



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

UNLEASHING
THE POWER OF
 **Castrol**™



CORPORATE INFORMATION

Board of Directors

Mr. S. M. Datta
Chairman

Mr. R. Gopalakrishnan
Independent Director

Mr. Uday Khanna
Independent Director

Mr. Ralph Hewins
Nominee Director

Mr. Peter Weidner
Nominee Director

Mr. Sashi Mukundan
Nominee Director

Mr. Omer Dormen
Managing Director

Ms. Rashmi Joshi
Director - Finance (Chief Financial Officer)

Mr. Jayanta Chatterjee
Director - Supply Chain

Mr. Sandeep Deshmukh
Company Secretary

Auditors

M/s. SRBC & Co. LLP
Chartered Accountants

Bankers

Deutsche Bank

HDFC Bank Ltd.

The Hong Kong & Shanghai Banking Corporation Ltd.

State Bank of India

Citibank N.A.

DBS Bank Ltd.

J P Morgan Chase Bank N.A.

Registered Office

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

CIN: L23200MH1979PLC021359

Telephone: 022-6698 4100

Website: www.castrol.co.in

Registrar & Share Transfer Agents

TSR Darashaw Limited

Unit: Castrol India Limited

6-10, Haji Moosa Patrawala Industrial Estate,
20, Dr. E. Moses Road, Mahalaxmi,
Mumbai 400 011, INDIA.

Telephone: 022-6656 8484

Website: csg-unit@tsrdarashaw.com

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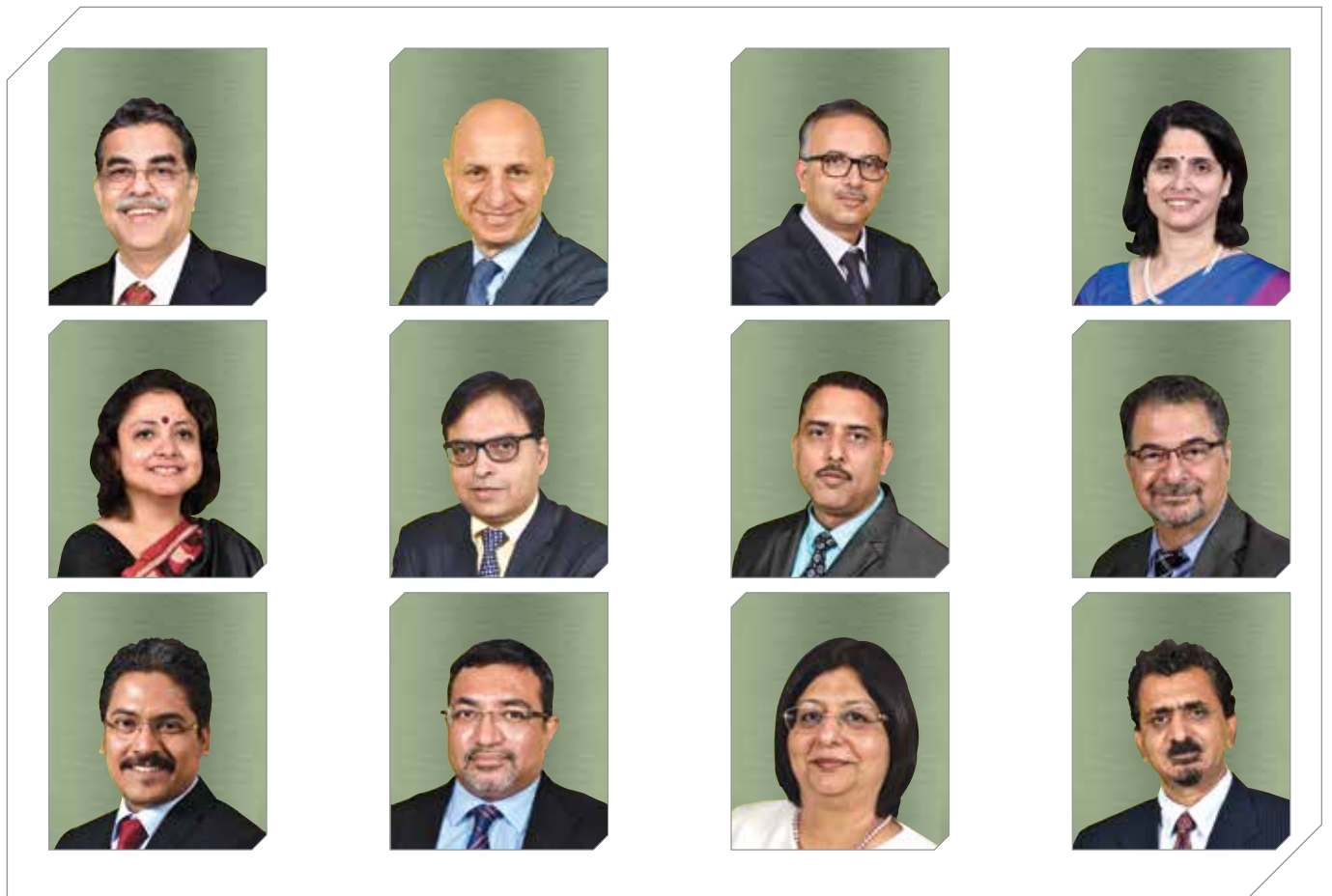
BOARD OF DIRECTORS



✓ **Seated (l to r):** Peter Weidner, Nominee Director; S. M. Datta, Chairman; R. Gopalakrishnan, Independent Director; Rashmi Joshi, Director - Finance (Chief Financial Officer)

✓ **Standing (l to r):** Ralph Hewins, Nominee Director; Omer Dornen, Managing Director; Jayanta Chatterjee, Director - Supply Chain; Uday Khanna, Independent Director; Sashi Mukundan, Nominee Director

COUNTRY LEADERSHIP TEAM



- ✓ **Top row:** K S Kumar, Vice President - Human Resources; Omer Dormen, Managing Director; Jayanta Chatterjee, Director - Supply Chain; Rashmi Joshi, Director - Finance (Chief Financial Officer)
- ✓ **Middle row:** Soma Ghosh, Vice President - Marketing; Pawan Sabharwal, Vice President - Industrial & Heavy Duty; Rajeev Govil, Vice President - Workshop & OEM Sales; Sunil Aima, Vice President - Sales
- ✓ **Bottom row:** Pankaj Singh, General Manager - HSE; Siddharth Shetty, Managing Counsel; Dilnaz Anklesaria, Associate Vice President - Corporate Communications; Ashish Gondal, Technology Manager (interim)

UNLEASHING THE POWER OF BRANDS



✓ Interactive Castrol MAGNATEC Professional brand corner with demo kit deployed at Maruti Suzuki dealerships highlighting brand benefits



✓ Strong branding at retail outlets to promote Castrol MAGNATEC - which gives instant protection to the engine from the moment it starts



✓ Online campaign to promote Castrol EDGE which gives engines the strength to push the boundaries of performance



✓ Castrol MAGNATEC Stop-Start, specially developed for city stop-start driving



✓ Castrol MAGNATEC Mobile Unit mechanic outreach programme aimed at updating mechanics on latest lubricant technology

UNLEASHING THE POWER OF BRANDS



✓ Castrol Activ's 'Cling On To The Cup' campaign took all of India virtually to the ICC Cricket World Cup Australia & New Zealand 2015



✓ Castrol Actibonds in action at the stadium



✓ Castrol Activ Ashwamedh van - an initiative to reach out to consumers and mechanics in rural markets
 ✓ Consumers immersed in a virtual reality experience of Castrol Activ in the Ashwamedh van



✓ Launch advertisement for Castrol Activ Scooter



✓ Castrol Bike Guru App for independent workshop owners - a smart way to run their business more effectively

UNLEASHING THE POWER OF BRANDS



✓ Castrol VECTON RX Fuel Saver 10W-40 with System5 Technology™ is specifically engineered to deliver extended drain interval and reduced emission, along with increased fuel efficiency



✓ Castrol VECTON RX Fuel Saver 10W-40 engine oil is used exclusively in Tata Prima T1 Racing trucks



✓ Castrol CRB Turbo Plus offers 35% better engine wear protection



✓ Castrol VECTON-on-Wheels van used to educate customers about Castrol VECTON with System5 Technology™



✓ Castrol Engine Expert explains the unique benefits of Castrol CRB Turbo+



✓ Castrol CRB Multi is suitable for different types of engines including trucks, tractors, jeeps and DG sets

UNLEASHING THE POWER OF RELATIONSHIPS



✓ Castrol India signed local supplier contract with Volkswagen NSC. Seen in picture (l to r) Berndt Buchmann, Director Group Service, Volkswagen Group Sales India; Thierry Lespiaucq, MD, Volkswagen Group Sales India; Omer Dormen, MD, Castrol India and Ruchi Kaushal, Global Offer Development Manager-FWS, Castrol



✓ Naveen Gupta (on right), owner of Express Roadways, receiving the Best Transporter Award from Eugene Tan, Regional Supply Chain Director, Asia & Pacific, Castrol, at the Castrol India Annual Logistics Contractors' Meet



✓ Gurpreet Bhatia, former VP-B2B Sales, Castrol India (extreme left) and Bharat Anikhindi, National Key Accounts Manager, OEM and Modern Trade, Castrol India (extreme right) receiving Certificate of Appreciation from John Deere Equipment India Pvt. Ltd.



✓ Seen in picture (l to r): Gurpreet Bhatia, former VP-B2B Sales, Castrol India; Stuart Oliver, race driver Castrol VECTON; Ravi Pisharody, ED, Tata Motors, CVBU; Ravi Kirpalani, former MD, Castrol India; Sanjeev Garg, VP & Head Customer Care, Tata Motors, CVBU and Sanjeev Kaul, Regional Key Account Director, Asia & Pacific, Castrol, at the launch of the Castrol VECTON RX Fuel Saver 10W-40 diesel engine oil



✓ SkillFest - a skill development programme run jointly by Tata Motors and Castrol India, went global last year with participants from 28 countries



✓ Castrol India and Tata Motors teams celebrating 30 years of a winning partnership

UNLEASHING THE POWER OF RESPONSIBILITY



✓ Local technicians getting practical training on two-wheeler servicing under Castrol's Eklavya programme (*Aimed at strengthening of skills development in the automotive and industrial sectors, with a focus on technology*)



✓ Group discussion with local women in Silvassa to understand community needs under Castrol's Ekjut programme (*Community development*)



✓ Distribution of medical and basic health care kits in a flood-affected village near Chennai under Castrol's Ehsaas programme (*Humanitarian aid*)



✓ Round table session to understand road safety issues in association with Americares India Foundation under Castrol's Ehtiyat programme (*Collaborating for safer mobility*)

UNLEASHING THE POWER OF RECOGNITION



✓ Castrol India bagged the India Star Award 2014-15 for excellence in packaging for the Castrol CRB Mini Truck Shelf Ready Display Pack and Castrol Activ Anti-counterfeit Scooter Oil Cap with Pull up Pourer



✓ JSW Steel Limited awarded Castrol as the Best Onsite Operations Team for Safety. Castrol fluid technician M Nagaraj was acknowledged as Best Safety Person for 2015



✓ Castrol India's Patalganga Plant was a finalist at the BP Helios Awards 2015 in the Safety category. Seen in picture (l to r): Pradeep Betrabet, Operations Manager - Patalganga Plant; Manish Kamat, General Manager - Patalganga Plant and Jayanta Chatterjee, Director Supply Chain, Castrol India

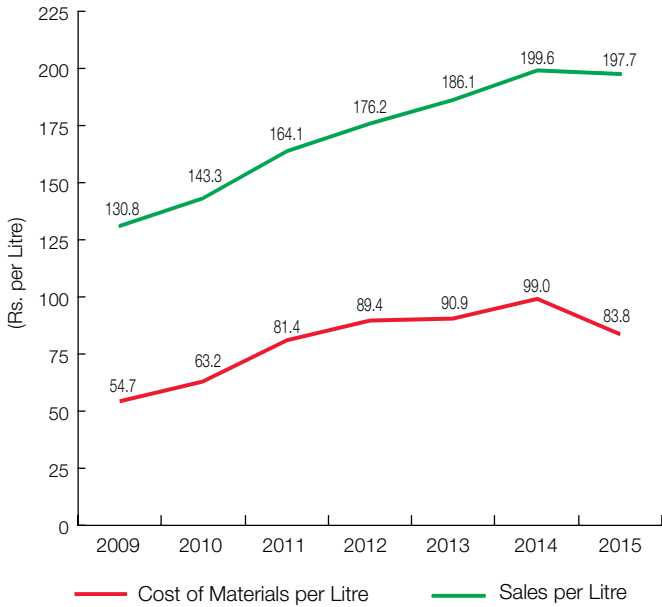


✓ Castrol India's Silvassa Plant won the Gold Award in the petrochemical sector, for outstanding achievement in Safety Management at the 14th Annual Greentech Safety Awards

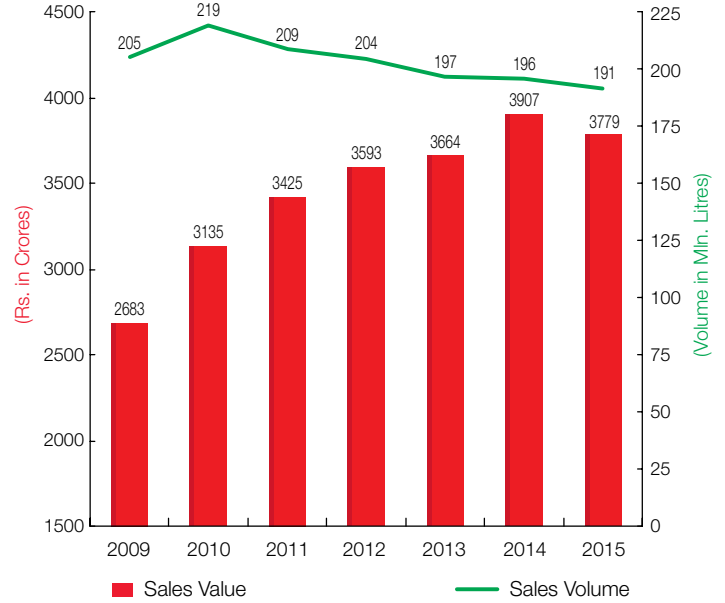


✓ Bharat Agrawal (on right), Treasury Manager, Castrol India, was awarded the Adam Smith Award by UK-based Treasury Today Group, in the 'Rising Star' category

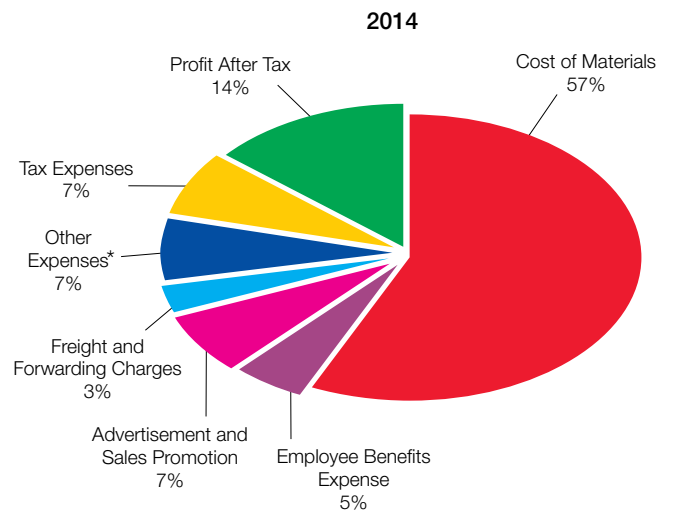
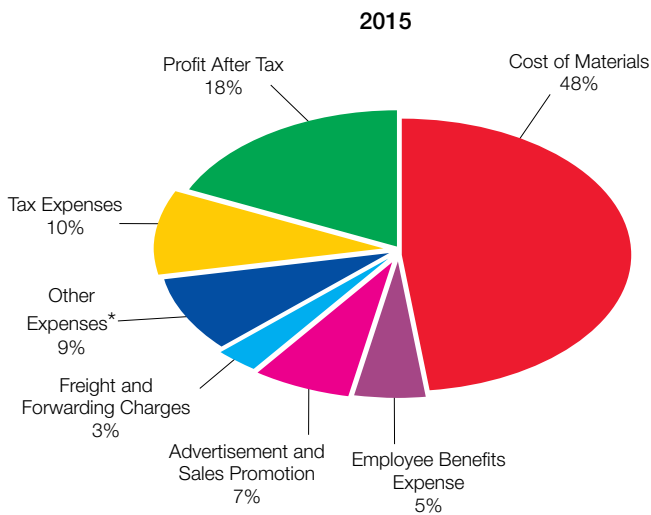
COST OF MATERIALS AND SALES PER LITRE



SALES

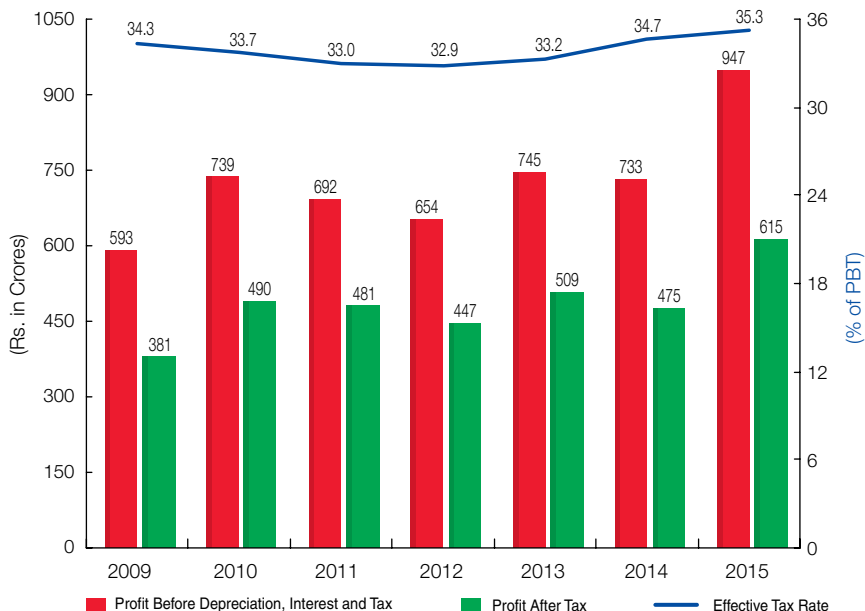


UTILISATION OF INCOME

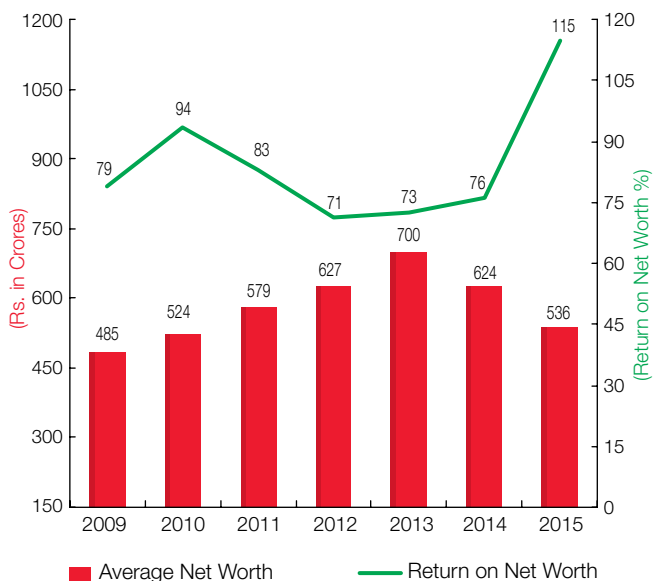


* Other expenses are net of interest income.

PROFIT AND EFFECTIVE TAX RATE

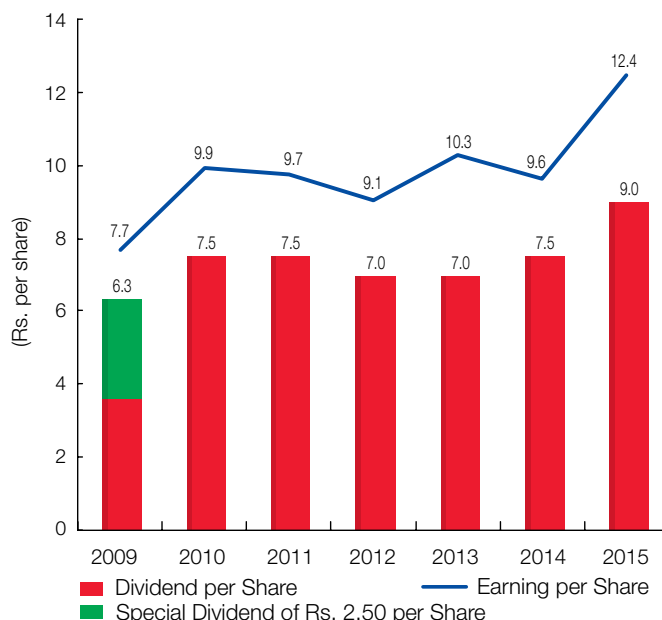


RETURN ON NET WORTH*



* Computed on average Net Worth during each year

DIVIDEND AND EARNING PER SHARE*



* Dividend and earning per equity share for all years have been re-calculated after considering the effect of bonus shares in 2010 and 2012.

Particulars	2015	2014	2013	2012	2011	2010	2009
	Rupees in Crores						
Revenue from Operations (Gross)	3,791.42	3,918.62	3,677.50	3,605.38	3,439.23	3,146.88	2,695.05
Less: Excise Duty	493.39	526.29	497.88	484.52	445.96	403.97	367.04
Revenue from Operations (Net)	3,298.03	3,392.33	3,179.62	3,120.86	2,993.27	2,742.91	2,328.01
Other Income	52.58	16.06	35.06	30.84	21.66	5.42	7.42
Cost of Materials consumed	1,600.79	1,937.50	1,788.47	1,824.27	1,694.49	1,384.67	1,123.78
Employee Benefits and Other Expenses	802.36	738.11	703.67	673.67	628.90	625.00	619.05
Earnings before Interest, Tax, Depreciation, Amortisation and Exceptional Item	947.46	732.78	722.54	653.76	691.54	738.66	592.60
Exceptional Item	—	—	22.80	—	—	—	—
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	947.46	732.78	745.34	653.76	691.54	738.66	592.60
Depreciation and Amortisation Expense	38.97	36.13	30.45	26.64	25.11	24.33	27.18
Finance Costs	0.83	2.38	1.71	2.14	1.91	2.42	3.45
Interest Income	43.29	32.04	48.58	41.34	51.43	25.93	18.83
Profit Before Taxation	950.95	726.31	761.76	666.32	715.95	737.84	580.80
Current Taxation	323.80	260.60	241.06	227.78	255.44	251.09	206.83
Deferred Taxation	11.89	(8.85)	12.13	(8.85)	(19.13)	(2.49)	(7.80)
Fringe Benefit Tax	—	—	—	—	—	—	0.71
Short/(excess) Provision of Tax relating to earlier years	—	—	—	—	(1.39)	(1.07)	—
Profit After Taxation	615.26	474.56	508.57	447.39	481.03	490.31	381.06
Dividend	445.10	370.92	346.20	346.20	370.92	370.92	309.10
Net Fixed Assets	185.25	187.74	175.33	157.08	141.82	133.92	134.69
Investments	—	—	—	—	—	—	0.52
Net Assets	575.61	496.78	751.42	649.23	604.20	553.50	495.00
Share Capital	247.28	247.28	494.56	494.56	247.28	247.28	123.64
Reserves & Surplus	328.33	249.50	256.86	154.67	356.92	306.22	371.36
Net Worth	575.61	496.78	751.42	649.23	604.20	553.50	495.00
Deferred Tax Assets (Net)	49.92	61.81	52.96	65.09	56.24	37.11	34.62
	Rupees						
Earning per Share*	12.44	9.60	10.28	9.05	9.73	9.92	7.71
Dividend per Share*	9.00	7.50	7.00	7.00	7.50	7.50	₹6.25
Book Value per Share*	11.64	10.04	15.19	13.13	12.22	11.19	10.01

* After considering adjustments for issue of bonus shares in 2010 and 2012.

‡ Includes Special Dividend of Rs. 2.50 per share (Adjusted for issue of bonus shares in 2010 & 2012 i.e. Rs. 10 per share, Pre-Bonus).

To the Members,

Your Company's Directors are pleased to present the 38th Annual Report of the Company, along with Audited Financial Statements for the year ended 31st December 2015.

