer	MBA and Chemical Engineer
<b>Directorship as on 31 December 2021</b>	<ol style="list-style-type: none"> <li>1. Reliance BP Mobility Limited</li> <li>2. India Gas Solutions Private Limited</li> </ol>	NIL	NIL	NIL
<b>Committee Membership in Castrol India Limited as on 31 December 2021</b>	<ol style="list-style-type: none"> <li>1. Corporate Social Responsibility Committee</li> <li>2. Nomination and Remuneration Committee</li> </ol>	<ol style="list-style-type: none"> <li>1. Stakeholders Relationship Committee</li> <li>2. Corporate Social Responsibility Committee</li> <li>3. Risk Management Committee</li> </ol>	NIL	NIL
<b>Committee Membership in other Companies as on 31 December 2021</b>	Reliance BP Mobility Limited: <ol style="list-style-type: none"> <li>1. Corporate Social Responsibility Committee</li> <li>2. Human Resources, Nomination and Remuneration Committee</li> </ol>	NIL	NIL	NIL
<b>Shareholding in Castrol India Limited as on date</b>	NIL	NIL	100 Shares	400 Shares
<b>Relationship with other Directors, KMPs</b>	NIL	NIL	NIL	NIL

Name of Director	Mr. Sashi Mukundan	Mr. Deepesh Baxi	Mr. Mayank Pandey	Mr. Saugata Basuray
Number of meetings attended during the year	Kindly refer Corporate Governance Report			NA
Terms and conditions of appointment / re-appointment and remuneration	Non-Executive Nominee Director	Executive Wholetime Director liable to retire by rotation	As per the agreement, resolution and explanatory statement of the respective Director	

**On behalf of the Board of Directors**

**Hemangi Ghag**

Company Secretary & Compliance Officer  
Membership no.: FCS 9329

**Place:** Mumbai

**Date:** 2 May 2022

**Registered Office:**

1<sup>st</sup> Floor, Technopolis Knowledge Park,  
Mahakali Caves Road,  
Andheri (East), Mumbai – 400 093

















1<sup>st</sup> Floor, Technopolis Knowledge Park,  
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