1. FINANCIAL RESULTS

Particulars	For the year ended 31st December, 2015 (Rupees in crores)	For the year ended 31 st December, 2014 (Rupees in crores)
Profit before Depreciation, Exceptional Items & Tax	947.46	732.78
Interest Income (Net of Finance Cost)	42.46	29.66
Profit before Depreciation & Tax	989.92	762.44
Depreciation & Amortisation	38.97	36.13
Tax Expenses		
Current Tax	323.80	260.60
Deferred Tax	11.89	(8.85)
Profit after Tax	615.26	474.56
Adding thereto:		
Balance as per last Balance Sheet brought forward	87.50	94.86
Profit available for Appropriation	702.76	569.42
The appropriations are:		
Dividend		
Interim	197.82	173.10
Final	247.28	197.82
Tax on Dividend		
Interim	40.27	29.42
Final	50.34	39.55
Tax on Capital Reduction	—	42.03
Transfer to General Reserves	0.72	—
Net surplus in the Statement of Profit & Loss	166.33	87.50
	702.76	569.42

2. PERFORMANCE

Net revenues from operations of the Company have decreased by about 3% over the previous year to Rs. 3,298 crores, mainly due to drop in volumes in commercial vehicle segment. The sales volumes declined by 2% over the previous year although personal mobility segment witnessed a good growth. Costs of materials were lower by about 17% over the previous year to Rs. 1,601 crores due to drop in input costs. Despite the challenging economic environment, reduction in input cost and focus on personal mobility and better product mix helped the Company to improve its unit gross margin and gross profit. Operating and other expenses increased by about Rs. 67 crores as compared to the previous year. Profit before Tax increased by about 31% over previous year to Rs. 951 crores. Tax rate for the current year has remained at nearly the same level as that of the previous year. Profit After Tax increased by 30% over the previous year to Rs. 615.2 crores.

The Company's performance has been discussed in detail in 'Management Discussion & Analysis Report'.

The Company does not have any subsidiary or associate or joint venture company.

3. DIVIDEND

Your Directors are pleased to recommend a final dividend of Rs. 5.00 per equity share of Rs. 5/- each, for the year ended 31st December 2015. The interim dividend of Rs. 4.00 per equity share was paid in August 2015.

The Final Dividend, subject to approval of members, will be paid within statutory period, to the members whose names appear in the Register of Members, as per book closure. The total dividend for the financial year, including proposed Final Dividend, amounts to Rs. 9.00 per equity share (180% on paid-up equity share capital) (Previous year Rs. 7.50 per equity share) and the same will absorb Rs. 445.10 crores (Previous year Rs. 370.92 crores).

4. SUPPLY CHAIN

Your Company's supply chain strategy continued to focus on five pillars –

(1) Contemporary, differentiated and competitive customer service, (2) Premium quality – a source of enhanced customer experience, (3) Supply chain capabilities – assets & resources to support growth, (4) Consistent processes, and (5) Generating value for business through efficiency initiatives. Health, Safety, Security and Environment, along with the Ethics and Values formed the core of the five pillars.

The Safety agenda continued to be driven strongly across the plants and the product delivery interfaces, and included strong input measures. Driver safety was led in a big way through "Family Connect" programs across the metro cities of Mumbai and Kolkata covering a healthy percentage of heavy vehicle drivers. Within the plants, Control of Work (CoW) guidelines and Operating Management System (OMS) processes continued to be strengthened. As a part of the safe control and monitoring mechanism, Safety Observations continued to be recorded, and proactively actioned.

Patalganga plant achieved ISO/TS 16949:2009 during the year making it the second OEM ready plant after Silvassa. Significant strides were made in Quality with end-to-end process interventions leading to 60% reduction in quality complaints against 2014. Strong inspection programs at supplier level, incoming and in process stage, continuous engagements with packaging suppliers and assessing packaging supplier through a SMART score card helped in 50% reduction of pack related complaints against 2014.

Q-Standard — an end-to-end quality management system defining quality checks at each stage of manufacturing process right from incoming raw material to dispatch of finished goods is now in place across all the manufacturing locations.

Customer Service and product availability continue to be key priorities for supply chain. They were driven by anticipating demand changes and variability proactively, and continuous improvement in order fulfilment processes. Due to various initiatives undertaken in demand & supply planning, distribution and logistics, there was an overall improvement of 7% in the Service Levels (In 'Full On Time' indicator) and 10% in Stock availability. The improvements in customer service were fully supported by plant production reliability and raw materials and packaging suppliers.

Your supply chain team, in tandem with the larger organisation continues to innovate and manufacture New Products for customers and OEM partners in your own plant. In 2015, your Company introduced new products like Castrol CRB Multi, Castrol CRB Turbo Plus, Castrol Vecton CI4+, Castrol MAGNATEC Professional OE 5W20.

Throughout the year, there was strong focus on generating value through standardisation, simplification and efficiency measures. Some key efficiency measures driven were: bringing very competitive base oil supplier in east which resulted into higher quality and service at low cost, optimising formulation & product sourcing, elimination of slow moving and obsolete stocks systematically through the year and reducing logistics cost by using higher capacity trucks. The packaging across multiple products were standardised, helping your organisation be more efficient and responsive.

To support integrity and growth operations, your organisation continued to invest in projects and initiatives to make the operations robust for future. The total capital investment across multiple supply chain projects for 2015 was about Rs. 25 crores.

5. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Ravi Kirpalani resigned as Managing Director of the Company with effect from 11th October 2015. Mr. Kirpalani continued with the Board as Whole-

time Director until 31st December 2015 to assist in smooth transition of his responsibilities to the newly appointed Managing Director. Your Board places on record its appreciation for outstanding contribution made by Mr. Ravi Kirpalani during his tenure as the Managing Director of the Company and in various other capacities previously.

Mr. Omer Dormen was appointed as Additional Director and Managing Director effective 12th October 2015. His appointment as a Managing Director is valid for three (3) years subject to the approval of the Shareholders of the Company and Central Government.

In accordance with the provisions of the Act and the Articles of Association of the Company, Ms. Rashmi Joshi and Mr. Jayanta Chatterjee, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and being eligible have offered themselves for re-appointment.

The Independent Directors of the Company have given the certificate of independence to your Company stating that they meet the criteria of independence as mentioned under Section 149(6) of the Companies Act, 2013.

Mr. Omer Dormen, Managing Director, Ms. Rashmi Joshi, Director Finance (CFO) and Mr. Sandeep Deshmukh, Company Secretary are the Key Managerial Personnel and there is no change in the same in the year except that Mr. Omer Dormen replaced Mr. Ravi Kirpalani as Managing Director as explained above.

6. BOARD EVALUATION

The Nomination and Remuneration Committee of the Company approved Board Performance Evaluation Policy during the year, which was 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; Board Committees and Directors shall be carried out on an annual basis.

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

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

The results of the Evaluation of the Board and Committees were shared with the Board and respective Committees. The Chairman of the Board had individual discussions with each member of the Board to discuss the performance feedback based on self-appraisal and peer review. The Nominations Committee Chairman discussed the performance review with the Board Chairman.

The Independent Directors met on 5th November 2015 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 Committees have agreed on various action points, which would result each Director, Committees and Board playing more meaningful role to increase shareholder value.

7. POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION, ETC

The "Remuneration Policy of Directors, KMPs and other employees" and policy on Directors Appointment and Board Diversity is given as **Annexure I & II**.

8. BOARD AND COMMITTEES

A calendar of meetings is prepared and circulated in advance to the Directors. The Board met five (5) times during the year, the 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 Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of Audit Committee and CSR Committee have been given in the Report on the Corporate Governance.

9. CORPORATE GOVERNANCE

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

10. CORPORATE SOCIAL RESPONSIBILITY

Your Company recognises the need and importance of a focused and inclusive social and economic development, especially of the industries and communities within which it operates. Your Company seeks to build open and constructive relationships with all its stakeholders. We want them to benefit from our presence and this is set out in our Code of Conduct and our values. Over the last hundred years of the Company's presence in India, Castrol India's CSR activities have evolved from charitable giving to a

strategic CSR programme, working in collaboration with key stakeholders. Going forward, your Company aims to build on this foundation as we develop a CSR programme that aligns business risks and opportunities with the national agenda of development priorities to meet the needs and aspirations of the populace.

Corporate Social Responsibility Committee recommended and the Board approved CSR Policy in line with the requirements of Section 135 of the Companies Act, 2013.

Your Company aims to provide a safer and better quality of life for the communities it serves, whilst ensuring the long-term sustainability of the Company's operations in the relevant industries where it operates. In alignment with our core skills and vision of building a safer and better quality of life, underpinned by our focus on progressive technology and in line with the aspirations of the country's youth, the Company intends to focus on:

- i. Skill development with a focus on technology targeting unorganised two-wheeler mechanics
- ii. Collaborating for a safer environment for mobility
- iii. Community Development in areas of operation and presence
- iv. Humanitarian aid
- v. Catering to the growing demand for lubricants in the country in an environmentally responsible manner

The Corporate Social Responsibility Policy which is available on the website of the Company at http://www.castrol.com/en_in/india/about-us/csr.html.

The Annual Report on our CSR activities is annexed herewith marked as **Annexure-III**.

Also, the Business Responsibility Report contains the information on work done on CSR front.

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Sections 134(3) (c) of the Companies Act, 2013, with respect to the Directors' Responsibilities Statement, it is hereby confirmed:

- (a) in the preparation of the annual accounts for the year ended 31st December 2015, 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 the Company as at 31st December 2015 and of the profit of the 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 the 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 the 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 adequate and operating effectively.

12. RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Board of Directors of your Company has, on recommendation of the Risk Management Committee framed and adopted a policy on Risk

Management of the Company. 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. Internal control systems provide, among other things, a reasonable assurance that transactions are executed with Management authorisation 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.

The 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.

13. RELATED PARTY TRANSACTIONS

The Audit Committee reviews the policy from time to time and also reviews all the Related Transactions, to ensure that the same are in line with the provisions of Law and Policy. The Committee approves the Related Party Transactions and wherever it is not possible to estimate the value, approves limit for financial year, based on best estimates. All Related Party Transactions are reviewed by an independent accounting firm to establish compliance with law and limits approved. None of the transactions approved in the financial year breached Arm's length and ordinary course criteria and those are within materiality threshold.

All the Related Party Transactions entered during the year were in ordinary course of the

Business and done on Arm's Length basis. No Material Related Party Transactions were entered during the year by your Company. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC 2 is not applicable.

In conformity with the requirements of the Companies Act, 2013 read with SEBI Listing Regulations, the policy to deal with Related Party Transactions was formulated which is also available on Company's website at http://www.castrol.com/en_in/india/about-us/financials/other-financial-documents-policies.html

14. DEPOSITS

Your Company has not accepted any fixed deposits under Chapter V of Companies Act, 2013, during this financial year and as such, no amount on account of principal or interest on deposits from public was outstanding as on 31st December 2015. The Company has no deposit which is not in compliance with the provisions of Chapter V of the Companies Act, 2013 and as the Companies (Acceptance of Deposit) Rules, 2014.

15. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN AND SECURITIES PROVIDED

Particulars of loans, guarantees and investments made by the Company pursuant to Section 186 of the Companies Act, 2013 are given in the notes to the Financial Accounts forms part of the Annual Report.

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, RESEARCH & DEVELOPMENT (R&D) AND FOREIGN EXCHANGE EARNING AND OUTGO

The particulars relating to conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo, as required to be disclosed under the Act, are provided as **Annexure – IV**.

17. MATERIAL CHANGES OCCURRED AFTER END OF FINANCIAL YEAR

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

18. AUDITORS

M/s. SRBC & Co. LLP, Chartered Accountants, retire and are eligible for re-appointment as Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting. They have confirmed their eligibility to the effect that their re-appointment, if made, would be within the prescribed limits under the Act and that they are not disqualified for re-appointment. The Report given by the Auditors on the financial statements of the Company is part of the Annual Report. There has been no qualification, reservation or adverse remark given by the Auditors in their Report.

M/s. Kishore Bhatia & Co., Cost Accountants carried out the cost audit for applicable business segment. It is proposed to re-appoint them as Cost Auditors for the Financial Year 2016.

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 Companies Act, 2013 for the financial year 2015. The Secretarial Audit report is annexed to this Report marked as **Annexure-V**. There are no qualifications, reservations or adverse remarks in the report given by Secretarial Auditors.

19. EXTRACT OF THE ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT-9 as per provisions of Companies Act, 2013 and rules thereto is annexed to this report as **Annexure VI**.

20. PARTICULARS OF EMPLOYEES

Disclosures with respect to the remuneration of Directors and employees as required under Section 197 of Companies Act, 2013 and Rule 5 (1) Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 has been annexed to this report as **Annexure VII**.

Details of employee remuneration as required under provisions of Section 197 of the Companies Act, 2013 and Rule 5(2) & 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Report. As per the provisions of Section 136 of the Act, the Report and Accounts are being sent to the shareholders of the Company and others entitled thereto, excluding the statement on particulars of employees. The Copies of said Statements are available at the Registered Office of the Company during working hours before 21 days of the Annual General Meeting. Any members interested in obtaining such details may write to the Secretarial Department at the Registered Office of the Company.

21. 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 underlying behaviours. Positive workplace environment and a great employee experience are integral parts of our culture. Your Company believe 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 provide the mechanism to seek recourse and redressal to the concerned individual subjected to sexual harassment.

Your Company has a Sexual Harassment – Prevention and Grievance Handling Policy in place to provide clarity around the process to raise

such a grievance and how the grievance will be investigated and resolved. An Internal Complaints Committee has been constituted in line with the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

During the year there was one complaint of sexual harassment that was reported which was reviewed by the Internal Complaints Committee. Pursuant to the review, disciplinary action of termination was taken against the employee accused of sexual harassment.

22. VIGIL MECHANISM

The Company has very strong whistle blower policy viz. 'Open Talk'. All employees of the Company have access to the Chairman of the Audit Committee in case they want to report any concern. The Policy on Vigil Mechanism and Whistle Blower Policy is discussed in the Corporate Governance Report.

23. 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 Shares (including Sweat Equity Shares) to employees of the Company under any scheme. The Company has not resorted to any Buy Back of its shares during the year under review.

3. Neither the Managing Director nor the Whole-time Directors of the Company receive any remuneration or commission from any of its subsidiaries.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

24. ACKNOWLEDGEMENT

The Board wishes to place on record its sincere appreciation of the efforts put in by the Company's employees for achieving encouraging results under difficult conditions. The Board also wishes to thank its members, distributors, vendors, customers, bankers, government and all other business associates for their support during the year.

On behalf of the Board of Directors

Omer Dormen
Managing Director
 DIN: 07282001

Rashmi Joshi
*Director Finance &
 Chief Financial Officer*
 DIN: 06641898

Mumbai
 24th February 2016

Annexure I

Policy on Remuneration of Directors, Key Managerial Personnel (KMP) and Senior Management Employees

The Board has adopted a policy viz. "Policy on Remuneration of Directors, Key Managerial Personnel (KMPs) and Senior Management employees". This policy shall act as a guideline for "Nomination and Remuneration Committee" (the Committee) on matters relating to remuneration of Directors, KMPs and Senior Management employees. This policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("Act"), SEBI Listing Regulations and is subject to the provisions of the law as amended from time to time. Extracts of the Policy are as under:

1. Implementation

The Committee is responsible for recommending this Policy to the Board.

2. Review of the Policy

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 based on changes that may be brought about due to any regulatory amendments or otherwise.

Implementation of this Policy shall be the responsibility of the Company Secretary 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 Companies Act, 2013.

3. Policy Statement

In order to attract and retain best talent, who has the potential to drive the growth and enhance shareholder value, it is essential to adopt comprehensive compensation policy which is synchronised with the industry trends. The remuneration of Directors, KMP and all other employees shall be based on competency, contribution and commitment demonstrated by them towards the Company.

4. While formulating this Policy, the Committee has considered that the Policy should help to –

- i. Attract highly competent human resources to sustain and grow the Company's business;
- ii. Build a performance culture by aligning performance of individuals with the business objectives of the Company;
- iii. Level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors, KMPs and Senior executives, of the quality required to run the Company successfully; and
- iv. Relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

5. Remuneration for Independent Directors 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 recognised 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.

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 recognise that, their service is at the discretion of shareholders.

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

6. Remuneration for Managing Director (MD)/ Executive Directors (EDs)/KMPs and Senior employees

A. The remuneration policy for the Managing Director (MD)/Executive Directors (EDs)/KMPs and Senior employees shall be guided by five key principles.

- *Linked to strategy:* A substantial proportion of remuneration is linked to success in implementing the Company's strategy.
- *Performance related:* The major part of total remuneration varies with performance, with the largest elements being share based, further aligning with shareholders' interests.
- *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.

- *Informed judgement:* There are quantitative and qualitative assessments of performance with the Committee making informed judgement within a framework approved by shareholders.
- *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 Executive 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 optimisation, where possible. The Company may also provide all employees with a social security net (subject to limits) by covering medical expenses and hospitalisation through reimbursements 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 organisational 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.
- iii. 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.
- iv. 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 equalisation, annual flights home, and housing allowance.
- v. 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.

C. Annual Compensation Review – The compensation review year will be financial year. 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.

7. While determining Remuneration, the Committee shall take into account –

- i. Salary level of new director/employee is competitive, relative to the peer group.
- ii. Variable remuneration is awarded within the parameters, and is subject to a requirement of continued service and corporate performance condition.

- 8. 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 Executive Director, Key Managerial Personnel and Senior Management Personnel in the same position/remuneration or revised remuneration after attaining the age of superannuation, for organisational development reasons.

Annexure II

Policy on Appointment of Directors

The Board has adopted a policy viz. "Policy on Appointment of Directors, Independence of Directors and Board Diversity" and it shall act as guideline on matters relating to appointment of the Directors. This Policy shall act as a guideline for "Nomination and Remuneration Committee" (Committee) in determining qualifications, positive attributes, independence of a Directors relating to the appointment/re-appointment of Directors. The Policy has been prepared pursuant to the provisions of Section 178(3) of the Companies Act, 2013 ("Act"), SEBI Listing Regulations and is subject to the provisions of the law as amended from time to time. Extracts of the Policy pertaining to Appointment of Directors are as under:

1. Implementation

The Committee is responsible for recommending the Policy to the Board.

2. Review of the Policy

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 based on changes that may be brought about due to any regulatory amendments or otherwise.

Implementation of this Policy shall be the responsibility of the Company Secretary 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 Companies Act, 2013.

3. This policy has the following three parts –

- A. Policy on Appointment of Directors;
- B. Policy on Independence of Directors; and
- C. Board Diversity Policy

A. 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 shareholder 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. The Board currently believes that the Board's optimum size is between 8 and 12 members.
- 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 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 from BP Group 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 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 reputations, both personal and professional, consistent with the image and reputation of Castrol.

ii. The candidate should be highly accomplished in its respective field, with superior credentials and recognition.

iii. 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.

a. *Business* — The candidate is or has been the Chief Executive Officer, Chief Operating Officer or other major operating or staff officer of a major corporation, with a background in marketing/ finance/ business operations/strategic management.

b. *Industry* — The candidate has experience in the fast-moving consumer goods (FMCG) industry / automobile industry or other complementary field.

c. *Information Technology* — The candidate should have fair understanding of information technology, e-commerce or digital marketing and also of regulatory framework in which the industry operates.

iv. The 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.

v. The 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.

vi. The 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.

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.

B. 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. An Independent Director in relation to a Company, means a director other than a Managing Director or a Whole-time Director or a Nominee Director —

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the Company or its holding, subsidiary or associate Company;
- (ii) who is not related to promoters or directors in the Company, its holding, subsidiary or associate Company;
- c. who has or had no pecuniary relationship with the Company, its holding, subsidiary or associate Company, or their promoters, or directors, during the two immediately preceding two financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the Company, its holding, subsidiary or associate Company or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the three immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives—
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the Company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
 - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of —
 - (A) a firm of auditors or Company secretaries in practice or cost auditors of the Company or its holding, subsidiary or associate company; or
 - (B) any legal or a consulting firm that has or had any transaction with the Company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
 - (iii) holds together with his relatives two per cent or more of the total voting power of the Company; or
 - (iv) is a Chief Executive or Director, by whatever name called, of any non-profit organisation that receives twenty-five per cent or more of its receipts from the Company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the Company; or
 - (v) is a material supplier, service provider or customer or a lessor or lessee of the Company.
- f. shall possess such other qualifications as may be prescribed from time to time, under the Companies Act, 2013.
- g. who is not less than 21 years of age.

The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013. This is policy is subject to the provisions of Companies Act, 2013 and Listing Regulations issued by Securities and Exchange Board of India (SEBI) from time to time and the Policy is framed to define

the criteria that will be used by the Nomination and Remuneration Committee/Board to assess the independence of Directors of the Company.

C. 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, 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 recognises the benefits that diversity, including gender brings to the Board. In considering the composition of the Board, directors will be mindful of:

- *Diversity*: ensuring the Board and the Company reflects the global communities in which it works;
- *Inclusiveness*: creating an environment where all board members, employees and business partners are valued and can give of their best;
- *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 Nomination Committee. When considering the nomination of new directors, the Committee will evaluate the balance of skills, knowledge and experience on the Board in order to identify the capabilities desirable for a particular appointment. Such evaluations will also consider the diversity the individual brings to the overall Board and will aim to ensure as diverse a mix as possible.

Annexure III

Annual Report on Corporate Social Responsibility Activities

(Pursuant to Section 135 of the Companies Act, 2013)

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company aspires to be a trusted partner, continuously engaging with our stakeholders. Through our CSR programmes aimed at skill enhancement, safe mobility community development and humanitarian aid, we strive to contribute to a safer and better quality of life.

In alignment with our core skills and vision of engaging with our stakeholders to contribute to a safer and better quality of life, the Company intends to focus on:

- I. *Eklavya*: Strengthening skills in the automotive and industrial sectors, with a focus on technology targeting un-organised two-wheeler mechanics
- II. *Ehtiyat*: Collaborating for safer mobility
- III. *Ekjut*: Community Development in areas of operation and presence
- IV. *Ehsaas*: Humanitarian aid

The Company follows an approach of initiating pilot projects to test on-ground relevance with leading

non-governmental organisations (NGOs) and government departments. Based on stakeholder response, partner experience and contribution to agenda the project is accordingly up-scaled or redesigned. Encouraged by the response the portfolio continues to grow with expanding partnerships and investments.

The Company's CSR Policy for 2015 can be viewed at http://www.castrol.com/en_in/india/about-us/csr.html

2. The Composition of the CSR Committee

- Mr. R Gopalakrishnan (Chairperson)
- Mr. Sashi Mukundan
- Mr. Omer Dormen
- Ms. Rashmi Joshi
- Mr. Jayanta Chatterjee

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

Rs. 711.76 crores

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

Rs. 14.23 crores

5. Details of CSR spent during the financial year.

- a. Total amount to be spent for the financial year: Rs.14.23 crores
- b. Amount unspent, if any: Rs. 3.75 crores
- c. Manner in which the amount spent during the financial year is detailed below.

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where	Amount outlay (budget) project or programs wise (INR)	Amount spent on the projects or programs, Subheads: (INR)	Cumulative expenditure up to date reporting period (INR)	Amount spent: Direct or through implementing Agency (IA)
1	Eklavya: Strengthening skills in the automotive and industrial sectors, with a focus on technology targeting un-organised two-wheeler mechanics	Livelihood enhancement	Tamil Nadu, Karnataka, Andhra Pradesh, West Bengal and Delhi	33,121,932	33,121,932	33,121,932	IA – Social Empowerment & Economic Development Society, Sambhav Foundation, GM RV Foundation, Ambuja Cement Foundation, Academy of Gandhian Studies, CIE Initiatives, International Centre for Entrepreneurship and Career Development.
2	Ehtiyat : Collaborating for safer mobility	Promoting education and employment enhancing vocation skills	Mumbai	51,000,000	51,000,000	51,000,000	IA – Americares India Foundation, United Way of Mumbai.

Sr. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where	Amount outlay (budget) project or programs wise (INR)	Amount spent on the projects or programs, Subheads: (INR)	Cumulative expenditure up to date reporting period (INR)	Amount spent: Direct or through implementing Agency (IA)
3	Ekjut : Community Development in areas of operation and presence	Multiple elements	Silvassa, Patalganga, Paharpur and Mumbai	10,677,500	10,677,500	10,677,500	IA — Americares India Foundation, Ambuja Cement Foundation, St. Jude's India Childcare Centre, Habitat for Humanity India, United Way of Mumbai.
4	Ehsaas : Humanitarian	Promoting health care; eradicating hunger; sanitation and making available safe drinking water	Chennai and Cuddalore in Tamil Nadu	5,020,000	5,020,000	5,020,000	IA — Charities Aid Foundation India, Americares India Foundation.
5	Administrative Overheads			4,990,502	4,990,502	4,990,502	Direct
	Total			104,809,934	104,809,934	104,809,934	

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

There were several challenges to establish a sustainable CSR model, that would complaint with the requirement of the Companies Act put in place CSR team and identification of right projects. In spite of these challenges, the Company conducted various CSR activities in collaboration with key stakeholders in a responsible and accountable manner. This was possible only because of creating of a strong foundation and adopting an informed approach while the Company initiated a series of fresh pilots in 2015. The Company could not entirely consume the allocated CSR Budget, given the Company's Agenda to utilise the funds in justifiable, sustainable and measurable activities. Therefore, a sum of Rs. 3.75 crores remained unspent from the CSR budget of 2015. Going forward it is proposed to strengthen engagement with various stakeholders and ramp up the CSR spend.

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

The CIL Board and CSR Committee are wholeheartedly committed to fulfilling the Company's

CSR vision of aspiring to be a trusted partner while striving to contribute to a safer and better quality of life.

Our four-pronged focus area approach, governance structure and efforts are designed to deliver mutually set out objectives with our partners. Ensuring an active oversight and guidance of the company's CSR investments are a key responsibility of the Board and are therefore taken up with regularity and rigor.

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

On behalf of the Board of Directors

Omer Dormen
Managing Director
DIN: 07282001

R. Gopalakrishnan
Chairman, CSR Committee
DIN: 00027858

Mumbai
24th February 2016

Annexure IV

Particulars of Conservation of Energy, Technology Absorption, Research & Development (R&D) and Foreign Exchange Earning and Outgo required under the Companies (Accounts) Rule, 2014

Conservation of Energy

(a) Energy conservation measures taken

- Maintaining power factor resulting in reduced reactive power consumption and energy bill
- Integration of cooling water circulation pump with SCADA system to optimise pump running
- Use of Inverter type air condition to optimize power consumption and voltage level optimisation and installation of energy efficient air compressor
- Usage of battery operated forklifts
- Periodic air leakage audits and addressing identified leak points
- Replacement of CFL lamp to LED lamp for shop floor and streetlights
- Times for the Canteen air conditioners, which are converted to SIP
- Provided new aluminium cladding insulation on hot oil circulation pipe lines for reducing heat loss
- Improving boiler efficiency, resulting in lower consumption of furnace oil
- Usage of jet mixers in blender for reducing the batch cycle time
- Continue rationalisation of certain blending operations for a few products with reduced temperature, to reduce energy consumption
- Increasing awareness level amongst the work force for various energy conservation measures at the plant level

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy

Usage of LED lights in all passible areas of the plant to reduce power consumption and increase lux level.

(c) Impact of Measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

The improvement measures continue to support efficient use of energy and optimization in the production per unit cost.

Technology Absorption

1. Your Company continued to derive sustainable benefits from its India Technology Centre located in Mumbai for the first half of 2015. Your Company's Technology Centre was located at Wadala, Mumbai. In June 2015, a leak in the fuel pipeline in the neighbourhood led to a fire incident outside the Company's Technology Centre at Wadala. All the Company personnel and security staff were evacuated safely and the facility was shut down. Subsequently, a decision was taken to close the site in order to eliminate any potential risk of injury to people and damage to property in future. The business continuity plan enabled to the team to relocate and utilise the facility at other BP location to ensure continued support. This was another year where your 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 market.
2. In the year under review, your Company continued its investment in a world-class two-wheeler oil product development team, to support the needs of the domestic and global market. To enable this team in its work, your Company continued re-installation of laboratory instruments for efficient continuation of research work at the new temporary

- laboratory facility. In addition to internal facility, your Company has funded to use laboratory facilities at other international research institutes. This has helped us develop product differentiation and hastens the product development cycle.
3. In 2015, your Company focused on optimising current formulation in the personal mobility market space through value engineering. In 2015, your Company also focused on the Indian passenger car market to develop a fuel efficient, durable SAE 5W-30/0W - 20 covering range of Gasoline and Diesel engines oils for future emission requirements.
 4. In India, considering the demand for higher quality oil due to tougher emission quality standard and uptake of European parc, your Company launched Castrol Vecton CI4+ with system 5 technology and CRB Turbo Plus Durashield booster after extensively trials in local vehicles.
 5. In 2015, a number of initiatives were taken in Industrial product range. Your Company focused on the localisation of Clearedge 6519 and Almaredge 61 FF to drive the growth in soluble metalworking fluids for Auto and Machine Manufacturing customers. These products have successfully delivered differentiated benefits to the customers at competitive cost. Your Company launched Mid Flash Rust Preventive to meet the new norms of tube industry and customer's requirements on reduced costs. The product was developed keeping our technology ahead of competition and targeting significant growth in the market place.
 6. Towards building capability within to sell the technologically superior products developed by your Company, it had invested in a "Liquid Engineering Centre" (LEC) a few years ago. This year your Company supported Tata Motors "Skill-Fest" in creating interactives and quizzes for competency development on lubricant technology. Your Company upgraded the learning centres at Maruti Suzuki India Ltd. and Tata Motors.
 7. Another major milestone that was achieved in the year 2015 was the renewal of the ISO 14001 and 9001:2008 certification for the India Technology Centre and TS16949 for the India Technology Centre as a remote site. Both these certifications are effectively a license-to-operate today for a reputed organisation such as your Company. The ISO 9001:2008 assures the management of your Company that the operations of the Centre continue to be streamlined and efficient. The ISO 14001 certification is a mark of your Company's commitment to the customer and shareholder to be environmentally responsible and to adopt sustainable business practices.

Research & Development (R&D)

(A) Specific areas in respect of which R&D was carried out:

(i) *New product launches with stronger consumer benefit:*

Following brands were re-launched during the year with strong consumer benefits viz.:

- a. CRB Turbo Plus with Durashield booster
- b. Vecton RX Fuel Saver 10W-40
- c. Vecton CI4+ with system 5 Technology
- d. Mid flash rust preventives

(ii) *New products and offers for Original Equipment Manufacturers (OEM's):*

Your Company has been successful in launching two transmissions long drain oils for a leading truck manufacturer TATA Motors: Axle Extended drain GL-5 80W-140 and Manual Extended drain GL-4 80W-90 oils.

(iii) *Driving efficiencies:*

An initiative was taken during the year to ensure that your Company availed of the maximum efficiencies by localizing imported products. This will also ensure a strong security of supply in case of any crisis.

(B) Benefits derived as a result of R&D

Based on the R&D activities mentioned above being implemented, your Company was able to further strengthen its connect with consumers and the OEM's. It also helped your Company in forging new partnerships with OEM's and demonstrating its technical superiority.

(C) Future plan of action

Innovation is a journey and your Company is well placed to ensure that it continues to maintain a strong track record in this field. Your Company will continue its focus on generating fuel efficient products for its consumers, strengthening its synthetic technology based portfolio, introduction of green environmentally friendly lubricant products and working on the state-of-the-art technologies of modelling to fast track product development cycles.

(D) Expenditure on R&D	(Rs. in crores)
Capital	1.01
Recurring	14.77
Total	15.78

FOREIGN EXCHANGE EARNING AND OUTGO**1. Activities relating to Export**

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

2. Earning and Outgo

	Financial Year 2015 Rs. in crores
Foreign Exchange Earnings	15.63
Foreign Exchange Outgo	209.55

On behalf of the Board of Directors

Omer Dorman
Managing Director
DIN: 07282001

Rashmi Joshi
*Director Finance &
Chief Financial Officer*
DIN: 06641898

Mumbai,
24th February 2016

Annexure V

Secretarial Audit Report For the Financial Year ended 31st December, 2015

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Castrol India Limited
CIN L23200MH1979PLC021359
Technopolis Knowledge Park,
Mahakali Caves Road,
Chakala, Andheri (East),
Mumbai-400 093

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Castrol India Limited** (hereinafter called the Company) for the year ended 31st December 2015. 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 31st December 2015, 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 31st December 2015 according to the provisions of:

- i. The Companies Act, 2013 (the Act), the Companies Act, 1956 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;
- 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, 1992 (upto 14th May 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May 2015);
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 — *Not Applicable as the Company has not issued further capital during the financial year under review;*
 - d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999/ Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014) — *Not Applicable as the Company has not issued any shares/ options to directors employees under the said Guidelines/Regulations during the period under review;*
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 — *Not Applicable as the Company has not issued and listed debt securities during the financial year under review;*
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client — *Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;*

- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 — *Not Applicable as the Company has not delisted/propose to delist its equity shares from any stock exchange during the financial year under review; and*
- h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 — *Not Applicable as the Company has not bought back/propose to buy-back any of its 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 and made effective 1st July 2015;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosure Requirements), 2015 made effective 1st December 2015.

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

We further report that:

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

- Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- Majority decision is carried through, while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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 Company Secretary 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 is 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.

For S. N. ANANTHASUBRAMANIAN & CO.
Company Secretaries
Firm Registration No. P1991MH040400

S. N. Ananthasubramanian
Partner
C.P No: 1774

Date : 18th February 2016
Place : Thane

Annexure VI**Extract of Annual Return as on the Financial Year ended on 31st December 2015**

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L23200MH1979PL021359
ii.	Registration Date	31.05.1979
iii.	Name of the Company	Castrol India Limited
iv.	Category / Sub-Category of the Company	Public company/ Limited by shares
v.	Address of the Registered office and contact details	Technopolis Knowledge Park, Mahakali Caves Road, Andheri (East), Mumbai-400 093 Tel: 022-66984100 Fax: 022-66984101
vi.	Whether listed company	Yes
vii.	Name, Address and contact details of Registrar and Transfer Agent, if any.	M/s. TSR Darshaw Limited 6-10 Haji Moosa Patrawala Industrial Estate, 20 Dr. E. Moses Road, Mahalakshmi, Mumbai 400 011

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10% or more of the total turnover of the company shall be stated:

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Coke and refined petroleum products	192	99.68%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	Castrol Limited	Not Applicable	Holding	70.92	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) <i>Indian</i>									
a) Individual / HUF	0	0	0	0.00	0	0	0	0.00	0
b) Central Govt.	0	0	0	0.00	0	0	0	0.00	0
c) State Govt.(s)	0	0	0	0.00	0	0	0	0.00	0
d) Bodies Corp	0	0	0	0.00	0	0	0	0.00	0
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
f) Any Other	0	0	0	0.00	0	0	0	0.00	0
Sub-total (A)(1):									
2) <i>Foreign</i>									
g) NRIs – Individuals	0	0	0	0.00	0	0	0	0.00	0
h) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0
i) Bodies Corp.	35,12,91,716	0	35,12,91,716	71.03	35,12,91,716	0	35,12,91,716	71.03	0
j) Banks / FI	0	0	0	0.00	0	0	0	0.00	0
k) Any Other	0	0	0	0.00	0	0	0	0.00	0
Sub-total (A)(2):	35,12,91,716	0	35,12,91,716	71.03	35,12,91,716	0	35,12,91,716	71.03	0
Total shareholding of Promoter and Promoter Group (A)	35,12,91,716	0	35,12,91,716	71.03	35,12,91,716	0	35,12,91,716	71.03	0
B. Public Shareholding									
1. <i>Institutions</i>									
a) Mutual Funds	57,65,055	9,486	57,74,541	1.17	91,93,604	9,306	92,02,910	1.86	0.69
b) Banks / FI	3,85,993	18,258	4,04,251	0.08	10,80,276	18,258	10,98,534	0.22	0.14
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
f) Insurance Companies	2,79,46,620	0	2,79,46,620	5.65	2,72,64,374	0	2,72,64,374	5.51	(0.14)
g) FIs	3,55,38,167	2,480	3,55,40,647	7.19	2,44,14,720	2,480	2,44,17,200	4.94	(2.25)
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0
j) Foreign Portfolio Investment (Corporate)	8,19,818	0	8,19,818	0.17	66,21,402	0	66,21,402	1.34	1.17
Sub-total (B)(1)	7,04,55,653	30,224	7,04,85,877	14.25	6,85,74,376	30,044	6,86,04,420	13.87	(0.38)
2. <i>Non Institutions</i>									
a) Bodies Corp.									
(i) Indian	65,46,210	41,508	65,87,718	1.33	73,64,815	41,108	74,05,923	1.50	0.17
(ii) Overseas	0	4,000	4,000	0.00	0	4,000	4,000	0.00	0.00
b) Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	4,87,84,281	90,07,243	5,77,91,524	11.69	4,99,08,067	82,86,199	5,81,94,266	11.77	0.08
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	77,54,851	6,45,506	84,00,357	1.70	85,87,867	4,73,000	90,60,867	1.83	.13
c) Others (Specify)	0	0	0	0.00	0	0	0	0.00	0
Sub-total (B)(2)	6,30,85,342	96,98,257	7,27,83,599	14.72	6,58,60,749	88,04,307	7,46,65,056	15.10	0.38
Total Public Shareholding (B)=(B)(1)+ (B)(2)	13,35,40,995	97,28,481	14,32,69,476	28.97	13,44,35,125	88,34,351	14,32,69,476	28.97	0.00
Total (A) + (B)	48,48,32,711	97,28,481	49,45,61,192	100.00	48,57,26,841	88,34,351	49,45,61,192	100.00	
C. Shares held by Custodian for GDRs & ADRs									
	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	48,48,32,711	97,28,481	49,45,61,192	100.00	48,57,26,841	88,34,351	49,45,61,192	100.00	

ii. Shareholding of Promoters

Sr. No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Castrol Ltd.	35,07,49,820	70.92	0	35,07,49,820	70.92	0	0
2.	BP Mauritius Ltd.	5,41,896	0.11	0	5,41,896	0.11	0	0
	Total	35,12,91,716	71.03	0	3,51,29,176	71.03	0	0

iii. Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year				
	Date wise Increase/Decrease in Promoters Share-holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/ sweat equity etc):	There is no change in promoters holding			
	At the end of the year				

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31st December 2015:

Sr. No	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1.	LIC of India Child Fortune Plus Balanced Fund				
	At the beginning of the year	2,26,90,333	4.59	2,26,90,333	4.59
	Bought during the year	26,78,636	0.54	2,53,68,969	5.13
	Sold during the year	25,35,367	0.51	2,28,33,602	4.62
	At the end of the year	2,28,33,602	4.62	2,28,33,602	4.62
2.	Aberdeen Global Indian Equity Limited				
	At the beginning of the year	70,00,000	1.42	70,00,000	1.42
	Bought during the year	0	0.00	70,00,000	1.42
	Sold during the year	12,00,000	0.24	58,00,000	1.18
	At the end of the year	58,00,000	1.18	58,00,000	1.18
3.	Aberdeen Global-Asian Smaller Companies Fund				
	At the beginning of the year	47,30,462	0.96	47,30,462	0.96
	Bought during the year	0	0.00	47,30,462	0.96
	Sold during the year	16,46,458	0.33	30,84,004	0.63
	At the end of the year	30,84,004	0.63	30,84,004	0.63
4.	Reliance Capital Trustee Co. Ltd. A/c Reliance equity Opportunities Fund				
	At the beginning of the year	22,09,501	0.45	22,09,501	0.45
	Bought during the year	12,77,600	0.26	34,87,101	0.71
	Sold during the year	9,60,131	0.19	25,26,970	0.52
	At the end of the year	25,26,970	0.52	25,26,970	0.52

iv. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) as on 31st December 2015: (Contd.)

Sr. No	Name of Shareholders	Shareholding		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
5.	General Insurance Corporation of India				
	At the beginning of the year	23,00,000	0.47	23,00,000	0.47
	Bought during the year	0	0.00	23,00,000	0.47
	Sold during the year	1,39,334	0.03	21,60,666	0.44
	At the end of the year	21,60,666	0.44	21,60,666	0.44
6.	Matthews India Fund				
	At the beginning of the year	21,39,063	0.43	21,39,063	0.43
	Bought during the year	0	0.43	21,39,063	0.43
	Sold during the year	0	0.43	21,39,063	0.43
	At the end of the year	21,39,063	0.43	21,39,063	0.43
7.	Vanguard Emerging Markets Stock Index Fund, A series Of Vanguard International Equity Index Fund				
	At the beginning of the year	24,05,783	0.49	24,05,783	0.49
	Bought during the year	25,239	0.00	24,31,022	0.49
	Sold during the year	3,92,367	0.08	20,38,655	0.41
	At the end of the year	20,38,655	0.41	20,38,655	0.41
8.	SBI Life Insurance Co. Ltd				
	At the beginning of the year	18,74,583	0.38	18,74,583	0.38
	Bought during the year	7,55,059	0.15	26,29,642	0.53
	Sold during the year	6,65,779	0.13	19,63,863	0.40
	At the end of the year	19,63,863	0.40	19,63,863	0.40
9.	Aberdeen Global – Emerging Markets Smaller Companies Fund				
	At the beginning of the year	24,86,870	0.50	24,86,870	0.50
	Bought during the year	0	0.00	24,86,870	0.50
	Sold during the year	6,60,000	0.13	18,26,870	0.37
	At the end of the year	18,26,870	0.37	18,26,870	0.37
10.	Nomura India Investment Fund, Mother Fund				
	At the beginning of the year	8,49,187	0.17	8,49,187	0.17
	Bought during the year	8,72,796	0.18	17,21,983	0.35
	Sold during the year	0	0.00	17,21,983	0.35
	At the end of the year	17,21,983	0.35	17,21,983	0.35
11.	Aberdeen Emerging Markets Smaller Companies Fund A Series of the Aberdeen Institutional Commingled Funds, LIC				
	At the beginning of the year	16,61,710	0.34	16,61,710	0.34
	Bought during the year	0	0.00	16,61,710	0.34
	Sold during the year	0	0.00	16,61,710	0.34
	At the end of the year	16,61,710	0.34	16,61,710	0.34
12.	ICICI Prudential Long Term Equity Fund (Tax Saving)				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	16,75,231	0.34	16,75,231	0.34
	Sold during the year	35,200	0.01	16,40,031	0.33
	At the end of the year	16,40,031	0.33	16,40,031	0.33

Note: The above information is based on the weekly beneficiary position received from Depositories.

v. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Directors / KMP	Shareholding at the beginning of the year 01-01-2014		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company
1	Susim Mukul Datta				
	At the beginning of the year	28,236*	0.00	28,236	0.00
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	28,236	0.00	28,236	0.00
2	Uday Chander Khanna				
	At the beginning of the year	800	0.00	800	0.00
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	800	0.00	800	0.00
3	R Gopalakrishnan				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
4	Ravi Moti Kirpalani				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
5	Sashi Mukundan				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
6	Peter Weidner				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
7	Ralph Hewins				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
8	Rashmi Joshi				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
9	Jayanta Chatterjee				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
10	Omer Dormen				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00
11	Sandeep Deshmukh				
	At the beginning of the year	0	0.00	0	0.00
	Bought during the year	0	0.00	0	0.00
	Sold during the year	0	0.00	0	0.00
	At the end of the year	0	0.00	0	0.00

*Mr. Datta hold 5,000 shares in individual capacity and holds 23,236 shares jointly with his relatives.

V. INDEBTEDNESS

The Company had no indebtedness with respect to Secured or Unsecured Loans or Deposits as on 31st December 2015

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL*A. Remuneration to Managing Director, Whole-time Directors and/or Manager*

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		Mr. Ravi Kirpalani	Ms. Rashmi Joshi	Mr. Omer Dormen	Mr. Jayanta Chatterjee	
1.	Gross salary					
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,62,47,373	1,17,63,572	97,10,717	1,18,90,226	4,96,11,888
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	64,20,986	14,54,503	14,06,165	11,98,915	1,04,80,568
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	23,25,871	10,63,297	3,62,622	12,03,168	47,54,958
2.	Stock Option	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0
4.	Commission	0	0	0	0	0
5.	Others, please specify	0	0	0	0	0
	Total (A)	2,49,94,229	1,42,81,372	1,14,79,504	1,42,92,309	6,50,47,414
	Ceiling as per the Act	Rs. 94,97,30,000 (Being 10% of Net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				

B. Remuneration to other Directors

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount	
		Mr. S.M. Datta	Mr. R. Gopalakrisnan	Mr. Uday Khanna		
1.	Independent Directors					
	• Fee for attending board committee meetings	9,50,000	7,50,000	5,50,000	22,50,000	
	• Commission	10,00,000	8,00,000	8,00,000	20,00,000	
	Total (1)	19,50,000	15,50,000	13,50,000	48,50,000	
2.	Other Non-Executive Directors					
	• Fee for attending board committee meetings	0	0	0	0	
	• Commission	0	0	0	0	
	Total (2)	0	0	0	0	
	Total (B)=(1+2)	19,50,000	15,50,000	13,50,000	48,50,000	
	Total Remuneration Total (A) + (B)				6,98,97,414	
	Ceiling as per the Act	Rs. 9,49,73,000 (Being 1% of Net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				
	Overall Ceiling as per the Act	Rs. 1,04,47,03,000 (Being 11% of Net profits of the Company calculated as per Section 198 of the Companies Act, 2013)				

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel
		Sandeep Deshmukh Company Secretary
1.	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	75,84,347
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	49,227
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	7,89,584
2.	Stock Option	0
3.	Sweat Equity	0
4.	Commission	0
5.	Others, please specify	0
	Total	84,23,158

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

There were no penalties / punishment / compounding of offences for breach of any section of Companies Act against the Company or its Directors or other officers in default, if any, during the year.

On behalf of the Board of Directors

Omer Dorman
Managing Director
DIN: 07282001

Rashmi Joshi
Director Finance &
Chief Financial Officer
DIN: 06641898

Mumbai
24th February 2016

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 the Employees of the Company for the financial year 2015, the percentage increase in remuneration of Chief Executive Officer, Chief Financial Officer and other Executive Director and Company Secretary during the financial year 2015.**

Sr. No.	Name of Director/KMP and Designation	Designation	Remuneration of Director/KMP for FY 2015 (Rs. in crore)	% increase in Remuneration in the Financial Year 2015	Ratio of remuneration of each Director/ to median remuneration of employees
1.	Mr. Omer Dormen**	Managing Director	1.148	#	##
2.	Mr. Ravi Kirpalani**	Whole-time Director	2.499	7%	18.58
3.	Ms. Rashmi Joshi**	Director – Finance	1.428	7%	10.62
4.	Mr. Jayanta Chatterjee	Director – Supply Chain	1.429	###	10.63
5.	Mr. S. M. Datta*	Independent Director	—	—	—
6.	Mr. Uday Khanna*	Independent Director	—	—	—
7.	Mr. R. Gopalakrishnan*	Independent Director	—	—	—
8.	Mr. Sashi Mukundan	Non-Executive Director	—	—	—
9.	Mr. Ralph Hewin	Non-Executive Director	—	—	—
10.	Mr. Peter Weidner	Non-Executive Director	—	—	—
11.	Mr. Sandeep Deshmukh**	Company Secretary	0.842	19%	6.26

* The Non-Executive Independent Directors of the Company are entitled for sitting fee and commission as per the statutory provisions and within the limits approved by the shareholders. The details of remuneration of Non-Executive Independent Directors are provided in the Corporate Governance Report.

** KMP's (Mr. Ravi Kirpalani was Managing Director and KMP upto 11th October 2015 and Mr. Omer Dormen was appointed as Managing Director and KMP from 12th October 2015)

Details not given as Mr. Omer Dormen was not Director in Financial Year 2014

Details not given as Mr. Omer Dormen was Director only for part of the financial year 2015 i.e. w.e.f. 12th October 2015

###Details not given as Mr. Jayanta Chatterjee was a Director only for the part of the year in 2014 i.e. w.e.f. 30th October 2014

- (ii) **Other details:**

Permanent employees on the rolls of Company as on 31 st December 2015	753
The median remuneration of employees of the Company during the financial year	Rs. 1,345,104
% increase in the median remuneration of employees in the financial year	7%

- (iii) **Relationship between average increase in remuneration and company performance:**

The Profit before Tax for the financial year 2015 increased by 31% whereas the increase in median remuneration was 7%. The average increase in median remuneration was in line with the reward policy of the Company. The annual compensation review, as a part of the performance management system cycle, is also guided by industry/business outlook, employee differentiation based on individual performance rating achieved during the year. While determining remuneration, the Company takes into account, if the salary level is competitive, relative to the peer group and variable remuneration is awarded against measurable performance parameters.

(iv) Comparison of Remuneration of the Key Managerial Personnel against the performance of the Company:

The Company's Profit Before Tax increased by 31% in FY 2015 to Rs. 950.9 crores from Rs. 726.3 crores in 2014. Total Remuneration of Key Managerial Personnel increased by Rs. 0.41 crore (9.4%) from Rs. 4.36 crores in 2014 to Rs. 4.77 crores in 2015. The Company's remuneration policy for the Key Managerial Personnel is covered in a separate annexure to the Board's Report.

(v) Variations in the market capitalisation of the Company: The market capitalisation as on 31st December 2015 was Rs. 21,855 crores (Rs. 24,797 crores as on 31st December 2014). Price Earnings Ratio of the Company was 35.45 as at 31st December 2015 (52.2 as 31st December 2014). Share price as on 31st December 2015 was Rs. 441.9 per share of Rs. 5 each. The Company had made offer for sale to public in 1983 of shares of Rs. 10 each at a price of Rs. 19 per share.

(vi) Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year 2015 was 7.1% whereas the increase in the managerial remuneration for the same financial year was 9.4%. Increase in salary is based on remuneration policy/reward philosophy.

(vii) The key parameters for the 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. A high proportion of Directors' total potential remuneration is strongly linked to the Company's performance. Variable pay/Performance Linked Bonus (PLB) comprises of a pre-determined maximum compensation that can be paid at the end of the performance year. 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.

(viii) The ratio of the remuneration of the highest paid Director to that of the employees who are not Directors but receive remuneration in excess of the highest paid Director during the year – Not Applicable.

(ix) The remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees as recommended by the Nominations Committee and approved by the Board from time to time.

On behalf of the Board of Directors

Omer Dorman
Managing Director
 DIN: 07282001

Rashmi Joshi
*Director Finance &
 Chief Financial Officer*
 DIN: 06641898

Mumbai
 24th February 2016

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Pursuant to Regulation 34 of the SEBI Listing Agreement, a Management Discussion & Analysis Report covering segment-wise performance and outlook is given below:

(A) Industry structure and developments – 2015

Your Company operates across all three major market sectors of the lubricants industry – Automotive, Industrial and Marine & Energy applications. Your Company along with the Indian national oil companies lead the overall lubricants industry contributing approximately 55% of the market in terms of volumes. Another 20% of the market, by volume, is accounted for by other multinationals which are mostly integrated oil companies and the rest of the market is constituted by numerous smaller players, largely local in nature. There are over 30 established players in this industry, making it very competitive. The market for automotive applications, where your Company has established a well-entrenched position over the years, is the predominant one amongst the three sectors within the lubricant industry.

Demand drivers: India is an important market for the lubricant industry world-wide, contributing to 6% of global automotive lubricants demand and over 4% of industrial lubricants demand.

Lubricant market demand is impacted directly by the economic activity in India. Demand for automotive lubricants is driven largely by the dual forces of growth in vehicle population and the extent of use of these vehicles. 'Automotive lubricants' is a collective term to describe the vehicle-fluids requirements of two-wheelers, passenger cars and commercial vehicles.

The demand for lubricants in the Industrial sector is primarily driven by industrial production. The Index of Industrial Production (IIP) has been observed to have a strong correlation to consumption demand for industrial lubricants in India.

In case of Marine applications, global and local ship movements are the drivers of its demand. Large-scale global movement of goods happens predominantly by sea and demand for shipping services drives fleet utilization rates and freight rates for shipping

companies. This in turn drives the consumption of marine lubricants. The installed base of off-shore rigs along the coast-line of India and their up-time drive demand for Energy lubricants.

Supply drivers: Lubricants are manufactured by blending baseoils and additives, with baseoil being the main component. Majority of the lubricants use mineral baseoil although there has been a significant growth in demand for premium lubricants in automotive and industrial segments which use synthetic baseoils.

India is a net baseoil deficit market and also many additives used in lubricants are manufactured outside India. This necessitates large-scale imports of baseoil and additives and thus also exposes lubricants businesses to fluctuations in foreign exchange rates. While the Rupee continued to depreciate through most of 2015, mineral baseoil prices have dropped following the decline in the crude oil prices.

Major industry developments

After a challenging business environment in 2014, GDP growth in 2015 has been a robust 7.3% and inflation rate has been 5.8% through the year. The lubricant industry has seen a favourable cost of goods environment for the year due to the prevailing crude pricing and supply situation all through the year.

Automotive sector

Vehicle sales grew by 2% in the year 2015 compared to the previous year. With respect to sales in the previous year, commercial vehicle sales increased by 7% overall, with Heavy Commercial Vehicle sales growing by 30%, while Light Commercial Vehicle sales declined by 5%, and Tractor sales declined by 18%. Passenger car sales increased by a healthy 8%, while two-wheeler sales grew only marginally by 0.7%.

Other longer term macro-trends in the industry remained largely unchanged. The choice of lubricant and its specification plays a key role in enabling Original Equipment Manufacturers (OEMs) to comply with tightening regulations on tail-pipe emissions and to meet demands for lower cost of operations. This places onus

on the lubricant industry to respond with new products that are able to cope with the increasing sophistication of these modern vehicles. These improved lubricants, typically synthetic in nature, are also able to maintain their physio-chemical and performance properties for a longer period of usage than earlier generation lubricants thereby lengthening oil drain intervals. However, this has an impact on structural demand in the industry as lubricant consumption decreases while per unit cost and price realization increases. Therefore, other drivers remaining unchanged, the growth in demand for lubricants is expected to lag vehicle population growth rate in the foreseeable future.

Two-wheelers: In the two-wheeler industry, gearless scooters seem to be gaining popularity with consumers over the past few years. Scooter sales continued to grow, clocking 13% growth in 2015 and this helped the industry offset somewhat the decline in motorcycle sales (-3.6%). This has translated into an increase of 9% in two-wheeler population in the country and a similar growth in demand for two-wheeler oils.

With an increasing number of two-wheelers being sold into the smaller towns and villages over the past decade, an estimated 50% of the two-wheeler population resides in rural India today. However, in 2015, weak monsoons have affected farm output and consequently rural incomes have declined, impacting demand for two-wheelers.

Passenger cars: Passenger car sales posted a strong growth of 8% in 2015. The year witnessed an 8% increase in passenger car population due to higher sales in last few years. This has, in turn, increased demand for car engine oils, which got slightly offset by the shift to higher quality, synthetic lubricants, that provide longer drain intervals in these cars.

Commercial vehicles: The vehicle parc for Heavy & Medium Commercial Vehicles and Micro-Light Commercial Vehicles grew by 5% and 3% respectively while Tractor vehicle sales declined by 18% in 2015. Off-road vehicle sales and utilization have also seen a reversal of trend. Positive sentiment by the new Government did not immediately lead to a positive change in the market in 2015; liquidity continued to be a challenge for key Building and Construction players due to stalled projects.

Non-automotive sectors

Industrial lubricants

Industrial production, measured by the IIP, has shown only modest improvement during 2015. Most of the key industrial sectors faced slower than expected local and global demand during the year.

As economic reforms continue to gain momentum, India's manufacturing sector performance is likely to return to a sustained growth phase during 2016. India's growth is also likely to accelerate towards its high long-run potential with a major new national programme – 'Make in India', which is designed to facilitate investment, foster innovation and drive manufacturing in the country. To realize the full potential, progress on domestic reforms, roll out of national Goods and Services Tax (GST) and renewed focus on manufacturing sector can be transformational and significantly improve the competitiveness of Indian manufacturing firms.

Marine and Energy lubricants

Globally, the shipping industry is still passing through one of its worst phases in several decades. The Indian shipping industry has followed the global pattern to a large extent, where global trade had grown 12.6% during 2010 before slowing down to 2.81% in 2015.

The ban on iron ore export from India and changes in taxation structure of coal exporting countries, coupled with high cost of funding and trade sanctions against certain countries, have exacerbated the problems of the Indian shipping business.

However, the Central Government's push to de-bottleneck infrastructure projects has improved prospects, with global trade growth estimate pegged at 3.9% in 2016.

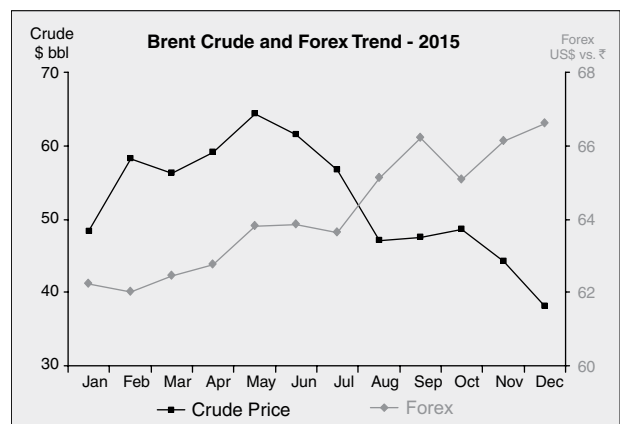
Oil prices plummeted to below \$40 and as a result, rig utilization declined throughout the year with day rates following suit. Early contract terminations, particularly for floating rigs (semi submersibles and drill-ships), have become more commonplace than at any other time in history and delivery dates for rigs under construction continue to be delayed. Spending by oil companies fell by 20% in 2015 and a further 11% drop has been forecast for 2016.

Impact of foreign exchange, crude oil and raw material prices

The year 2015 posed different challenges on account of baseoils, forex and crude. It started favorably on back of falling crude in late 2014 which resulted into decline in baseoil prices but Rupee depreciation continued to diminish the potential value throughout the year. Overall business environment was very volatile especially during later part of first half with firming crude, seasonal demand of baseoil and Rupee depreciation which resulted into high input cost. In contrast, most part of second half witnessed unprecedented falling crude prices which pulled the baseoil prices down.

These market dynamics continued to challenge your Company through the year.

The following graph indicates the trend of crude prices and Rupee/USD for the year 2015.



Additives and Chemicals prices stayed largely stable to soft but benefits were wiped out by Rupee depreciation. Polymer and steel prices too followed declining trend in 2015 which together contributed in reduction of input cost in these categories.

However, in highly uncertain and challenging business environment, your Company continued generating value for its investors through strategic sourcing, value improvement initiatives, extensive focus on service and continuous monitoring of costs.

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

(B) Market behaviour and outlook

GDP growth has been higher in 2015 than it was for 2014, at 7.3%, but falling marginally short of planned rate of 7.7%. Consumer Inflation has been at 5.8% in 2015, negating to some extent the favourable impact of higher GDP growth in the year. Consumer sentiment is expected to be marked by higher levels of optimism than before, given that we have a stable majority government.

Automotive sector

The outlook for the automotive sector in 2016 has been examined closely by your Company through the three broad dimensions of demand drivers, distribution channels and competitive activity.

1. Demand drivers

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

Two-wheelers: The two-wheeler population is expected to grow by 7% during 2016 and is expected to drive the demand for two-wheeler lubricants. Rural segment will be leading the growth in motorcycle sales in India. The scooter oils sub-category has done very well in 2015 and is expected to continue the momentum of growth in coming years due to surge in demand for gearless scooters.

Passenger cars: Passenger car population is also expected to grow by 7% in 2016 over the previous year while car sales are expected to be a key growth driver – likely to grow at 5% compared to 2015. In spite of the strong trend of increasing oil drain intervals and use of higher quality lubricants, passenger car engine oil industry is expected to grow by 7% in 2016.

Commercial vehicles: Overall, commercial vehicle population is expected to grow by circa 5% in 2016. However, lubricants demand for this category is expected to be static as a result of longer oil drain intervals with the improvement in the quality of the lubricants.

Your Company expects lubricant demand growth in Micro-Light Commercial Vehicle segment parallel to the growth in the vehicle sales; and in the Construction and off-highway OEM sectors as a result of revival in the infrastructure investments whilst the demand for lubricants for old generation commercial vehicles is expected to continue to decline.

Your Company expects lubricant demand for tractor oils to remain flat as the oil drain intervals become longer despite an increase in area under sowing and improved price realization benefitting the agriculture economy.

2. Channels of distribution

Castrol products are distributed through 370 Distributors who service approximately 80000 customers. We are also leveraging our distribution network to reach Castrol Bike points, Castrol Car Care and Pit stops. Castrol authorized service associates and Independent workshops in the two-wheeler segment. Urban sub-distributors have been appointed for last mile connectivity whilst Castrol sub-distributors reach additional outlets in rural markets. The Castrol Engine Experts Club (CEEC) programme, a mobile based platform to reach to 35,000 independent vehicle mechanics across commercial vehicles, motorcycles and passenger car segment was backed up by physical visits through Distributor resources. This distribution network reaches out to 53% of retail universe (trade bazaar outlets) and 7.5% influencers (Independent Workshops). Further, we are servicing over 3000 key accounts through our Distributors and Business to Business (B2B) Sales team.

In recent years, demand for premium products have seen an upward trend especially in urban India whilst rural consumers have also begun to make their presence felt with higher levels of consumption demand for the category. The composition of dealer types within the retail channel continues to evolve as government investment in the rural economy has seen a rapid rise in the disposable incomes of rural households leading to increasing economic activity in small towns and villages.

Your Company has yet again pioneered the development of effective and efficient distribution networks to harness this opportunity. Over the last two years, innovations in the route-to-market have led to exponential growth in business from small towns and rural India. In urban markets, your Company's focus has been on improving the customer service by providing increasing levels of reliable service and more relevant customer oriented loyalty programmes. Your Company has, as in the past, stayed at the cutting edge of technology to service customers better – be it through usage of Personal Digital Assistants (PDAs)

which enables its sales force to customize offers to dealers or through the use of GPS technology to reach out to smaller dealers and workshops in urban India.

3. Competitive activity

The competitive situation remains largely unchanged with all major international lubricant players present in the market. Television remains the most popular medium for reaching out to consumers with brand messages across the automotive sector, with different players dominating different categories. Your Company continues to be one of the leading brands in the retail automotive sector, followed by the public sector brands. In the urban retail automotive segment, against a background of strong competitive action, your Company has seen a slight reduction in overall market share from 22.8% in 2014 to 22.4% in 2015. However, in our key focus categories i.e. passenger cars, motorcycles and scooter segments, there has been strong growth in market shares in 2015.

Non-automotive sector

Industrial lubricants

With economic reforms gaining momentum, India's long term prospects for growth remain optimistic. 'Make in India' programme is expected to drive the growth of manufacturing sector including some key industrial sectors like automobile manufacturing, automotive components and machinery manufacturing.

Lower fuel prices and stable interest rates, in particular, are expected to drive the demand for cars and two-wheelers and hence automotive manufacturing, in 2016.

Marine and Energy lubricants

The marine industry continues to operate in a very challenging environment. During 2015, many Indian shipping and ship management companies increased scrapping and sale of vessels, with several going bankrupt. This, and the lower utilization rates of fleets, higher lay-ups and the adoption of slow steaming, has led to a drop in the volumes of marine business.

Ratings agencies expect muted global trade growth and the economic slowdown in emerging markets to exacerbate overcapacity, leading to declining and volatile freight rates. But performance will vary across the segments, with dry-bulk and container shipping under pressure, while tanker and LNG shipping fare better.

China's slower growth and economic transition will pose particularly significant risks for the shipping sector due to its key role in global trade, accounting for two-thirds of global iron ore imports and 20% of world coal imports.

The Energy lubricants sub-sector witnessed significant turmoil in 2015 resulting in withholding future investments in 2015 and will continue to see similar impact on activities and expansion in exploration and drilling even in 2016.

(C) Opportunities and threats

Automotive sector

(i) Opportunities

a. First Time Users (FTUs) of personal mobility: With higher share of domestic private consumption and household income distribution moving from pyramid to diamond structure, Indian households have higher disposable incomes. This in turn has given significant boost to personal mobility through two-wheelers and four-wheelers. The first time users of personal mobility are young, more tech savvy and require reliable solutions to ensure the upkeep of their prized investments. This requires product and marketing communications to bring the new consumer segments on board.

Two-way engagement media, prominently digital and social media, are emerging as strong alternatives to communicate with these FTUs. The next two points detail out the further opportunities in the personal mobility space.

b. Two-wheelers in small towns and emergence of gearless scooters: With increasing rural incomes and better sources of finance, the macro trend of growth of two-wheeler sales in rural markets is expected to continue.

Already, 50% of two-wheelers are sold in the small towns and villages. Providing reliable supply of engine oils in these geographies is a sizeable opportunity.

The share of gearless scooters in two-wheeler sales has also consistently risen over time, with increasing number of women drivers. Tapping this emerging category is a material opportunity.

c. Partnerships with Original Equipment Manufacturers (OEMs): Building strong partnerships with key OEMs across vehicle types is a significant opportunity for your Company. The need of the hour is not only to join hands for business but also for technology development to address the total cost of ownership challenge faced by OEMs. Despite infrastructural challenges, international automotive OEMs continue to increase activity and commitment to operate in India.

Stronger emission norms and demand for fuel efficiency is driving OEMs to keep developing new engine technology at a faster pace. These factors will result in a demand for lubricants with very specific physico-chemical and performance properties.

d. Micro-Light Commercial Vehicles (MLCVs): The MLCV segment has emerged as a robust last mile connectivity option and the vehicle population in this segment is growing at a healthy pace. Although the segment has been moderately impacted by economic downturn, it is still underpenetrated and offers good opportunities.

(ii) Threats

(a) Economic uncertainty: With the world becoming more and more interconnected, events in any part of the globe could have repercussions on other geographies as well. Although we are witnessing a downward spiral in crude prices, the trend might change in late 2016. The Indian Rupee has shown moderate volatility throughout 2015 and this trend is likely to continue in 2016.

(b) Competitive activity: Competition in the Indian lubricant market is intense and is likely to remain so in the foreseeable future. Most international players have identified India as a focus market. The industry has also witnessed a trend of some OEMs introducing lubricants under their own brand name, further impacting the competitive landscape.

Non-automotive sector

(i) Opportunities

Industrial lubricants

The industrial output growth in 2016 is likely to be better than recent past. Your Company's inherent focus on customers from core segments i.e. automotive

manufacturing, automotive components, machinery manufacturing and metals, amongst other segments, would ensure superior performance in 2016 led by volume growth.

Marine and Energy lubricants

State owned oil and natural gas companies have plans to double the gas production from current levels in next four to five years thus keeping a positive long term outlook for offshore drilling sector.

Central Government has proposed to develop sixteen new ports projects with focus on port connectivity and development of inland waterways to improve the capacity for the transportation of goods. This will be an emerging opportunity in coastal trans-shipments and inland waterways shipment in India.

Central Government is aiming to raise cargo and passenger movement through waterways from the current 5% to 30% in the next 15 years. This means that there will be demand for more coastal ships, barges and passenger vessels. The government initiatives like 'Jal Vikas Marg' and 'Sagarmala' projects will enhance transportation through inland waterways considering the recent approval for the development of 101 waterways across the country.

(ii) Threats

Industrial lubricants

While the Indian manufacturing industry is expected to do better in 2016, increasing pressure on competitive pricing may pose some challenge.

Marine and Energy lubricants

In short to mid-term, Energy companies may reduce their capex and put field development plans on hold as oil prices fall. This may in turn negatively affect the energy lubricants demand. In addition, competition may become aggressive on pricing of marine lubricants given the softening of crude and emerging opportunities for sector.

The number of rigs under contract has fallen in the past year and indications are that a continued decline is probable, continuing into 2016 as well.

(D) Performance of segments and categories

I. Automotive lubricants

Overview

Your Company continued to deliver a strong performance across the truck, passenger car and two-wheeler oil categories in the year 2015, driven by performance of its Power Brands – Castrol Activ, Castrol Power1, Castrol GTX, Castrol MAGNATEC, Castrol EDGE, Castrol CRB Turbo and Castrol VECTON. The Castrol brand continued to pioneer and drive the syntheticization of the category in response to demands from vehicle manufacturers (OEMs) for better performing and environment-friendly products, while also selectively making a play in the mid-price segment in certain categories. Your Company continued its close association with its Key Strategic OEM partners, especially Maruti Suzuki, Volkswagen group, Tata Motors, Ford and JCB.

Your Company also continued to invest in building relations with key retail channel partners through the highly successful Anmol Ratn programme during the course of the year 2015. Castrol Engine Experts Club has been successful in endearing brand Castrol further to mechanics, who are key influencers in the choice of oil and who are the primary handlers of lubricants.

There were however, significant challenges that your Company encountered in the Heavy Duty category, which caters to large fleets, mining, and building & construction equipment applications. This is due to the twin effects of lowered economic activity in this category and rising input costs for the industry.

The following sub-sections of the Management Discussion & Analysis Report detail out the performance of each category within automotive lubricants.

Personal Mobility

Two-wheeler oils: The two-wheeler oils segment comprises engine oils for four-stroke and two-stroke engines that power motorcycles and scooters. Oils for four-stroke motorcycle engines dominate the category currently, while the gearless scooter segment is growing rapidly. Castrol operates in this space through three product brands – Castrol Activ, Castrol POWER1 and Castrol Go!. Castrol has a special offering for gearless scooters – Castrol Activ Scooter. Castrol Bike

Points are stock-and-sell independent two-wheeler workshops and are a key driver of growth for your Company in this category.

The two-wheeler segment was the key growth driver of your Company's performance in 2015 and delivered strong volume and value growth. This reflected in gain of 70 basis points in the volume share as per Nielsen Retail Audit, indicating superior performance versus category. Castrol Activ continued to dominate the category on television advertising as well as digital media. Your Company leveraged sponsorship of ICC by giving an opportunity to the whole of India to be a part of the **ICC Cricket World Cup Australia and New Zealand 2015** through an innovative online campaign.

Castrol got cricketing legend Anil Kumble, Sanjay Manjrekar and well-known cricket commentator Harsha Bhogle together on a Google Hangout to discuss how today's passionate cricket fan demands to be in the middle of all the cricketing action and is no longer satisfied with being on the sidelines. Fans were encouraged to participate in digital contests built around the brand proposition of 'Cling On' and the lucky winners were featured on LED boards in the cricket stadiums, thus being a part of the cricketing action, reaching millions of households through television. Through media and sponsorship activation, the brand continued to have robust brand equity, the strongest in the category.

Your Company continued to build Castrol Activ Scooter brand, a product customized for gearless scooters, through advertising and mechanic education.

Castrol Power1 continued to engage young, passionate bikers, on digital platform. The social community – 'Castrol Biking', – is 1.6 million strong, with fans sharing their passion for biking on the platform. The 'Castrol Power Biking' app connects passionate bikers, helps them plan biking trips and find Castrol Bike Points on the way, for their vehicle servicing needs.

Your Company continued to expand its service network of Castrol Bike Points to provide consumers access to servicing their motorcycles using the best of Castrol products.

Passenger Car Oils in the After-Market (PCO Retail): Passenger Car Oils portfolio comprises engine oils for cars and utility vehicles and brake-fluids. Your Company caters to this segment with three product

brands – Castrol GTX, Castrol MAGNATEC and Castrol EDGE. Passenger car oils sell through two major channels in the after-market – retail channel and the stock-and-sell independent workshops.

The year 2015 witnessed a turnaround in the passenger cars industry in India. The PCO Retail market experienced volume growth. Your Company continued driving synthetic products, focusing on key metro cities through 360 degree marketing and activation plans aimed at growing market share.

The lead brand, Castrol MAGNATEC STOP-START, which has been developed specifically to protect against damage caused by driving in dense traffic, stop-start conditions, was driven through outdoor, radio and digital platforms and performed well in the market place.

Your Company continued to educate mechanics about special requirements of modern engines and explain why Castrol MAGNATEC is the right solution for these engines. This has helped build brand equity amongst mechanics who are key influencers for this category.

Passenger Car Oils in OEM Franchised Workshops (PCO FWs):

The PCO Franchised Workshop segment consists of engine oils and drive-line oils. OEM approvals and strong grassroots relationships with Franchise Workshops of OEMs are the business drivers for this segment. Working in close co-operation with OEM partners, global and local, your Company has embarked on a journey to cater to this specialized channel through a dedicated range of products called the Castrol Professional series. Through a combination of variants – Castrol MAGNATEC Professional, Castrol GTX Professional and Castrol EDGE Professional, your Company caters to the engine oil requirement of franchise workshops of Maruti Suzuki, Ford, the Volkswagen group, Jaguar-Land Rover, Tata Motors and other OEMs.

Castrol Champions League: This is a dedicated Service Advisor advocacy programme run across key Maruti Suzuki Franchised Workshops. Your Company reached out to end consumers through these Service Advisors who interact directly with car owners and are able to explain the benefits of the Castrol Professional range to them.

Growth in Maruti Suzuki Franchised Workshops:

Through a combination of key account acquisitions and gaining share in existing accounts, your Company delivered a significant volume growth in the Maruti Suzuki network. The Castrol Champions League was a key enabler in delivering this outcome.

Growth in European OEM segment: Through exclusive tie-ups and aggressive account retention programmes, your Company tapped into the rapid growth in population of European cars in the country and delivered 20% growth in volumes in this segment during the year.

Commercial Vehicle Oils (CVO)

Commercial vehicle oils category comprises lubricant applications for small and large trucks, farm equipment and specialized products for the Heavy Duty segment. In product terms, it comprises engine oils for new and old generation commercial vehicles, hydraulic oils and the 'Specialty Products' range. 'Specialty products' is an umbrella term representing essential vehicle fluids other than engine oils; such as drive-line oils, greases and coolants. Castrol CRB is the oldest and best known brand in this segment, participating in the agri-sector and old-generation Medium and Heavy Commercial Vehicles with Castrol CRB Plus and in the new generation commercial vehicles segment with Castrol CRB Turbo. Castrol RX Super leads the play for your Company in the mid-price segment in truck applications along with Castrol CRB Multi which was a new entrant in 2015.

The year 2015 continued to pose a challenging market environment resulting in marginal decline in lubricants for New Generation truck segment and severe decline in old generation commercial vehicles. While overall performance was impacted by the unfavourable economic conditions and poor monsoon, mentioned below are some of the highlights of the business during the period under review:

- a. Your Company further broad-based its participation in the mid-tier price segment in trucks with the launch of Castrol CRB Multi.
- b. Your Company launched two new products in the fast growing CI4 segment; both these products, Castrol VECTON and Castrol CRB Turbo Plus have been received very well in the market.

- c. New products launched to leverage growing segments in 2014 and 2015 namely Castrol CRB Mini Truck, Castrol VECTON and Castrol CRB Turbo Plus, have been very well received in the market.

II. Non-automotive lubricants**Industrial lubricants**

The year 2015 was a very successful year for Castrol's Industrial business as it delivered good growth in margins despite tough external environment and strong competition. The India industrial business has been one of the fastest growing businesses within Castrol businesses worldwide. Your Company increased its share of business in key customer accounts and also won new prestigious accounts by providing superior technology and better customer service.

Marine and Energy lubricants

Your Company continues to focus on customer intimacy and provides products and services that are best-in-class in this segment. Introduction of environment friendly biodegradable lubricants for stern tube and value added services like fleet optimiser and Scavenge drain analysis (SDA) were embraced by marine customers. It is also in advanced stages to launch a unique chemistry product for use in low sulphur environment, which has a state of art ash control technology. In addition, your Company will also continue to focus its efforts to bring in more efficiency in its operations and concentrate on value driven and profitable customers to maintain its value and thought leadership position in the Marine segment.

Your Company has maintained its leadership position in the offshore drilling segment during the year under review, by focusing its efforts on value offers despite minimal drilling activity in the segment. Introduction of environment friendly biodegradable lubricants to offshore drilling sector was welcomed by the major drillers in the country. As drilling moves into deeper seas, your Company will maintain its focus on value and specialist offers such as sub-sea solutions, to further consolidate its market share in the offshore drilling segment.

(E) Risks and concerns

The economic growth still remains inconsistent with stressed balance sheets of banks and corporates posing

challenge to growth and hence lubricants consumption and demand. This may impact your Company's performance during 2016. The aggressive pricing strategy by local as well as international competition, in an attempt to gain market share, and commoditization of products in the premium segments, will have an impact on overall industry margin. The economy is to be watched cautiously for revival signs in some key sectors. In addition, forex uncertainty may also have adverse impact on cost of goods despite crude softening.

Employee attrition could result in loss of knowledge and business disruption, which may impact your Company's ability to support its growth agenda.

Safety and product integrity continue to be focus areas for your Company. Given the extremely challenging road conditions in India, road safety is an area of particular concern for your Company as it moves its goods and people across the country.

Your Company has put together a plan to address the impact of the identified risks and put in place the necessary monitoring and mitigation actions.

(F) Technology

Your Company continued to derive sustainable benefits from its India Technology Centre located in Mumbai until the first half of 2015. Following a safety incident outside the Technology Centre and a subsequent re-evaluation of the risk scenarios in and around the site, it was decided to shut down the Wadala site in June, 2015. Following this move, the technology activities which were being undertaken at the India Technology Centre have been shifted to alternate locations within and outside India to ensure continued support to the business without disruption.

During the year, your 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 market.

Your Company focused on optimizing current formulation in the personal mobility segment through value engineering. Your Company also focused on the Indian passenger car market to develop a range of fuel efficient, durable SAE 5W-30 and 0W-20 engine oils, for gasoline and diesel applications to meet future emission requirements.

Considering the demand for higher quality oils due to tougher emission quality standards, your Company launched Castrol Vecton CI4+ with system 5 technology and Castrol CRB Turbo Plus with Durashield booster™ after extensive trials in local vehicles.

In 2015, a number of technology initiatives were taken in the Industrial product range. Your Company focused on the localization of Castrol Clearedge 6519 and Castrol Almaredge 61 FF to drive the growth in soluble metalworking fluids for automotive and machine manufacturing segments. These products have successfully delivered differentiated benefits to customers at competitive cost. Your Company launched mid-flash Rust Preventive to meet the new norms of tube industry and customer requirements on reduced costs. The product was developed keeping the technology ahead of competition and targeting significant growth in the market place.

Another major milestone achieved during the year was the renewal of the ISO 14001, 9001:2008 and TS16949 certifications for the India Technology Centre. The ISO 9001:2008 assured the management of your Company that the operations of the Centre continue to be streamlined and efficient even after the activities were shifted to an alternate location at the Company's Silvassa Plant. The ISO 14001 certification is a mark of your Company's commitment to the customer and shareholders to be environmentally responsible and to adopt sustainable business practices.

(G) Internal control risks and their adequacy

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 the Audit committee.

(H) Health, safety, security and environment (HSSE)

Your Company has been fully committed to comply with all applicable laws and requirements and maintains highest standards of Occupational Health, Safety & Environment. This is also spelt in the HSSE policy which uniformly applies to every member of the workforce which includes employees and others who work for us (contractors, audit agencies, suppliers, NGOs, etc.). Safety and Environmental Performance has been integral to the business performance of your Company and it continues to focus on the goal: *'no accidents, no harm to people and no damage to the environment'*.

Your Company ensures safe, systematic, reliable and environmentally friendly operations through its Operating Management System (OMS). All three blending plants of the Company are certified to the Environment Management System (ISO 14001:2004) and Occupational Health & Safety Management System (OHSAS 18001: 2007). Your Company is also certified for ISO 9001:2008 (Quality Management System Standard). Compliance to these systems has been certified by internationally recognized and accredited bodies. Regular internal and external audits help to continually improve the process and make Your Company more efficient. Your Company is also helping the environment by improving the fuel efficiency of the engines and hence helping to conserve precious fossil fuels. Patalganga Plant was a finalist for its efforts on safety, at the BP Helios Awards in 2015 which is a Group level recognition of activities strongly demonstrating BP values (Safety, Respect, Excellence, Courage, One Team). Your Company was also recognized by various external agencies like National Safety Council and Greentech Foundation for the work done in the area of Safety & Environment.

Initiatives to mitigate possible safety and environmental risks and reduce environment footprint are in place. All efforts are taken to minimize energy consumption, water consumption and waste generation from manufacturing operations viz. optimizing the manufacturing batch sizes, maximizing the use of natural lighting, use of LED and energy efficient lighting, regular water monitoring and audits and many other environment management programmes. Your Company is also committed to regularly work on logistics process optimization to

bring in efficiency and thereby reduce the carbon foot print along with reduction in road related safety risk.

Road Safety continues to be the prime focus area for your Company with many initiatives undertaken to ensure everyone goes home safe every day. The Company has continued to engage the driving community in the flagship community outreach programme 'Family Connect' which is organized in different parts of the country throughout the year. Sales employees who drive for business drove more than five million kilometers without any severe accident, keeping focus on safety at all times. Your Company has also reached out in various communities, educational institutions and other industries, taking a lead in promoting awareness on Road Safety.

(I) Developments in human resources management

Values & behaviours and employee value proposition

People are a key resource for your Company. During the year under review, the focus was on building the One Castrol organization which sharpens the focus on efficiency and simplification with a view to ensuring alignment to the overall business strategy and readiness to achieve your Company's 2020 Vision.

One of the key focus areas during 2015 was employee engagement and talent management, leveraging the One Castrol reorganization to provide career opportunities and support the realization of people potential.

Your Company has continued to actively drive values and behaviors through an inclusive process of dialogue and articulation of your Company's Values & Behaviours, with a special focus on 'Respect' at the workplace.

Your Company has continued on its journey to build a diverse and inclusive workforce during the year 2015. As part of entry level talent programmes (Graduate and Sales Trainee programmes), – we have increased our gender diversity to 50% and have successfully focused on diverse lateral hires in frontline sales roles.

Reward and Recognition

Your Company continues to focus on recognition through the Castrol STAR Club Awards. This programme is based on bringing your Company's values to life and lays emphasis on recognition rather than reward. There are five categories of awards based on each Value –

Safety, Respect, Excellence, Courage and One Team. The recognition acknowledges the demonstration of your Company's values and behaviours at the work place.

Control and compliance

In order to further strengthen controls on all the processes, in 2015, the entire Human Resources and payroll processes were mapped and documented with Workflows and Internal Control Templates (ICT). Key controls were put in place and monitored to provide assertions to the Management on design and operating effectiveness of these processes. Further design and effectiveness were checked and found to be in good order.

During the year 2015, your Company continued its high degree of compliance with employment legislations by conducting Gap analysis in many of its locations and took actions to close gaps in all locations audited. It also improved two-tier compliance monitoring system comprising of quarterly compliance checklist and a self-assessment checklist (for monthly reporting) which enabled improving and sustaining the compliance culture in your Company.

Employee relations at Plants

Your Company has a contemporary employee relations scenario with a participative culture, receptive to technical upgradation, at the Plants.

There continued to be a harmonious employee relations environment at all three Plants and the Technology Centre, throughout the implementation of Capex projects, and other initiatives. The Plants have also acquired accreditations like TS 16949, making them OEM ready. During the pendency of settlement negotiations, there has been no loss of productivity at the Paharpur Plant, nor at the Patalganga Plant where negotiations are in progress.

The engagement and communication with the workmen through initiatives like the Plant Performance reviews, leadership team interactions and town halls, have been appreciated by them. The care and concern for the health and well-being of the employees and their families, through financial assistance, workshops and family engagements have been exemplary. The strength of the employee relations at the Plants is also indicative by the absence of unionization of contractual labour, which is prevalent in the neighbouring industries.

The total number of people employed in your Company as on 31st December 2015, including factory workmen, was 763.

(J) Discussion on financial performance with respect to operational performance

Your Company delivered a strong Gross Profit growth of 17% in 2015 over 2014, due to lower material cost and sustained selling price, although volumes declined due to weak demand in commercial vehicles and heavy duty segment.

Cost of sales declined during 2015 by 17% over the previous year primarily due to lower baseoil prices. Your Company managed to sustain the selling price due to its focus on delivery in personal mobility segments and sale of premium product mix.

Operating and other expenses increased by Rs. 67 crores as compared to 2014 due to investment in safety, people, brands, Corporate Social Responsibility (CSR) and business growth opportunities.

The Profit After Tax (PAT) has increased by Rs. 140.7 crores and is at Rs. 615.3 crores compared to 2014 mainly due to higher gross profit and a write back of provision no longer required.

With the drop in crude oil prices, the input costs for 2016 are expected to be slightly lower than 2015 cost. However, the Indian Rupee is yet to show signs of stabilizing against US Dollar. While there is an overall optimism in the economy, the industrial and economic growth has been slow compared to the expectations. This may continue to put pressure on your Company's margins.

The Management is confident that your Company, with its strong brands, enduring relationships with key stakeholders and commitment of its staff, will continue to sustain its strong performance during the year 2016.

On behalf of the Board of Directors

Omer Dorman
Managing Director
DIN: 07282001

Rashmi Joshi
Director Finance &
Chief Financial Officer
DIN: 06641898

Mumbai
Dated: 24th February, 2016

REPORT ON CORPORATE GOVERNANCE

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

1. Brief Statement on Company's Philosophy on Code of Governance

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

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

- Clear statements of Board Processes and the Board's relationship with Executive 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 others are understood and fulfilled. The Board recognises that in conducting its business, the Company should be responsive to other relevant constituencies.
- 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.

The values of the Company i.e. Safety, Respect, Excellence, Courage and One Team have been embedded in its way of working. These values

are fundamental drivers of sustainable business performance.

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 Requirement) Regulation, 2015. As of the year ended 31st December 2015, the Board consisted of 10 Directors comprising of Four Executive Directors, Three Non-Executive Directors nominated by Castrol Limited, UK as provided under the Articles of Association of the Company and Three Independent Directors. The increase in number of Directors on the Board is due to succession plan for the position of the Managing Director. The Chairman of the Board is a Non-Executive Independent Director. None of the Directors of your Company is related to each other.

During the year, Mr. Ravi Kirpalani, stepped down as the Managing Director with effect from 11th October 2015 and as a Whole-time Director with effect from 31st December 2015 and as such he has ceased to be Director of the Company.

Appointment and Tenure

The Directors of the Company are appointed by members at the General Meetings and two-third directors, other than Independent Directors retire by rotation pursuant to the provisions of the Companies Act, 2013. The Executive Directors on the Board serve in accordance with the terms of their contract of service with the Company.

Board Independence

Based on the confirmation/disclosures received from the Directors and on evaluation of the relationships disclosed, all the Non-Executive – Independent Directors including the Chairman are independent in terms of Listing Agreement/SEBI (Listing and Obligation Disclosure Requirement), Regulation, 2015.

The composition of the Board, Directorships/ Committee positions in other Companies as on 31st December 2015, number of meetings held and attended during the year are as follows:

Name of Director	Designation	Board Meetings during the year		Attendance at last AGM	Other Directorships (including Castrol India Limited)	Memberships of Board Committee of other Companies	
		Held	Attended			Member	Chairperson
Mr. S. M. Datta*	Chairman	5	5	Yes	12	7	1
Mr. R. Gopalakrishnan*	Non-Executive Director	5	4	Yes	6	1	1
Mr. Uday Khanna*	Non-Executive Director	5	5	Yes	10	4	2
Mr. Sashi Mukundan	Non-Executive Director	5	4	Yes	2	None	None
Mr. Ralph Hewins	Non-Executive Director	5	4	Yes	1	None	None
Mr. Peter Weidner	Non-Executive Director	5	5	Yes	1	None	None
Mr. Ravi Kirpalani**	Whole-time Director	5	5	Yes	2	None	None
Mr. Omer Dormen ***	Managing Director	5	1	Not Applicable	1	None	None
Ms. Rashmi Joshi	Whole-time Director	5	5	Yes	1	None	None
Mr. Jayanta Chatterjee***	Whole-time Director	5	5	Yes	1	None	None

* Independent Directors

** Ceased as Director from 31st December 2015 (Worked as Managing Director upto 11th October 2015 and as Whole-time Director from 12th October 2015 to 31st December 2015)

*** Appointed with effect from 12th October 2015.

Note:

- 'Other Directorships' exclude directorships in Foreign Companies. "Other Board Committees Membership" include memberships of Audit Committees and Stakeholder Relationship Committees of Public Limited Companies only.
- None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all Companies in which they are Directors.
- None of the Directors on the Board is related to each other.
- During the financial year, total five (5) Board Meetings were held on 25th February 2015, 14th May 2015, 29th July 2015, 17th August 2015 and 5th November 2015 respectively.
- Mr. S. M. Datta (in individual capacity and as a joint holder) holds 28,236 shares, while Mr. Uday Khanna holds 800 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 Process

The notice of Board Meeting is given well in advance to all the 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 the Directors for facilitating effective discussion and decision making. Considerable time is spent by the Directors on discussion and deliberations at the Board Meetings.

The Company Secretary is responsible for collation, review and distribution of all papers submitted to the Board and Committees thereof for consideration. The Company Secretary is also responsible for preparation of the Agenda and convening of the Board and Committee meetings. The Company Secretary attends all the 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.

During the year, the Independent Directors of the Company met separately without the presence of other Directors or management representatives on 5th November 2015 to review the performance of Non-Independent Directors; the Board & the Chairperson of the Company and to assess the quality, quantity and timeliness of flow of information between the Company management and the Board. All the Independent Directors attended the meeting.

In addition to these formal meetings, interactions outside the Board meetings also take place between the Chairman and Independent Directors.

Directors' Induction and Familiarization

The Board members are provided with necessary documents/brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations

are made at the Board and Committee Meetings, on business and performance updates of the Company, global business environment, business strategy and risks involved.

Independent Directors and Executive Directors are issued Letters of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. The induction process for Non-Executive Independent Directors include interactive sessions with Management Committee members, Business and Functional Heads, visit to market/plant, etc.

The Independent Directors, from time to time request 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 independent directors http://www.castrol.com/en_in/india/about-us/financials/other-financials-document-policies.html

Board Evaluation

The Nomination and Remuneration Committee specified down the evaluation criteria for performance evaluation of Directors, Board and its Committees. The Board is committed for evaluating its own performance as a Board and individual performance of Directors, in order to identify strengths and areas in which it may improve functioning. Further, overall effectiveness of the Board shall be measured to decide the appointments, 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 shareholder 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 management and satisfy himself/herself with integrity of the financial controls and systems in place, etc.
4. 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 management.

3. Committees of the Board

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

(A) Audit Committee

The members of the Audit Committee have wide exposure and knowledge in area of finance and accounting. The terms of reference of the Audit Committee have been in line with Regulation 18 of SEBI Listing Obligations and Disclosure Requirement, Regulations, 2015 and Section 177 of the Companies Act, 2013. The Audit Committee, *inter alia*, provides reassurance to the Board on the existence of an effective internal control environment.

- (a) The terms of reference of the Committee are briefly described below:
1. Oversight of the Company's financial reporting process and the disclosure of its financial information.
 2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal 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 auditors for any other services rendered by the statutory auditors
 6. Reviewing, with the management, the annual financial statements and quarterly financial statements
 7. Reviewing with the management, performance of internal auditors and adequacy of the internal control systems.
 8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and frequency of internal audit.
 9. Discussing with internal auditors any significant findings and follow-up thereon.
 10. Reviewing the findings of any internal investigations by the internal auditors 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 auditors before the audit commences.
 12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
 13. To review the functioning of the Whistle Blower mechanism.
 14. Approval or any subsequent modification of transactions of the Company with related parties.
 15. To evaluate internal financial controls and risk managements systems.
 16. Approval of appointment of CFO.
- (b) The Audit Committee comprises of four (4) members viz. Mr. S. M. Datta, Mr. R. Gopalakrishnan, Mr. Uday Khanna and Mr. Ralph Hewins. Mr. Uday Khanna, is the Chairman of the Committee.
- (c) The meetings of Audit Committee are also attended by Managing Director, CFO, Managing Counsel, Statutory Auditors and Internal Auditors

as special invitees. The cost auditors attend the Audit Committee Meeting where cost audit reports are discussed. The Company Secretary of the Company acts as the Secretary to the Committee.

During the financial year ended 31st December 2015 total of five (5) Audit Committee meetings were held on 25th February 2015, 14th May 2015, 29th July 2015, 17th August 2015 and 5th November 2015. The Attendance of each member of the Committee is given below:

Name	Designation	No. of Meetings held	No. of Meetings attended
Mr. Uday Khanna	Chairman	5	5
Mr. S. M. Datta	Member	5	5
Mr. R. Gopalakrishnan	Member	5	4
Mr. Ralph Hewins	Member	5	4

(B) Nomination and Remuneration Committee

In terms of Section 178(1) of the Companies Act, 2013 and Regulation 19 of SEBI Listing Obligation and Disclosure Requirement), Regulation, 2015, the Nomination and Remuneration Committee ("NRC").

The role of Nomination and Remuneration Committee in brief is as follows:

1. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment/removal.
2. Carry out evaluation of every director's performance.
3. Devising a policy on Board diversity.
4. Formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration for the directors, key managerial personnel and other employees.

NRC comprises of the following members viz. Mr. R. Gopalakrishnan, Independent Director; Mr. S. M. Datta, Independent Director; Mr. Ralph Hewins Non-Executive Director; and Mr. Peter Weidner, Non-Executive Director. The Nomination and Remuneration Committee is chaired by Mr. R. Gopalakrishnan.

The Company has adopted Nomination and Remuneration Policy. The Nomination and Remuneration 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 SEBI (Listing Obligation and Disclosure Requirement), Regulation, 2015. The Policy is designed to attract and retain best talent, who has the potential to drive the growth and enhance shareholder value, it is essential to adopt comprehensive compensation policy which is in synchronisation with the industry trends. The Remuneration Policy is annexed to the Board's Report.

The Company has also adopted a Board Diversity 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 Board Diversity Policy is annexed to the Board's Report.

Four (4) Committee meetings were held during the year ended 31st December 2015 on 25th February 2015, 29th July 2015, 17th August 2015 and 5th November 2015. The Chairperson of the Committee attended the Annual General Meeting.

The details of attendance of each member of the Committee is as follows:

Name of Director	Designation	No. of Meetings held	No. of Meetings attended
Mr. R. Gopalakrishnan	Chairman	4	3
Mr. S. M. Datta	Member	4	4
Mr. Ralph Hewins	Member	4	3
Mr. Peter Weidner	Member	4	4

Remuneration of Directors

(a) Pecuniary Relationship of Non-Executive Directors

The Company has no pecuniary relationship or transaction with its Non-Executive & Independent

Directors other than payment of sitting fees to them for attending Board and Committee meetings and Commission as approved by members for their invaluable services to the Company.

(b) 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 is being paid as permissible under Rule 4 of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

Criteria of making payments to Non-Executive Directors is disclosed in the Policy-Payment Non-Executive Director and the same is available on http://www.castrol.com/en_in/india/about-us/financials/other-financial-documents-policies.html

Details of remuneration of Executive Directors for the financial year ended 31st December 2015 is as under:

Name of Director	Basic Salary	Perquisites	Retiral Benefits	Performance based incentives**	Total
Mr. Ravi Kirpalani	1,12,42,769	96,54,651	23,25,871	50,04,604	2,49,94,229
Ms. Rashmi Joshi	96,54,651	14,54,503	10,63,297	21,08,921	1,42,81,372
Mr. Jayanta Chatterjee	96,06,040	11,98,915	12,03,168	22,84,186	1,42,92,309
Mr. Omer Dorman*	97,10,717	14,06,165	3,62,622	0	1,14,79,504

* w.e.f. – 12th October 2015

** Performance based incentive for year 2014 paid in the year 2015.

Notes-

- The key parameters for the performance based pay/ variable component of remuneration availed by the directors are considered by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee. Variable pay/Performance Linked Bonus (PLB) is dependent on short-term performance against the annual plan. Total overall Bonus is based on performance relative to measures and targets reflected in the annual plan, which in turn reflects Company's strategy.
- The agreement with Whole-time Director/Managing Director is normally done for 3 to 5 years. Further, either party to the agreement is entitled to terminate the Agreement by giving not less than six months' notice in writing to the other party.
- Presently, the Company does not have a scheme for grant of stock options to its employees. However, the management staff is entitled to the Shares of BP plc under the BP Share-match scheme as in force.

Details of remuneration of Non-Executive Directors for the financial year ended 31st December 2015:

Name of Director	(Rs.)		Total
	Commission	Sitting Fees	
Mr. S. M. Datta	10,00,000	9,50,000	19,50,000
Mr. R. Gopalakrishnan	8,00,000	7,50,000	15,50,000
Mr. Uday Khanna	8,00,000	5,50,000	13,50,000

(C) Stakeholders' Relationship Committee

(a) Stakeholders' Relationship Committee has been constituted to monitor and review investors' grievances. It comprises of Mr. S. M. Datta, Mr. Omer Dormen and Ms. Rashmi Joshi. Mr. S. M. Datta is the Chairman of the Committee. Mr. Ravi Kirpalani ceased to be a member of the Committee and Mr. Omer Dormen was appointed as a member of the Committee with effect from 6th November 2015.

(b) Mr. Sandeep Deshmukh, Company Secretary, is the Compliance Officer for redressal of Shareholder's/ Investor's complaints.

During the year ended 31st December 2015 Four (4) Committee meetings were held on 25th February 2015, 14th May 2015 29th July 2015 and 5th November 2015 and all members attended the Meeting.

(c) to (e) Details of Shareholders' / Investors' Complaints.

During the Financial Year ended 31st December 2015, 20 complaints were received from the shareholders. All except three complaints have been redressed to the satisfaction of the shareholders as on 31st December 2015. The complaints relate to non-receipt of annual report, dividend, share transfers, etc.

Opening as on 1 st January 2015	0
Received During the year	20
Resolved during	17
Closing	3

(D) Corporate Social Responsibility (CSR) Committee

The Corporate Social Responsibility Committee comprises of Mr. R. Gopalakrishnan as Chairman, Mr. Sashi Mukundan, Mr. Omer Dormen, Ms. Rashmi

Joshi and Mr. Jayanta Chatterjee as members. The Company Secretary acts as the Secretary to the Committee. Mr. Ravi Kirpalani ceased to be a member of the Committee with effect from 5th November 2015. Mr. Omer Dormen and Mr. Jayanta Chatterjee were appointed as members of the Committee with effect from 6th November 2015.

During the year ended 31st December 2015 Four (4) meetings of the Committee were held on 25th February 2015, 29th July 2015, 17th August 2015 and 5th November 2015.

The details of attendance of each member of the Committee is as follows:

Name of Director	Designation	No. of Meetings held	No. of Meetings attended
Mr. R. Gopalakrishnan	Chairman	4	3
Mr. Ravi Kirpalani	Member	4	4
Mr. Sashi Mukundan	Member	4	3
Ms. Rashmi Joshi	Member	4	4
Mr. Jayanta Chatterjee	Member	4	0
Mr. Omer Dormen	Member	4	0

Please refer to the Board's Report and its annexures for details regarding CSR activities and related details.

(E) Risk Management Committee

The Risk Management Committee comprises of Mr. Omer Dormen, as the Chairman of the Committee and other members viz. Ms. Rashmi Joshi, Director, Mr. Jayanta Chatterjee, Director, Mr. Pawan Sabharwal and Mr. Siddharth Shetty. Mr. Ravi Kirpalani ceased to be a member of the Committee with effect from 5th November 2015. Mr. Omer Dormen was appointed as Chairman of the Committee with effect from 6th November 2015. The Company Secretary acts as the Secretary to the Committee.

During the year ended 31st December 2015 Four (4) meetings of the Committee were held on 11th February 2015, 4th May 2015, 21st July 2015 and 15th October 2015.

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 December 2015, the applicable Accounting Standards have been followed and the design of the internal financial controls were found to be adequate & that no significant deficiencies were noticed.

During the year, on the recommendation of the Audit Committee, the Board of Directors appointed KPMG 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 Committee 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 is governed by BP Code of Conduct which sets the standard we all work to. It is aligned with our values, group standards and legal requirements, and clarifies the ethics and compliance expectations for everyone who works with the Company. The Code reflects a value-based approach, where rules are not stated explicitly and everyday business decisions will be guided by our values. The Code was simplified during the last year for ease of understanding and application.

The Code, covers health, safety and the environment; our people, our partners and suppliers, governments and communities; and protecting Company's assets. Each section contains key principles, basic rules and advice on where to find further information. A new section, 'Living our Code', is designed to help people make decisions when faced with dilemmas where there are no clear rules to follow. The Code also includes key points from new BP standards related to anti-bribery and corruption, anti-money laundering, competition and antitrust law and trade sanctions. BP Code of Conduct is available on Company's website at http://www.castrol.com/content/dam/castrolcountry/en_in/About%20Us/Financials/Code-of-Conduct.pdf

5. General Body Meetings

(a) and (b) Location and time where last three AGMs were held

	Location	Date	Time	Special Resolution
1.	Birla Matushri Sabhagar, Marine Lines, Mumbai 400 020	14.05.2015	3.30 p.m.	Remuneration to Non-Executive Directors in aggregate not exceeding 1% of the Net Profit.
2.	Birla Matushri Sabhagar, Marine Lines, Mumbai 400 020	13.05.2014	3.30 p.m.	For appointments of Mr. Ravi Kirpalani as Managing Director and Ms. Rashmi Joshi as a Whole-time Director of the Company.
3.	Y. B. Chavan Centre, General Jagannath Bhosale Marg, Next to Sachivalya Gymkhana, Mumbai 400 021	26.04.2013	3.30 p.m.	For appointment of Mr. Bijay Kamath as a Whole-time Director of the Company.

(c) Resolutions passed through postal ballots

During the year, a Special Resolution for appointment of Mr. Jayanta Chatterjee as the Wholetime Director designated as Director – Supply Chain, of the Company with effect from 30th October 2014 was passed by the Shareholders of the Company through Postal Ballot.

Details of Voting pattern were as under:

Description of Resolution	Votes in favour of the resolution		Votes against the resolution	
	No. of Votes	% of Votes in favour	No. of Votes	% of Valid Votes against
Appointment of Mr. Jayanta Chatterjee as the Wholtime Director designated as Director-Supply Chain, of the Company with effect from 30 th October 2014	39,90,91,014	99.96	1,55,159	0.04

- (d) The Company appointed Mr. B. V. Dholakia of Dholakia & Associates, LLP, Practising Company Secretary, as the Scrutinizer for conducting the Postal Ballot process in a fair and transparent manner.
- (e) There is no proposal to conduct any business through Postal Ballot.
- (f) During the conduct of the Postal Ballot, the Company had in terms of Clause 35B of the Listing Agreement provided e-voting facility to its shareholders to cast their votes electronically through the NSDL e-voting platform. Postal ballot forms and business reply envelopes were sent to shareholders to enable them to cast their vote in writing on the postal ballot. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013 and applicable Rules. The scrutinizer submitted his report to the Chairman, after completion of the scrutiny and the results of voting by posting ballot were then announced by the Chairman/ Authorised offices. The voting results were sent to the Stock Exchanges and displayed on the Company's website. The date of declaration of the results by the Company is deemed to be the date of passing of the resolutions.

6. Means of Communication to Shareholders

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

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

- (c) These results are also made available on the website of the Company http://www.castrol.com/en_in/india/about-us/financials/financial-results.html. The website also displays vital information relating to the Company and its performance, official press releases and presentation to analysts.
- (d) 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.
- (e) No presentation has been made to institutional investors or to the analysts during the year under review.

7. General Shareholder Information**(a) Annual General Meeting**

Date : Thursday, 5th May 2016

Time : 3.30 p.m.

Venue : Birla Matushri Sabhagar, Marine Lines, Mumbai 400 020

Book Closure Dates: Friday, 29th April 2016 to Thursday, 5th May 2016 (both days inclusive). The said book closure is for payment of dividend.

(b) Financial Year:- Calendar year 1st January to 31st December. The Company has obtained the approval from the Company Law Board vide Order No.19 of 2015 dated 23rd April 2015 to follow different financial i.e. other than April to March financial year.

Tentative calendar for financial year ending 31st December 2016

The tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31st December, 2016 are as follows:

First Quarter Results	May 2016
Second Quarter and Half Yearly Result	July 2016
Third Quarter Results	October 2016
Fourth Quarter and Annual Results	February 2017

(c) Dividend Payment Date:

The Board of Directors at their meeting held on 24th February 2016, recommended a Final Dividend of Rs. 5.00 per equity share of face value of Rs. 5/- each, for the financial year ended 31st December 2015. Together with the Interim Dividend of Rs. 4.00 per equity share paid on 20th August 2015, the total dividend for the year works out to Rs. 9.00 per equity share of face value of Rs. 5/- each. Final Dividend, if approved by Members, will be paid on or after 25th May 2016.

Due Dates for transfer of Unclaimed Dividend to IEPF:

Year	Dividend	Date of Declaration	Due for transfer to IEPF
2008	Final	27.09.2009	01.06.2016
2009	Interim	27.07.2009	30.08.2016
2009	Final	30.04.2010	03.06.2017
2010	Interim	15.07.2010	18.08.2017
2010	Final	27.06.2011	31.07.2018
2011	Interim	11.08.2011	15.09.2018
2011	Final	16.04.2012	20.05.2019
2012	Interim	16.07.2012	19.08.2019
2012	Final	26.04.2013	30.05.2020
2013	Interim	01.08.2013	03.10.2020
2013	Final	13.05.2014	15.06.2021
2014	Interim	31.07.2014	02.09.2021
2014	Final	14.05.2015	16.06.2022
2015	Interim	29.07.2015	30.08.2022

(d) Listing

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 fee for the year 2015-16 has been paid by the Company to BSE and NSE.

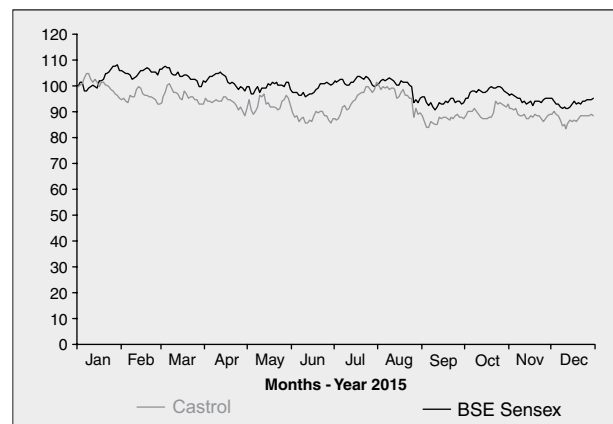
(e) Stock Code

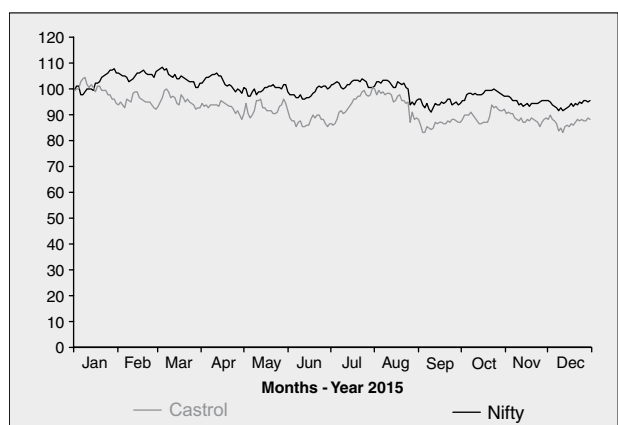
BSE Limited	500870
National Stock Exchange of India Limited	CASTROLIND
ISIN	INE172A01027

(f) Market Price Data

Monthly high and low quotation of shares traded on BSE and NSE during the Financial Year 2015

MONTHS	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
January 2015	530.75	471.45	529.95	472.00
February 2015	501.45	460.00	501.85	460.00
March 2015	517.90	458.30	518.35	459.35
April 2015	492.00	438.50	489.00	439.00
May 2015	491.10	440.45	491.80	439.70
June 2015	482.40	416.80	481.95	415.35
July 2015	513.15	427.90	513.80	427.15
August 2015	508.40	429.00	508.65	429.15
September 2015	446.95	415.50	447.25	415.00
October 2015	475.30	431.25	474.35	432.50
November 2015	464.30	426.80	464.35	426.25
December 2015	456.50	415.00	455.95	415.00

(g) Stock Performance in comparison to the BSE Sensex, and NSE Nifty



(h) The Registrar and Share Transfer Agents of the Company is TSR Darashaw Limited.

Address for Correspondence (Registrar and Share Transfer Agent)

TSR Darashaw Limited

6-10 Haji Moosa Patrawala Industrial Estate,
20 Dr. E. Moses Road, Mahalakshmi,
Mumbai 400 011

Tel: +91-22-6656 8484

Fax: +91-22-6656 8494

Email: csg-unit@tsrdarashaw.com

(i) Share Transfer System

All Shares sent for transfer in the physical form are registered by the Registrar and Share Transfer Agents as per the terms of the Listing Agreements. 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 dematerialisation of shares are processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL) within 15 days.

(j) Distribution of shareholding by size class as on 31st December 2015

No. of Shares held	No. of shares	No. of shareholders	% of shareholders
Upto 500	94,76,674	77,385	79.32
501-1000	59,06,749	7,854	8.05
1001-2000	74,98,515	5,059	5.18
2001-3000	50,65,568	2,046	2.10
3001-4000	4,680,936	1,312	1.34
4001-5000	35,64,910	784	0.80
5001-10000	1,39,41,096	2,005	2.05
10001 and above	44,44,26,744	1,130	1.16
Total	49,45,61,192	97,573	100.00

Distribution of shareholding by ownership as on 31st December 2015

Sr. No.	Category	No. of Shareholders	No. of Shares held	% of the total Paid up Capital
i	Foreign Company	1	5,41,896	0.11
ii	Foreign Collaborator	1	35,07,49,820	70.92
iii	Foreign Institutional Investors	93	3,10,38,602	6.28
iv	Overseas Bodies Corporate	2	4,000	0.00
v	Non-Resident Individuals	1,744	17,32,619	0.35
vi	Public Financial Institutions	13	2,7268,346	5.51
vii	Indian Mutual Funds	69	91,98,398	1.86
viii (a)	Nationalised Banks	22	10,06,489	0.20
(b)	Other Banks	47	92,045	0.02
ix	Domestic Companies	1,620	74,05,923	1.50
x	Resident Individuals	93,958	6,54,93,478	13.24
xi	Directors & Relatives	3	29,036	0.01
Total		97,573	49,45,61,192	100.00

(k) As on 31st December 2015, about 98.21% of the Paid-up Share Capital has been dematerialised. Trading in Equity Shares of the Company is permitted only in dematerialised form. Promoter's holding is held in dematerialised form.

(l) 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.

(m) Plant Locations

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

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

Castrol India Limited
Technopolis Knowledge Park, Mahakali Caves Road,
Andheri (East), Mumbai 400 093

8. Other Disclosures

(a) Disclosures on materially significant related party transactions having potential conflict.

In line with the requirements of the Companies Act, 2013 and Equity Listing Agreement, your Company has formulated a Policy on Related Party Transactions which is also available on Company's website at http://www.castrol.com/en_in/india/about-us/financials/other-financial-documents-policies.html. 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) Disclosure of Pending Cases/Instances of Non-Compliance

There were no non-compliances by the Company and no instances of penalties and strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to the capital market during the last three years.

(c) Whistle Blower Policy/Vigil Mechanism

The Company has a robust whistle-blower which also apply to all group of companies of the BP Group, worldwide, which is called "Open Talk". The employees are encouraged to raise any of their concerns by way of whistle-blowing and the employees have access to the Audit Committee Chairman.

(d) The Company has complied with all mandatory items of the clause 49 of the Listing Agreement as applicable till 30th November 2015 and Listing Regulations from 1-12-2015 onwards. The Company has executed the fresh agreement with the BSE and NSE as required under the newly enacted Listing Regulation.

9. Non-Mandatory 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. Shareholder Rights – Half yearly results

As the Company's half yearly results are published in English newspapers having a circulation all over India and in a Marathi newspaper (having a circulation in Mumbai), the same are not sent 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 Posts of Chairman and CEO/Managing Director

The Posts of Chairman and 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.

Web Links

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

G. The Company is not dealing in commodity and hence disclosure relating to commodity price risks and commodity hedging activities.

H. There is no Non-Compliance of any requirement of Corporate Governance Report of sub-para (2) to (10) of the Part C of Schedule V of the Listing Regulations.

CODE OF CONDUCT DECLARATION

In accordance with Listing Regulations executed with the BSE Limited and the National Stock Exchange of India Limited, I, Omer Dormen in my capacity as the Managing Director of the Company hereby confirm that all members of the Board of Directors and Senior Management Personnel of the Company have affirmed their compliance for the financial year 2015 with the Company's Code of Conduct.

Omer Dormen
Managing Director
DIN: 07282001

Mumbai
Dated: 24th February, 2016

AUDITORS' CERTIFICATE

To,
The Members of Castrol India Limited

We have examined the compliance of conditions of corporate governance by Castrol India Limited, for the year ended on December 31, 2015 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the Corporate Governance. It is neither an audit nor an expression of opinion of the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of

Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which management has conducted the affairs of the Company.

For S R B C & CO. LLP
Chartered Accountants
ICAI Firm Registration No. 324982E

per Dolphy D'souza
Partner
Membership No.: 38730
Place: Mumbai,
Dated: 24th February, 2016

CEO-CFO CERTIFICATE

To,
The Board of Directors Castrol India Limited,

We, the undersigned, in our respective capacities as Managing Director (Chief Executive Officer) and Director Finance (Chief Financial Officer) of Castrol India Limited (“the Company”), to the best of our knowledge and belief certify that:

- (a) We have reviewed the financial statements and the cash flow statement for the financial year ended 31st December 2015 and based on our knowledge and belief, we state that:
- (i) these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading.
 - (ii) these statements together present a true and fair view of the Company’s affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- (b) We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company’s Code of Conduct.
- (c) We are responsible for establishing and maintaining internal controls and for evaluating the effectiveness of the same over the financial reporting of the Company and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- (d) We have indicated, based on our most recent evaluation, wherever applicable, to the Auditors and Audit Committee:
- (i) significant changes, if any, in the internal control over financial reporting during the year;
 - (ii) significant changes, if any, in the accounting policies made during the year and that the same has been disclosed in the notes to the financial statements; and
 - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company’s internal control system over financial reporting.

On behalf of the Board of Directors

Omer Dornen
Managing Director
DIN: 07282001

Rashmi Joshi
*Director Finance &
Chief Financial Officer*
DIN: 06641898

Mumbai
24th February 2016

Section A: General information about the Company

Sr. No.	Particulars	Information
1.	Corporate Identity Number (CIN) of the Company	L23200MH1979PLC021359
2.	Name of the Company	Castrol India Limited
3.	Registered Address	Technopolis Knowledge Park, Mahakali Caves Road, Chakala, Andheri (East), Mumbai-400 093.
4.	Website	www.castrol.co.in
5.	E-mail id	investorrelations.india@castrol.com
6.	Financial Year Reported	January 1, 2015 – December 31, 2015
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	2 7 1 0 0 0 . 6 1 – 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"> • Number of International Locations (Provide details of major 5): None • Number of National Locations: 8 <ul style="list-style-type: none"> ▪ Corporate Office – 1 ▪ Regional Offices – 4 ▪ Plants – 3
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. 247.28 crores
2.	Total Turnover (INR)	Rs. 3,285.3 crores
3.	Total profit after taxes (INR)	Rs. 615.26 crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.47% (Rs. 10.48 crores)
5.	List of activities in which expenditure in 4 above has been incurred:	<p>CSR agenda rests on 4 main pillars of Investment</p> <p>a. <i>Eklavya</i> (Rs. 3.31 crores): Skills development with a focus on technology targeting unorganized two-wheeler mechanics in Tamil Nadu, Andhra Pradesh, Telangana, Karnataka, Mumbai and Delhi. Total Mechanics trained in 2015: 2100</p> <p>b. <i>Ehtiyat</i> (Road safety – Rs. 5.10 crores) – collaborating for safer mobility for making Mumbai roads safer. The focus is on training on defensive driving and first aid of public transport system drivers and creating greater awareness among two-wheeler users in Mumbai.</p> <p>c. <i>Ekjut</i> (Community Development - Rs. 1.07 crores) – as a responsible corporate citizen working with local communities third party needs assessment studies have been conducted at all plant locations. Then activities are aligned with the ‘Swachh Bharat’ campaign initiatives around improved sanitation to reduce open defecation have been undertaken in Silvassa.</p> <p>d. <i>Ehsaas</i> (Humanitarian Aid – Rs. 0.50 crores) – humanitarian aid for relief for the flood- affected communities of Chennai and Cuddalore.</p>

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 is applicable to all the business entities who do business with the Company. The business associates 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	
DIN Number	07282001	06641898
Name	Mr. Omer Dormen	Ms. Rashmi Joshi
Designation	Managing Director	Director – Finance

(b) Details of the BR head:

Sr. No.	Particulars	Details	
1.	DIN Number (if applicable)	07282001	06641898
2.	Name	Mr. Omer Dormen	Ms. Rashmi Joshi
3.	Designation	Managing Director	Director – Finance
4.	Telephone number	91-22-66984100	
5.	E-mail id	investorrelations.india@castrol.com	

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

2a. Details of Compliance (Reply Y/N)

Sr. No.	Questions	P	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8	9
		Business Ethics	Sustainability	Employees' well-being	Stakeholders' Welfare	Human Rights	Environment	Regulatory Policy	Equitable Development	Customer Responsibility
1.	Do you have a policy/policies for....	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Majority of the Company policies are aligned with BP group policies which incorporate the global best practices. The Company is an ISO 9001 Company and the manufacturing locations are 14001 and 18001 certified.								
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
		The Code of Conduct and the other frameworks adopted by the parent company BP, globally have been adopted by the Company.								
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?	http://www.castrol.com/content/dam/castrolcountry/en_in/About%20Us/Financials/COC-BOARD-SR-MGT.pdf								
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:
(Tick up to 2 options)**

Sr. No.	Questions	P	P	P	P	P	P	P	P	P
		1	2	3	4	5	6	7	8	9
1.	The Company has not understood the Principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	NA	NA	NA	NA	NA	NA	NA	NA	NA
3.	The Company does not have financial or manpower resources available for the task	NA	NA	NA	NA	NA	NA	NA	NA	NA
4.	It is planned to be done within next 6 months	NA	NA	NA	NA	NA	NA	NA	NA	NA
5.	It is planned to be done within next 1 year	NA	NA	NA	NA	NA	NA	NA	NA	NA
6.	Any other reason (please specify)	NA	NA	NA	NA	NA	NA	NA	NA	NA

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. The hyperlink to view the Annual Report is: www.castrol.co.in

Section E: Principle-wise performance

Principle 1

Policy relating to ethics, bribery and corruption

Code of Conduct

Your Company's Code of Conduct (also referred to as the 'Code') outlines its commitment to ethical standards and compliance with applicable local laws. The Code is based on your 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 & reliably; its people; its business partners; the governments and communities your Company works with and its assets and financial integrity. The Code takes into account key points from your Company's internal standards related to anti-bribery and corruption, anti-money laundering, competition and anti-trust law and trade sanctions. Your Company conducts due diligence on all its vendors and customers in accordance with these policies.

Who the Code of Conduct applies to

The Code applies to every employee of your Company and the endeavor is to extend this Code to all its contractors and business partners. Where feasible, your Company seeks a contractual commitment from its contractors and business partners to comply and work in line with the Code. Where your Company has the right to do so, it may consider terminating contracts where a contractor has not complied with the obligations or not renewing a contract where a contractor has acted in a manner that is not consistent with your Company's values or the Code. Your Company rigorously follows ethical business decisions, ensuring the actions of all its employees, vendors, business partners and customers are consistent with the law. Your 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, your 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 and to create an environment where people can confidently raise concerns without fear of reprisal.

During the year there were no complaints from the Stakeholders.

Fostering a 'speak up' culture

Your 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 our code of conduct or think that law, regulations or the Code, may have been breached. All stakeholders are encouraged to raise concerns with your Company's management team or BP's global helpline.

There was one Complaint of sexual harassment during the year, which was resolved appropriately by the duly constituted Committee.

Principle 2

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

Your Company has ISO certificates of 9001:2008, 14001 and ISO/TS 16949:2009. Your Company has launched several products throughout 2015 in commercial vehicles space, with superior products and benefits to consumers. We launched Castrol VECTON RX Fuel Saver which provides upto 3% fuel saving to consumers. In a depleting natural resources scenario, this product aims to bring in higher efficiency in commercial vehicles thus leading to lower fuel consumption. The product is endorsed by Tata Motors for use in its Commercial Vehicles. Another product, Castrol VECTON with System 5 technology, had proven credentials of providing upto 20% longer drain in of highway vehicles. In passenger car segment, we developed and introduced SAE 5W-30 Fuel Efficient oil for a major passenger car manufacturer in India.

Both our raw material sourcing and finished good distribution are optimized with a view to reduce the distance travelled and environmental impact. We have brought efficiency in our raw material bulk tanker operations by increasing our tanker capacities wherein our current fleet comprises of about 40% higher capacity tankers and we have also reduced the numbers of tankers by approximately 30%.

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

- Using energy efficient technology like solar and LED lights to reduce energy consumption.
- Using fuel additive with furnace oil to obtain best fuel efficiency Boiler condensate recovery and maintenance resulting in lower furnace oil consumption.
- Optimizing power and utility operations.
- Recycling treated water from effluent treatment plant which is now being used for sanitation, resulting in reduction of fresh water consumption.
- Improve boiler efficiency through optimized running of blend operation, reduce power consumption by improving power factor and reduce water consumption through various initiatives.

We do source our packaging materials locally. To ensure we develop these vendors to our quality requirements; we conduct regular quality checks and audits. The findings of these are communicated through learning opportunities for them to improve their overall systems.

Principle 3

Businesses should promote the well-being of all employees

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

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

In our constant endeavor to be a contemporaneous organisation, we review our policies and benchmark them against the best in class to ensure that your Company's agenda on employee well-being and engagement is serviced effectively. Your Company gets feedback from its employees through an annual survey conducted globally. The last survey indicated that overall employee engagement score for your Company was in the top quartile indicating very good engagement. Harmonious and cordial industrial relations are prevalent in all the 3 plants.

The total headcount as on 31st December 2015, 763 of which 97 are permanent women employees. Your Company has 173 employees working on a contractual/temporary basis. Your Company does not have any employees with permanent disability. There is workers' trade union active mainly in plants and approximately 25% of permanent employees are members of this trade union.

In summary, your Company's people agenda is focused on the following principles:

1. **Health & Safety:** HSSE (Health, Safety, Security and Environment) is at the heart of everything that your Company does and is a key enabler of its business strategy. Your Company is committed to the goal of 'No accidents, no injury to people and no damage to the environment'. Our HSSE strategy is designed around following three key elements:

- Having safe and healthy employees
- Being a responsible operator
- Ensuring our products and services can be trusted

Your Company empowers and thus expects every employee to be a safety leader; our safety leadership pledge being – *"I commit to lead all in safety, so that all employees go home safely every day. This is more important to us than anything else that we do"*. Road safety continues to be a focus area for your Company and thus all professional drivers undergo a rigorous defensive driver training and all road safety related incidents, howsoever minor, are reported and investigated in

an attempt to adopt to lesson learned. The same driving standards are used while dealing with contractors engaged in transporting raw material and finished goods. All permanent and contract employees are given safety training during the year.

Your Company has been steadily progressing in implementing BP's Global Operating Management System (OMS) to continuously improve the delivery of safe, responsible and reliable operations. The OMS has helped your Company to manage four key elements of operating – People, Plant, Processes and Performance, effectively.

Your Company has been regularly providing annual preventive health checks for all employees at its own cost. Further, to enable employees manage work-life balance and related stress, if any, your Company has taken several initiatives, including:

- **Employee Well-being Program:** Employee Well-being Program is a personal, confidential and professional counseling service for employees and their family members provided by professional consultants through telephone, email, face to face in English and in Regional languages provided 24 x 7 x 365.
- **Agile Working:** A core component of your Company's Diversity and Inclusion ambition, agile working encompasses a wide range of working options that enables 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 your Company irrespective of the level that they operate at.
- **Workplace facilities:** At all offices and facilities of your Company, attention is paid to ergonomics to ensure a comfortable work environment.

2. **Leadership Development:** Building both, people and functional capability is one of the key elements of our investment in people. Last year, your Company took concrete steps to embed BP's global leadership framework that requires leaders to demonstrate capabilities in managing culture, performance, talent and development. This was done through webinars on People book, managing change and other key HR processes.
3. **Diversity and Inclusion:** Our Business Resource Groups (BRGs) are grassroots, employee-initiated and employee-driven groups and share a common goal of making BP more inclusive through delivering our Diversity & Inclusion (D&I) Ambition. All BRGs are run by employees, for employees, supported by our D&I team and in some cases a global steering committee. Typically BRGs focus on recruitment, retention, development and enhancing BP's brand. Eg of BRG in India is BP WIN (Women's International Network).

Principle 4

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

Your Company recognizes the need and importance of a focused and inclusive social and economic development, especially in the communities within which we operate. We seek to build open and constructive relationships with all our stakeholders. Towards this end your Company has identified and is responsive to the needs of all its stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Be it the unorganized, footloose two-wheeler mechanics seen operating from under the shade of trees with minimal tools or the communities it operates within – especially those around its manufacturing plants in Silvassa, Patalganga and Paharpur or those affected by natural disasters such as devastating floods as in the case of parts of Tamil Nadu. As part of this engagement your Company undertook several interventions in 2015, a few of which are listed below:

- Training of two-wheeler technicians across parts of Tamil Nadu, Karnataka, Andhra Pradesh

- Programme on Water, Sanitation and Hygiene including construction of toilets in Silvassa
- Provision of immediate relief materials including food baskets; utensils, tents, blankets to those affected by floods in Tamil Nadu
- Engaging with the public transport system drivers in Mumbai for defensive driving and first aid responder trainings to make Mumbai roads safer
- Scientific mapping of the needs and opportunities across all Castrol manufacturing plant locations

Principle 5

Businesses should respect and promote Human Rights

A formal Human Right's policy was launched in 2014 which applies to every employee. This policy contains following seven key principles:

- The Company conducts its business in a manner that respects the rights and dignity of all people, complying with all legal requirements.
- The Company respects internationally recognized human rights, as set out in the International Bill of Human Rights and the International Labour Organization's declaration on Fundamental Principles and Rights at Work.
- The Company recognizes its responsibility to respect human rights and avoid complicity in human rights abuses, as stated in the UN Guiding Principles on Business and Human Rights.
- The Company treats everyone who works for us, fairly and without discrimination. The employees, agency staff and suppliers are entitled to work in an environment and under conditions that respect their rights and dignity.
- The Company respects freedom of association. Where its employees wish to be represented by trade unions or works councils, the Company will cooperate in good faith with the bodies that its employees collectively choose to represent them within the appropriate national legal frameworks.

- The Company respects the rights of people in communities impacted by its activities. The Company will seek to identify adverse human rights impact and take appropriate steps to avoid, minimize and/or mitigate them.
- The Company will seek to make contractual commitments with suppliers with a view to encourage them to adhere to the same principles.

The policy applies to every employee. Your Company's employees, contractors, suppliers and business partners are entitled to work in an environment and under conditions that respect their rights and dignity.

Principle 6

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

Your Company has been fully committed to comply with all applicable laws and requirements and maintains highest standards of Occupational Health, Safety & Environment. This is also spelt in the policy which uniformly applies to every member of the workforce which includes employees and others who work for us (contractors, audit agencies, suppliers, NGOs, etc) during the time they are engaged in our work. Safety and Environmental Performance has been integral to the business performance of your Company and it continues to focus on the goal: 'no accidents, no injury to people and no damage to the environment'.

Your Company ensures safe, systematic, reliable and environmentally friendly operations through its Operating Management System. All three blending plants of the Company are certified for the Environment Management System (ISO 14001:2004) and Occupational Health & Safety Management System (OHSAS 18001: 2007). Your Company is also certified for ISO 9001:2008 (Quality Management System Standard). Compliance to these systems has been certified by internationally recognized and accredited bodies. Regular internal and external audits help to continually improve the process and make us more efficient. Your Company is also helping the environment by improving the fuel efficiency of the engines and hence leading to saving the precious fossil fuels.

Initiatives to mitigate possible environmental risks and reduce environment footprint are in place. All efforts are taken to minimise energy consumption, water consumption and waste generation from manufacturing operations viz. optimising the manufacturing batch sizes, maximising the use of natural lighting, use of LED & energy efficient lighting, regular water monitoring and audits and many other environment management programs. Your Company is also committed to regularly work on logistics process optimization to bring in efficiency and thereby reduce the carbon footprint along with reduction in road related safety risk. Your Company's environment performance has also been recognised and appreciated by various organisations. Your Company has not received any show cause/legal notices from CPCB/SPCB.

Principle 7

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Code of Conduct of your Company provides that the Company does not directly take part in political activity, but it could engage in policy debate in various ways including lobbying, on subjects of legitimate concern to your Company, its staff and the communities in which it operates. This is done in a highly regulated manner by authorised people.

Your Company does not take part directly in party political activity. Your Company does not make any political contributions – either in cash or in kind. Your Company aims to engage constructively with Governments everywhere it operates, as well as to build constructive relationships with the media.

Your Company complies with all laws and regulations that prohibit bribery and corruption, and ensure that its suppliers, contractors and joint venture partners, if any do the same. All business partners who represent or act on behalf of your Company are asked to comply with applicable bribery and corruption laws. Where appropriate, they are required to show that they have appropriate programmes in place to prevent bribery.

Your Company is represented in many industry and business Associations which work in the relevant areas, including:

- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Bombay Chamber of Commerce & Industry
- The Advertising Standards Council of India
- All India Management Association

Principle 8

Businesses should support inclusive growth and equitable development

In line with its business strategy and growth aspirations, your Company recognizes the need and importance of a focused and inclusive social and economic development, especially in the communities within which your Company operates. Your Company seek to build open and constructive relationships with all the stakeholders. In furtherance of this, your Company's Corporate Social Responsibility (CSR) Policy articulates the vision and guidelines for achieving these objectives.

The Policy applies to all CSR activities of your Company in India and is underpinned and guided at all times by the Code of Conduct.

CSR Mission and objectives: Castrol India Limited aspires to be a trusted partner, continuously engaging with our stakeholders. Through our CSR programmes aimed at skill enhancement, safe mobility community development and humanitarian aid, we strive to contribute to a safer and better quality of life. Over the last hundred years of the Company's presence in India, CIL has conducted various activities working in collaboration with key stakeholders in a responsible and accountable manner.

In alignment with our core skills and vision of engaging with our stakeholders to contribute to a safer and better quality of life, your Company focuses on:

- *Eklavya*: Strengthening skills in the automotive and industrial sectors, with a focus on technology
- *Ehtiyat*: Collaborating for safer mobility

- *Ekjut*: Community Development in areas of operation and presence
- *Ehsaas*: Humanitarian aid

In 2015, in partnership with leading non-governmental organizations (NGOs) your Company continued to invest in build India's social capital through its focus areas. Your Company has trained more than 2500 two-wheeler mechanics to ensure they do not lose out due to lack of skills in the face of constantly evolving automotive technology. Your Company is committed in aligning with the Clean India campaign by working towards eradicating open defecation in neighborhoods of Silvassa; promoting safer driving practices among the public transport system drivers in Mumbai; or incubating start-ups in one of the country's leading incubators at IIM Ahmedabad. The gamut of activities and partnerships has been wide yet focused.

With the objectives of creating a sustainable and meaningful impact – one that is relevant to local needs and aligned with your Company's agenda – all activities have been supported by third party monitoring and evaluation processes to ensure flagging of mid-course corrections that may be required and helping your Company stay on track.

With a social investment of more than INR 10 crore in 2015 alone, the CSR portfolio focuses on creating an enabling environment with active participation of local stakeholders, key to ensuring sustainability of interventions.

Principle 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner

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

Your Company continuously monitors the trends in automotive and manufacturing industries and develops products and offers that create maximum

value for its consumers. In 2015 we launched a product brand variant in Castrol VECTON which can provide upto 3% fuel saving to consumers. This product is endorsed by Tata Motors (The largest OEM in Commercial Vehicles space) for use in Tata Trucks. We have also launched Castrol CRB Turbo+ to support the requirements of newer trucks and provide longer engine life to the engine of new trucks. We also continued its efforts in strengthening Castrol CRB Mini-Truck brand and educating mini-truck consumers on using the right engine oil for better protection against heat.

We have worked jointly with major commercial vehicle OEM, which has dominant share of around 45% of market share in trucks in India to create an efficient unique differentiated product for the Trucks. This 1st ever OEM approved Fuel Efficient engine oil for truck is designed to increase the fuel efficiency by 3%, which will save substantial amounts of diesel as well as operating costs for these trucks. Castrol Vecton RX Fuel Saver has the potential to save almost Rs.40,000 per annum for a truck which travels about 100,000 kms during a year. Castrol Vecton RX Fuel Saver 10W-40 diesel engine oil was launched in June, 2015 on the sidelines of the first day of the T1 Prima Truck racing Championship at the Buddh International Circuit, Greater Noida.)

Your Company has organized its business in different channels — retail, franchise and independent workshop, industrial and heavy duty keeping in mind

channel specific needs and offers. Your Company regularly tracks customer satisfaction scores in different channels and our distributors and takes conscious steps to improve the scores by taking appropriate actions.

Regular audits are conducted at our plants to ensure product and formulation compliance. Your Company has resolved 92.8% of quality complaints within 21 working days as against a Key Performance Indicators (KPI) of 90%. Your Company has resolved 100% of the quality incidents reported at Level G. Level G incidents are product that causes a field issue or failure with single customer. Your Company mentions information such as product benefits to the consumer, technology used in the product, etc. in addition to the mandatory information on the product label.

On behalf of the Board of Directors

Omer Dormen
Managing Director
 DIN: 07282001

Rashmi Joshi
*Director – Finance &
 Chief Financial Officer*
 DIN: 06641898

Mumbai
 24th February 2016

INDEPENDENT AUDITORS' REPORT

To,

The Members of Castrol India Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Castrol India Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at December 31, 2015, its profit, and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, 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 purpose 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on December 31, 2015, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2015, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) 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, 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 – Refer Note 6, 7, 26 and 35 to the 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.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E

per Dolphy D'Souza
Partner
Membership Number: 38730

Place : Mumbai
Date : February 24, 2016

Annexure referred to in paragraph of audit report on Other Legal and Regulatory Requirements of even date**Re: Castrol India Limited ('the Company')**

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.
- (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a) and (b) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of lubricating oils and greases, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the information and explanations given to us, there are no dues of income tax, sales tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute, except for the dues outstanding of value added tax as stated below:

Name of the Statute	Nature of Dues	Amount (Rs. Crores)	Period to which amount relates	Forum where dispute is pending
Local Sales Tax Act, VAT Act and Central Sales Tax Act	Tax, Interest and Penalty	297.13	1987 to 2015	Assistant/Deputy/ Additional/Joint/Special, Revisional Board/ Commissioner, Tribunal, High Court.
Central Excise Act, 1944	Duty and Penalty	30.41	1987 to 2014	Assistant/Deputy/ Additional/Joint Commissioner, Commissioner (A), CESTAT, High Court & Supreme Court.
Customs Act, 1962	Duty and Interest	2.83	1997 to 2006	Tribunal
Service Tax, Chapter V of the Finance Act, 1994	Tax and Penalty	123.69	1997 to 2015	Assistant/Deputy/ Additional/Joint Commissioner, Commissioner (A), CESTAT, High Court.
The Income Tax Act, 1961	Tax and Interest	1.16	Assessment years 2000-2001, 2008-2009 and 2009-2010	Deputy Commissioner of Income Tax, Commissioner of Income Tax (A), ITAT

- (d) According to the information and explanations given to us, the amount required to be transferred to investor education and protection fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder has been transferred to such fund within time.
- (viii) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (ix) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a bank. The Company has no outstanding dues in respect of financial institution or debenture holders.
- (x) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xi) The Company did not have any term loans outstanding during the year.
- (xii) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E

per Dolphy D'Souza
Partner
Membership Number: 38730

Place : Mumbai
Date : February 24, 2016

Balance Sheet as at December 31, 2015

Particulars	Note No.	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	247.28	247.28
Reserves and surplus	4	328.33	249.50
		<u>575.61</u>	<u>496.78</u>
Non-current liabilities			
Other long-term liabilities	5	12.30	11.03
Long-term provisions	6	2.64	2.64
		<u>14.94</u>	<u>13.67</u>
Current liabilities			
Trade payables			
Micro and small enterprises	7	4.13	6.12
Other than micro and small enterprises	7	545.26	532.13
Other current liabilities	7	148.50	137.66
Short-term provisions	6	373.18	305.79
		<u>1,071.07</u>	<u>981.70</u>
TOTAL		<u>1,661.62</u>	<u>1,492.15</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	8	140.21	162.21
Intangible assets	8	8.63	9.86
Capital work-in-progress		36.41	15.67
Deferred tax assets (net)	9	49.92	61.81
Long-term loans and advances	10	93.24	85.03
		<u>328.41</u>	<u>334.58</u>
Current assets			
Inventories	11	304.58	365.47
Trade receivables	12	236.46	271.50
Cash and bank balances	13	696.50	431.45
Short-term loans and advances	10	88.97	86.52
Other current assets	14	6.70	2.63
		<u>1,333.21</u>	<u>1,157.57</u>
TOTAL		<u>1,661.62</u>	<u>1,492.15</u>
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E

per DOLPHY D'SOUZA
Partner
Membership No. : 38730

SANDEEP DESHMUKH
Company Secretary
ACS No. : 10946

Place: Mumbai
February 24, 2016

For and on behalf of Board of Directors

S. M. DATTA	DIN No. : 00032812	Chairman
OMER DORMEN	DIN No. : 07282001	Managing Director
RASHMI JOSHI	DIN No. : 06641898	Director Finance (CFO)
JAYANTA CHATTERJEE	DIN No. : 06986918	Director Supply Chain
R. GOPALAKRISHNAN	DIN No. : 00027858	} Non-Executive Directors
RALPH HEWINS	DIN No. : 02895504	
SASHI MUKUNDAN	DIN No. : 02519725	
UDAY KHANNA	DIN No. : 00079129	
PETER WEIDNER	DIN No. : 03620389	

Place: Mumbai
February 24, 2016

Statement of Profit and Loss for the year ended December 31, 2015

Particulars	Note No.	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
INCOME			
Revenue from operations (gross)	15	3,791.42	3,918.62
Less: Excise duty		493.39	526.29
Revenue from operations (net)		3,298.03	3,392.33
Other income	16.1	52.58	16.06
Total revenue		3,350.61	3,408.39
EXPENSES			
Cost of materials consumed	17.1	1,388.38	1,760.46
Purchase of traded goods	17.2	197.60	160.23
(Increase)/decrease in inventories	17.3	14.81	16.81
Employee benefits expense	18	176.59	161.56
Other expenses	19	625.77	576.55
Total expenses		2,403.15	2,675.61
Earnings before interest, tax, depreciation and amortisation (EBITDA)		947.46	732.78
Depreciation and amortisation expense	20	38.97	36.13
Finance costs	21	0.83	2.38
Interest income	16.2	43.29	32.04
PROFIT BEFORE TAX		950.95	726.31
Tax expenses			
Current tax		323.80	260.60
Deferred tax		11.89	(8.85)
Total tax expenses		335.69	251.75
PROFIT FOR THE YEAR		615.26	474.56
Nominal value of share (Rs.)		5.00	5.00
Earnings per equity share – Basic & Diluted (Rs.)	22	12.44	9.60
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E

per DOLPHY D'SOUZA
Partner
Membership No. : 38730

SANDEEP DESHMUKH
Company Secretary
ACS No. : 10946

Place: Mumbai
February 24, 2016

For and on behalf of Board of Directors

S. M. DATTA	DIN No. : 00032812	Chairman
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PETER WEIDNER	DIN No. : 03620389	

Place: Mumbai
February 24, 2016

Cash Flow Statement for the year ended December 31, 2015

Particulars	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Cash Flow from Operating Activities		
Net profit before tax	950.95	726.31
Adjustment to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expenses	38.97	36.13
Loss/(gain) on disposal/write off of fixed assets (net)	5.86	0.95
Provision for doubtful advances (net)	0.33	0.40
Provision for doubtful debts (net)	1.34	2.14
Unrealised foreign exchange (gain)/loss	(0.09)	0.29
Finance costs	0.83	2.38
Interest income	(43.29)	(32.04)
Operating profit before working capital changes	954.90	736.56
Movements in working capital:		
Decrease/(increase) in inventories	60.89	8.54
Decrease/(increase) in trade receivables	33.70	(36.40)
Decrease/(increase) in short-term loans & advances	(2.45)	(0.08)
Decrease/(increase) in long-term loans & advances	(2.41)	(0.69)
Increase/(decrease) in other long-term liabilities	1.27	0.20
Increase/(decrease) in other current liabilities	6.96	21.37
Increase/(decrease) in long-term provisions	–	0.16
Increase/(decrease) in trade payables	11.14	65.42
Increase/(decrease) in short-term provisions	3.67	(0.50)
Cash generated from/(used in) operations	1,067.67	794.58
Direct taxes paid (net of refunds)	(327.66)	(246.98)
Net Cash Flow from/(used in) Operating Activities	(A) 740.01	547.60
Cash Flow from Investing Activities		
Purchase of fixed assets, including CWIP	(37.88)	(50.65)
Proceeds from sale of fixed assets	0.92	0.28
Maturity of margin deposits	–	0.26
Interest received	39.22	36.37
Net Cash Flow from/(used in) Investing Activities	(B) 2.26	(13.74)

Cash Flow Statement for the year ended December 31, 2015 (contd.)

Particulars	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Cash Flow from Financing Activities		
Dividend paid	(395.64)	(346.20)
Dividend tax paid	(80.54)	(58.84)
Dividend tax paid on account of capital reduction	–	(42.03)
Interest paid	(1.04)	(2.28)
Payment on account of capital reduction	–	(247.28)
Net Cash Flow from/(used in) Financing Activities	(C) (477.22)	(696.63)
Net Increase/(decrease) in Cash and Cash Equivalents	(A+B+C) 265.05	(162.77)
Cash and cash equivalents at the beginning of the year	431.45	594.22
Cash and Cash Equivalents at the end of the year	696.50	431.45
Components of Cash and Cash Equivalents		
Cash on hand	0.02	0.02
Balance with banks:		
On current accounts	15.14	6.91
Deposits with original maturity of less than 3 months	33.31	188.60
Deposits with original maturity of more than 3 months but less than 12 months	638.04	226.54
Unclaimed dividend account [note (b) below]	9.99	9.38
Total Cash and Cash Equivalents (note 13)	696.50	431.45

Notes:

- (a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement as Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (b) The Company can utilise these balances only towards settlement of unclaimed dividend.
- (c) Previous year's figures have been regrouped wherever necessary.

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E

per DOLPHY D'SOUZA
Partner
Membership No. : 38730

SANDEEP DESHMUKH
Company Secretary
ACS No. : 10946

Place: Mumbai
February 24, 2016

For and on behalf of Board of Directors

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PETER WEIDNER	DIN No. : 03620389	

Place: Mumbai
February 24, 2016

Notes to the Financial Statements for the year ended December 31, 2015

1. Corporate information

Castrol India Limited (the 'Company') is a public limited company domiciled in India. The Company is engaged in the business of manufacturing & marketing of Automotive, Non-Automotive Lubricants and related services.

1.1. Basis of preparation of accounts:

The Financial Statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these Financial Statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. The Financial Statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of Financial Statements are consistent with those of previous year except as explained below.

2. Significant accounting policies

a. Change in the accounting policy during the year

Useful lives / depreciation rates

Till the year ended December 31, 2014, depreciation rates prescribed under Schedule XIV were treated as minimum rates and the Company was not allowed to charge depreciation at lower rates even if such lower rates were justified by the estimated useful life of the asset. Schedule II to the Companies Act, 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the Financial Statements. Pursuant to provisions of Schedule II of the Companies Act, 2013, becoming applicable to the Company w.e.f. January 1, 2015, the Company has reviewed and where necessary, revised estimates of useful life of fixed assets, either as per the lives indicated by Schedule II or assessed by management. Accordingly, an additional charge of Rs. 0.52 crore, being the carrying amount of fixed assets as of January 1, 2015 with no remaining useful life (as revised) as of that date is recognised and included in the depreciation and amortisation expenses. Had this change in the useful life of the fixed assets not been made, depreciation for the year ended December 31, 2015 would have been lower by Rs. 1.62 crores and Profit Before Tax would have been higher by Rs. 1.62 crores.

b. Use of estimates

The preparation of Financial Statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities at the date of the Financial Statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

c. Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and impairment provision. The cost comprises of the purchase price (Net of Cenvat and VAT credit wherever applicable) and any attributable cost of bringing the assets to its working condition for its intended use.

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

e. Depreciation and amortisation

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following useful life to provide depreciation on its fixed assets.

Notes to the Financial Statements for the year ended December 31, 2015

2. Significant accounting policies (contd.)

Asset description	Useful life as per management
Residential and office building	25 years
Factory building	30 years
Plant & machinery	10 years to 21 years
Moulds	4 years
Furniture & fixtures	10 years
Office equipments	5 years
Computers	4 years
Vehicles	4 years
Workshop equipments [refer note (i) below]	2 years to 4 years
Equipment and boards with dealers	3 years
Computer software	4 years

Due to application of Schedule II of the Companies Act, 2013 with effect from January 1, 2015 management has reassessed the useful life based on the internal/external technical assessment of usage pattern of assets. The useful lives in respect of the below assets are different from the useful lives as prescribed under Part C of Schedule II of the Companies Act, 2013, which are as under:

Assets description	Present useful life	Useful life under Schedule II
Residential and office buildings	25 years	60 years
Plant and machinery	10 years to 21 years	15 years
Computers and other IT assets	4 years	3 Years

- (i) Workshop equipments provided against sales agreements are depreciated over the standard period of agreement.
- (ii) Lease-hold land and Lease-hold improvements are being amortised on a straight-line basis over the period of lease.
- (iii) Assets individually costing less than Rs. 5,000/- are fully depreciated in the year of acquisition.

f. Impairment of tangible and intangible assets

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal/external factor. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of an asset's or cash generating unit's net selling price and its 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.

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.

g. Leases

Where the Company is lessee

Operating lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Notes to the Financial Statements for the year ended December 31, 2015

2. Significant accounting policies (contd.)

h. Inventories

- (i) Raw materials, packing materials, traded items and finished goods are valued at lower of weighted average cost and net realisable value. Cost of finished goods includes material and packaging cost, proportion of manufacturing overheads based on normal operating capacity and excise duty. Custom duty on stock lying in bonded warehouses is included in cost. Cost of traded items includes cost of purchase and other cost incurred in bringing the inventories to the present location and condition.
- (ii) Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.
- (iii) Due allowances are made in respect of slow moving, non-moving and obsolete inventory based on estimates made by management.

i. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Sale of goods

Sales are recognised when goods are supplied and are recorded net of rebates and Sales Tax/Value Added Tax (VAT) and inclusive of excise duty. The Company collects Sales Taxes and VAT on behalf of the Government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Income from services

Income from service rendered is recognised based on the terms of the agreements as and when services are rendered and are net of service tax (wherever applicable).

Interest

Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

j. Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand, fixed deposits with banks which are short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

k. Retirement and other employee benefits

Long term employee benefits

Defined contribution plans

Company's contributions paid/payable during the year to Company's Pension Fund, ESIC and Labour Welfare Fund, Medical Insurance Benefits, Post Retiral Medical Benefit Scheme and Sharematch are recognised in the Statement of Profit and Loss, when an employee rendered the related service.

If the contribution payable to the scheme for service received before the Balance Sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already paid.

If the contribution already paid exceeds the contribution due for services received before the Balance Sheet date, then excess is recognised as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

Defined benefit plans

Company's liabilities towards gratuity, survivor protection (death benefit), pension benefit to past employees are actuarially determined using the projected unit credit method, at each year-end, which considers each period of service as giving rise

Notes to the Financial Statements for the year ended December 31, 2015

2. Significant accounting policies (contd.)

to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past services in relation to benefits mentioned above are recognised on a straight-line basis over the average period until the amended benefits become vested. Actuarial gain and losses are recognised immediately in the Statement of Profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government Securities where the currency and terms of the Government Securities are consistent with the currency and estimated terms of the defined benefit obligation.

Provident fund

The Company administers employees provident fund benefits through a trust, whereby amounts determined at a fixed percentage of basic salaries of the employees are deposited to the trust every month. The benefit vests upon commencement of the employment. The interest rate payable by the trust to the beneficiaries every year is notified by the government and the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company has obtained actuarial valuation of the plan as at the Balance Sheet date.

Retirement and other employee benefits

Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

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.

Voluntary Retirement Scheme expenses are fully charged to the Statement of Profit and Loss in the year in which they accrue.

i. Foreign currency transactions

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. All monetary assets and liabilities as at the Balance Sheet date, are reinstated at the applicable exchange rates prevailing on that date. All exchange differences arising on transactions, are charged to Statement of Profit and Loss. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

m. Derivative instruments

The Company uses foreign currency forward contracts to hedge foreign currency risk arising from future transactions in respect of which firm commitments are made or which are highly probable forecast transactions. The Company designates these forward contracts in a hedging relationship by applying the hedge accounting principles of AS-30, Financial Instruments: Recognition and Measurement.

The Company uses foreign currency forward contracts as hedges of its exposure to foreign currency risk in forecasted transactions and firm commitments.

In accordance with the recognition and measurement principles set out in AS-30, gains/losses on mark to market of derivative financial instruments are recognised in the Statement of Profit and Loss. Gains and losses arising on account of rollover/cancellation of forward contracts are recognised as income/expense of the period in which such rollover/cancellation takes place.

n. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax is recognised at the Balance Sheet date, subject to the considerations of prudence, on timing differences,

Notes to the Financial Statements for the year ended December 31, 2015

2. Significant accounting policies (contd.)

being the difference between taxable income and accounting income that originate in one period and are capable of reversal in one or more subsequent periods.

Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The 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, 2015 and the provision for the remaining period of nine months ending on December 31, 2015. The provision for the remaining period of nine months has been arrived at by applying the effective tax rate of the financial year 2015-16 to Profit Before Tax of the said period.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realised.

o. Provisions

A provision is recognised when the Company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on management estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

p. Segment reporting

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Financial Statements of the Company as a whole. The Company's operating businesses are organised and managed separately according to the nature of products and services provided. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate. Revenues and expenses directly attributable to segments are reported under each reportable segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocable".

q. Earning per share

Basic earning 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 earning 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.

r. 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.

s. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956, the Company has elected to present earnings before interest expense, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the Statement of the Profit and Loss. In its measurement, the Company doesn't include depreciation, impairment and amortisation expenses, finance costs, interest income and tax expenses.

Notes to the Financial Statements for the year ended December 31, 2015

3. Share capital

	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Authorised shares		
990,000,000 equity shares of Rs. 5/- each (2014 : 990,000,000 equity shares of Rs. 5/- each)	495.00	495.00
	<u>495.00</u>	<u>495.00</u>
Issued, subscribed and fully paid-up shares		
494,561,192 equity shares of Rs. 5/- each (2014 : 494,561,192 equity shares of Rs. 5/- each)	247.28	247.28
	<u>247.28</u>	<u>247.28</u>

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting year:

Equity shares	As at December 31, 2015		As at December 31, 2014	
	No. of Shares	Rupees in Crores	No. of Shares	Rupees in Crores
At the beginning of the year	494,561,192	247.28	494,561,192	494.56
Reduction in fully paid-up face value of equity shares [refer note (i) below]	-	-	-	247.28
Outstanding at the end of the year	<u>494,561,192</u>	<u>247.28</u>	<u>494,561,192</u>	<u>247.28</u>

Note (i) Pursuant to the scheme of reduction of share capital u/s 100 to 105 of the Companies Act, 1956 as approved by the shareholders and Hon'ble High Court of Bombay, the Company has reduced the fully paid-up face value of equity shares from Rs. 10/- per share to Rs. 5/- per share effective January 20, 2014. Consequently, the Company has paid Rs. 5/- per share on March 10, 2014 to the shareholders as per the record date of March 3, 2014.

b. Terms/rights attached to equity shares:

The Company has only one class of equity shares having par value of Rs. 5/- per share (2014 : 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. The Company declares and pays dividend in Indian Rupees.

During the year ended December 31, 2015, the amount of per share interim dividend recognised as distribution to equity shareholders was **Rs. 4.00** (2014 : Rs. 3.50). The amount of interim dividends distributed to equity shareholders is **Rs. 197.82 crores** (2014 : Rs. 173.10 crores). In addition, the Company has also proposed a per share final dividend recognised as distribution to equity shareholders of **Rs. 5.00** (2014 : Rs. 4.00). The amount of final proposed dividend distributed to equity shareholders is **Rs. 247.28 crores** (2014 : Rs. 197.82 crores). Both dividends aggregating to **Rs. 9.00** per share (2014 : Rs. 7.50 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:

	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Castrol Limited, U.K. 350,749,820 (2014 : 350,749,820) equity shares of Rs. 5/- each (2014 : Rs. 5/- each) fully paid (holding company)	175.37	175.37
BP Mauritius Limited 541,896 (2014 : 541,896) equity shares of Rs. 5/- each (2014 : Rs. 5/- each) fully paid (subsidiary of ultimate holding company)	0.27	0.27

Notes to the Financial Statements for the year ended December 31, 2015

3. Share capital (contd.)

- d. **Aggregate number of bonus shares issued, for consideration other than cash during the period of five years immediately preceding the reporting date:**

	As at December 31, 2015 No. of Shares	As at December 31, 2014 No. of Shares
Equity shares allotted as fully paid bonus shares by capitalisation of general reserve	370,920,894	370,920,894

- e. **Details of shareholders holding more than 5% shares in the Company are as below:**

	As at December 31, 2015		As at December 31, 2014	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of Rs. 5/- each (2014 : Rs. 5/- each) fully paid-up Castrol Limited, U.K.	350,749,820	70.92%	350,749,820	70.92%

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.

4. Reserves and surplus

	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Capital reserve	13.62	13.62
General reserve		
Balance as per the last financial statements	148.38	148.38
Closing balance	148.38	148.38
Surplus/(deficit) in the Statement of Profit and Loss		
Balance as per last financial statements	87.50	94.86
Profit for the year	615.26	474.56
Less: Appropriations		
Interim dividend on equity shares [amount per share Rs. 4.00 (2014 : Rs. 3.50)]	197.82	173.10
Tax on interim dividend	40.27	29.42
Proposed final dividend on equity shares [amount per share Rs. 5.00 (2014 : Rs. 4.00)]	247.28	197.82
Tax on final dividend	50.34	39.55
Tax on final dividend – 2014	0.72	–
Tax on capital reduction payment	–	42.03
Total appropriations	536.43	481.92
Net surplus in the Statement of Profit and Loss	166.33	87.50
Total reserves and surplus	328.33	249.50

Notes to the Financial Statements for the year ended December 31, 2015

5. Other long-term liabilities

	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Employee benefits payable	12.24	11.02
Deposit from customers	0.06	0.01
	<u>12.30</u>	<u>11.03</u>

6. Provisions

	Long-term		Short-term	
	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Provision for employee benefits				
Provision for company pension plan	1.36	1.41	0.15	0.15
Provision for leave benefits	1.28	1.23	0.11	0.13
	<u>2.64</u>	<u>2.64</u>	<u>0.26</u>	<u>0.28</u>
Other provisions				
Provision for tax (net of advance tax)	–	–	35.63	32.16
Provision for indirect taxes [refer note (a) below]	–	–	38.06	34.37
Provision for litigations	–	–	1.61	1.61
Provision for proposed final dividend	–	–	247.28	197.82
Provision for tax on proposed final dividend	–	–	50.34	39.55
	<u>–</u>	<u>–</u>	<u>372.92</u>	<u>305.51</u>
	<u>2.64</u>	<u>2.64</u>	<u>373.18</u>	<u>305.79</u>

Notes:

(a) Movement in provision for indirect taxes:

	As at December 31, 2015 Rupees in Crores	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores	As at December 31, 2014 Rupees in Crores
	Excise, customs and service tax	Sales tax and VAT	Excise, customs and service tax	Sales tax and VAT
Balance as at January 1	6.62	27.75	6.15	30.31
Addition during the year	0.86	4.94	0.61	1.93
Reversed/paid during the year	0.30	1.81	0.14	4.49
Balance as at December 31	<u>7.18</u>	<u>30.88</u>	<u>6.62</u>	<u>27.75</u>
Total		<u>38.06</u>		<u>34.37</u>

(b) The Company has made provisions 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.

Notes to the Financial Statements for the year ended December 31, 2015

7. Trade payables and other current liabilities

	Current	
	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Trade payables		
Micro and small enterprises	4.13	6.12
Other than micro and small enterprises	545.26	532.13
	549.39	538.25
(Refer note 27 for details of dues to micro and small enterprises)		
Other current liabilities		
Capex payables	15.13	10.95
Interest accrued and dues on deposit from customers	0.44	0.65
Advance from customers	3.15	3.74
Unpaid dividend [refer note (a) below]	9.99	9.38
Deposit from customers	13.94	11.09
Forward contract payable	0.29	0.02
Statutory dues	70.10	76.32
Employee benefits payable	35.46	25.51
	148.50	137.66
	697.89	675.91

Note (a)

There are no amounts due for payment to the Investor Education & Protection fund under Section 125 of the Companies Act, 2013 as at the year end.

8. Tangible and Intangible assets

	Tangible assets									Intangible assets
	Freehold land	Leasehold land [refer note (a)]	Leasehold Improvements	Building [refer note (b)]	Plant & machinery	Furniture & fixture	Office equipment	Motor vehicles	Total tangible assets	Computer software
Cost or valuation										
As at January 1, 2014	3.92	0.92	31.49	49.07	175.87	56.49	12.30	0.88	330.94	5.63
Additions	-	-	7.17	1.79	28.61	16.28	1.08	-	54.93	11.04
Disposals	-	-	0.46	0.18	23.09	2.18	0.44	-	26.35	-
As at December 31, 2014	3.92	0.92	38.20	50.68	181.39	70.59	12.94	0.88	359.52	16.67
Additions	-	-	-	3.55	12.99	4.09	0.28	-	20.91	1.61
Disposals	-	-	-	-	6.79	0.13	0.28	-	7.20	-
As at December 31, 2015	3.92	0.92	38.20	54.23	187.59	74.55	12.94	0.88	373.23	18.28
Depreciation										
As at January 1, 2014	-	0.48	17.44	18.97	107.64	36.04	6.22	0.56	187.35	5.39
Charge for the year	-	0.02	3.59	2.00	15.33	12.58	1.18	0.01	34.71	1.42
Disposals	-	-	0.03	0.05	22.44	2.14	0.40	-	25.06	-
As at December 31, 2014	-	0.50	21.00	20.92	100.53	46.48	7.00	0.57	197.00	6.81
Charge for the year	-	0.03	-	6.24	14.62	12.06	3.18	-	36.13	2.84
Disposals	-	-	-	-	6.22	0.09	0.26	-	6.57	-
As at December 31, 2015	-	0.53	21.00	27.16	108.93	58.45	9.92	0.57	226.56	9.65
Impairment Loss										
As at January 1, 2014	-	-	-	-	0.06	-	-	0.31	0.37	-
Disposals	-	-	-	-	0.06	-	-	-	0.06	-
Reclassification	-	-	-	-	-	-	-	-	-	-
As at December 31, 2014	-	-	-	-	-	-	-	0.31	0.31	-
Additions	-	-	-	5.06	1.04	0.05	-	-	6.15	-
Disposals	-	-	-	-	-	-	-	-	-	-
Reclassification	-	-	-	-	-	-	-	-	-	-
As at December 31, 2015	-	-	-	5.06	1.04	0.05	-	0.31	6.46	-
Net Block										
As at December 31, 2014	3.92	0.42	17.20	29.76	80.86	24.11	5.94	-	162.21	9.86
As at December 31, 2015	3.92	0.39	17.20	22.01	77.62	16.05	3.02	-	140.21	8.63

Notes:

- (a) Cost includes Rs. 0.49 crore (2014 : Rs. 0.49 crore) for which execution of land lease agreement in respect of plots in Mumbai is in progress.
 (b) Comprises of cost of premises including shares of paid-up value of Rs. 0.01 crore (2014 : Rs. 0.01 crore) in co-operative societies.

Notes to the Financial Statements for the year ended December 31, 2015

9. Deferred tax assets (net)

	Non-current	
	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Deferred tax asset		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis	35.84	53.49
Provision for doubtful debts	10.22	7.86
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortisation charge for the financial reporting	3.86	0.46
Deferred tax assets	<u>49.92</u>	<u>61.81</u>

10. Loans and advances

(Unsecured, considered good unless otherwise stated)

	Non-current		Current	
	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Capital advances	2.45	3.65	–	–
Security deposit	9.80	9.72	1.20	0.48
(A)	12.25	13.37	1.20	0.48
Advances recoverable in cash or kind	17.93	28.89	51.17	54.40
Less: Provision for doubtful advances	6.50	19.47	1.41	2.20
(B)	11.43	9.42	49.76	52.20
Other loans and advances				
Advance income-tax (net of provisions)	32.59	25.26	–	–
Forward contract receivable	–	–	0.03	0.56
Prepaid expenses	0.93	1.19	2.47	2.87
Loans to employees [refer note (a) below]	1.15	1.49	0.73	0.60
Balance with statutory/government authorities	34.89	34.30	34.78	29.81
(C)	69.56	62.24	38.01	33.84
Total (A+B+C)	<u>93.24</u>	<u>85.03</u>	<u>88.97</u>	<u>86.52</u>

Note (a) :

Loans to employees include loans and advances due by directors or other officers etc.

	Non-current		Current	
	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Dues from executive director (As a part of service condition extended to all its eligible employees)	–	0.12	0.12	0.01

Notes to the Financial Statements for the year ended December 31, 2015

11. Inventories (lower of cost and net realisable value)

	Current	
	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Raw materials [includes stock in transit Rs. 6.26 crores (2014 : Rs. 12.62 crores)]	130.20	168.61
Packing materials	1.91	6.49
Stores and consumables	–	1.46
Finished goods	124.19	147.02
Traded goods [including stock in transit Rs. 7.86 crores (2014 : Rs. 6.48 crores)]	48.28	41.89
	304.58	365.47

12. Trade receivables

	Current	
	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Unsecured, considered good unless stated otherwise		
Outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	–	–
Unsecured, considered good	0.27	0.07
Doubtful	7.57	6.24
	7.84	6.31
Less: Provision for doubtful receivables	7.57	6.24
	(A) 0.27	0.07
Other receivables		
Secured, considered good	7.84	9.14
Unsecured, considered good	228.35	262.29
Doubtful	1.20	1.78
	237.39	273.21
Less: Provision for doubtful receivables	1.20	1.78
	(B) 236.19	271.43
Total (A+B)	236.46	271.50

Notes to the Financial Statements for the year ended December 31, 2015

13. Cash and bank balances

	Current	
	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Cash and cash equivalents		
Cash on hand	0.02	0.02
Balance with banks		
On current accounts	15.14	6.91
Deposits with original maturity of less than 3 months	33.31	188.60
Deposits with original maturity of more than 3 months but less than 12 months [refer note (a) below]	638.04	226.54
Unclaimed dividend account [refer note (b) below]	9.99	9.38
Total	696.50	431.45

Notes:

- (a) Deposits with original maturity of more than 3 months can be withdrawn by the Company at any point at a very short notice and without penalty on the principal amount.
- (b) These balances are available for use only towards settlement of corresponding unpaid dividend liabilities.

14. Other current assets

Unsecured, considered good unless stated otherwise

	Current	
	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Interest accrued on deposits	6.70	2.63
	6.70	2.63

Notes to the Financial Statements for the year ended December 31, 2015

15. Revenue from operations

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Revenue from operations		
Sale of products [net of rebates Rs. 215.26 crores (2014 : Rs. 162.77 crores) refer note (a) below]		
Finished goods	3,469.75	3,671.07
Traded goods	308.97	236.01
Other operating revenue		
Commission, royalty and service income	8.16	7.37
Scrap sale	4.54	4.17
Revenue from operations (gross)	3,791.42	3,918.62
Less: Excise duty [refer note (b) below]	493.39	526.29
Revenue from operations (net)	3,298.03	3,392.33

Notes:

(a) Detail of products sold

Finished goods sold

Lubricating oils and greases	3,469.75	3,671.07
	3,469.75	3,671.07

Traded goods sold

Lubricating oils and greases	308.97	236.01
	308.97	236.01
	3,778.72	3,907.08

(b) Excise duty on sales amounting to **Rs. 493.39 crores** (2014 : Rs. 526.29 crores) has been reduced from sales in Statement of Profit and Loss and excise duty on increase/(decrease) in stock amounting to **Rs. (1.63) crores** (2014 : Rs. (2.20) crores) has been considered as (income)/expense in note 17.3 of the financial statement.

16.1 Other income

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Excess accruals written back	31.28	0.36
Debts written off in earlier years, realised	0.05	-
Exchange difference (net)	3.12	-
Miscellaneous income	18.13	15.70
	52.58	16.06

16.2 Interest income

Interest income		
From bank deposits	40.91	30.77
Others	2.38	1.27
	43.29	32.04

Notes to the Financial Statements for the year ended December 31, 2015

17.1 Cost of materials consumed

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Raw materials and packing materials consumed [refer note (a) below]		
Inventory at the beginning of the year	175.10	164.70
Add: Purchases during the year	1,345.39	1,770.86
	<u>1,520.49</u>	<u>1,935.56</u>
Less: Inventory at the end of the year [refer note (b) below]	132.11	175.10
Total raw materials and packing materials consumed	<u>1,388.38</u>	<u>1,760.46</u>
Notes:		
(a) Details of raw materials and packing materials consumed		
Base oil	738.19	1,051.05
Additives and chemicals	462.86	504.14
Packing materials (individual items each being less than 10% of the total)	187.33	205.27
Total raw materials and packing materials consumed	<u>1,388.38</u>	<u>1,760.46</u>
(b) Details of raw materials and Packing materials at the end of the year		
Base oil	72.38	105.35
Additives and chemicals	57.82	63.26
Packing materials (individual items each being less than 10% of the total)	1.91	6.49
Total raw materials and packing materials at the end of the year	<u>132.11</u>	<u>175.10</u>

17.2 Purchase of traded goods

Lubricating oils and greases	197.60	160.23
	<u>197.60</u>	<u>160.23</u>

17.3 (Increase)/decrease in inventories of finished/traded goods

Inventories at the end of the year		
Traded goods [refer note (a) below]	48.28	41.89
Finished goods [refer note (a) below]	124.19	147.02
	<u>172.47</u>	<u>188.91</u>
Inventories at the beginning of the year		
Traded goods	41.89	46.44
Finished goods	147.02	161.48
	<u>188.91</u>	<u>207.92</u>
Less: Excise duty on account of increase/(decrease) in stock of finished products	(1.63)	(2.20)
	<u>14.81</u>	<u>16.81</u>
Note:		
(a) Details of traded and finished goods at the end of the year:		
Traded goods		
Lubricating oils and greases	48.28	41.89
	<u>48.28</u>	<u>41.89</u>
Finished goods		
Lubricating oils and greases	124.19	147.02
	<u>124.19</u>	<u>147.02</u>

Notes to the Financial Statements for the year ended December 31, 2015

18. Employee benefits expense

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Salaries, wages and bonus [refer note 28]	145.17	141.75
Contribution to provident and other funds	10.57	5.77
Gratuity expense	6.44	4.45
Staff welfare expenses	9.59	9.58
Redundancy cost	4.82	0.01
	<u>176.59</u>	<u>161.56</u>

19. Other expenses

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Rent	17.11	16.49
Rates and taxes	18.69	14.24
Power and fuel	4.84	5.29
Stores and consumables	2.32	0.95
Freight and forwarding charges	100.72	104.46
Insurance	3.54	3.17
Repairs and maintenance		
Land and buildings	4.14	4.11
Plant and equipment	3.84	4.30
Others	17.95	14.16
Bad debts written off	0.59	0.23
Provision for doubtful debts	0.75	1.91
Provision for doubtful advance	0.33	0.40
Processing and filling charges	8.61	10.45
Advertising and sales promotion	129.14	120.09
Stock point operating charges	26.13	24.75
Loss on disposal/write off of fixed assets (net)	5.86	0.95
Director sitting fees	0.23	0.07
Commission to resident non-whole time Indian directors	0.26	0.26
Royalty	93.09	73.19
Sales promotion fees	110.58	113.23
Travelling expenses	9.60	10.41
Legal and professional fees	36.29	31.54
Payment to auditors [refer note (i) below]	1.05	1.12
Exchange difference (net)	-	4.19
Loss on forward contract (including provision for MTM)	0.80	1.14
Corporate social responsibility [refer note (ii) below]	10.48	-
Miscellaneous expenses	18.83	15.45
	<u>625.77</u>	<u>576.55</u>

Notes:

(i) Payment to auditor (excluding service tax)

As auditor:

Audit fee	0.58	0.63
Tax accounts and tax audit fees	0.21	0.25
Limited review	0.16	0.16

In other capacity:

Certification fees	0.05	0.06
Reimbursement of expenses	0.05	0.02
	<u>1.05</u>	<u>1.12</u>

(ii) Corporate Social Responsibility Activities

(a) Amount required to be spent by the Company during the year.	14.24	-
(b) Amount spent during the year (on purpose other than construction/acquisition of assets controlled by the Company)	10.48 # *	-

The above expenditure includes contribution to funds, expenses through registered trusts/registered society or company established under Section 8 of the Companies Act, 2013 and direct expenses by the Company.

* including payables

	8.35	-
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Notes to the Financial Statements for the year ended December 31, 2015

20. Depreciation and amortisation expense

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Depreciation of tangible assets	36.13	34.71
Amortisation of intangible assets	2.84	1.42
	<u>38.97</u>	<u>36.13</u>

21. Finance costs

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Interest others	0.83	2.38
	<u>0.83</u>	<u>2.38</u>

22. Earnings per share (EPS)

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Profit for the year	615.26	474.56
	No. of Shares	No. of Shares
Weighted average number of equity shares in calculating Basic and Diluted EPS	494,561,192	494,561,192
Basic and diluted earnings per share (Rs.)	12.44	9.60
Nominal value per share (Rs.)	5.00	5.00

23. Employee benefits

Defined contribution plan

Amounts recognised as an expense

Contribution to Provident and Other Funds' in Note 18 includes **Rs. 3.23 crores** (2014 : Rs. 3.35 crores) for Pension Fund, ESIC and Labour Welfare Fund. Note 19 includes 'Insurance' **Rs. 1.83 crores** (2014 : Rs. 1.62 crores) for Medical Insurance benefits and post retiral medical benefit scheme. Salaries, wages and bonus in Note 18 includes **Rs. 2.11 crores** (2014 : Rs. 2.34 crores) for Sharematch.

The Company has incurred redundancy cost **Rs. 4.82 crores** (2014 : 0.01 crore) due to the re-organisation activity, this is included in 'Employee benefits expense' – Note 18.

General description of defined benefit plan

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.

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, 2015. 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.

Particulars	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Plan obligation	(125.89)	(114.14)
Plan assets at fair value	126.89	116.16
Asset/(liability) recognised in the Balance Sheet	1.00	2.02

Notes to the Financial Statements for the year ended December 31, 2015

23. Employee benefits (contd.)

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.

Amounts recognised as an expense

Defined benefit plan

Gratuity in note 18 includes gratuity cost of **Rs. 6.44 crores** (2014 : Rs. 4.45 crores). Contribution to provident and other funds in note 18 includes **Rs. 6.06 crores** (2014 : Rs. 1.53 crores) for provident fund. Salaries, wages and bonus in note 18 includes pension benefit to past employees, **Rs. 0.20 crore** (2014 : Rs. 0.13 crore).

Particulars	Rupees in Crores			
	As at December 31, 2015		As at December 31, 2014	
	Gratuity (Funded)	Pension benefit (Non- funded)	Gratuity (Funded)	Pension benefit (Non- funded)
Change in the present value of the defined benefit obligation and fair value of plan assets:				
Obligation at period beginning	35.42	1.56	29.31	1.57
Current service cost	2.40	–	1.97	–
Interest cost	2.67	–	2.59	–
Actuarial (gain)/loss due to change in assumptions	0.36	0.09	2.27	0.13
Experience (gain)/loss on plan liability	3.68	–	1.63	–
Benefits paid	(5.64)	(0.15)	(2.35)	(0.14)
Obligation at period end	38.89	1.50	35.42	1.56
Change in plan assets				
Plan assets at period beginning, at fair value	31.18	–	26.64	–
Expected return on plan assets	2.45	–	2.46	–
Experience (gain)/loss on plan assets	0.16	–	1.51	–
Contributions by employer	3.01	–	2.92	–
Benefits paid	(5.64)	–	(2.35)	–
Plan Assets at period end, at fair value	31.16	–	31.18	–
Change in the present value of the defined benefit obligation and fair value of plan assets:				
Fair value of plan assets at the end of the period	31.16	–	31.18	–
Present value of the defined benefit obligation at the end of the period	(38.89)	(1.50)	(35.42)	(1.56)
Asset/(liability) recognised in the Balance Sheet	(7.73)	(1.50)	(4.24)	(1.56)
Expense for the year				
Current service cost	2.40	–	1.97	–
Interest cost on benefit obligation	2.67	–	2.59	–
Expected return on plan assets	(2.45)	–	(2.46)	–
Net actuarial (gain)/loss recognised in the year	3.82	0.09	2.35	0.13
Net cost	6.44	0.09	4.45	0.13
Actual return on plan assets	1.97	–	2.32	–
Estimated contribution to be made in next annual year	5.37	–	3.65	–

Basis used to determine expected rate of return on assets:

Expected rate of return on investments for all defined benefit plans is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio since these are generally held to maturity, along with the estimated incremental investments to be made during the year. Expected rate of return on plan assets is **8.05%** (2014 : 8.20%)

Notes to the Financial Statements for the year ended December 31, 2015

23. Employee benefits (contd.)

Assumptions	As at December 31, 2015		As at December 31, 2014	
	Gratuity	Pension benefit	Gratuity	Pension benefit
Discount rate	8.05%	8.05%	8.20%	8.20%
Employee turnover	Executives: upto 35 years – 15% p.a. thereafter – 10% p.a. Expats & Workers – 1% p.a.		Executives: upto 35 years – 15% p.a. thereafter – 10% p.a. Expats & Workers – 1% p.a.	
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion, and other relevant factors, such as supply and demand in the employment market.

The composition of plan assets

Particulars	As at December 31, 2015		As at December 31, 2014	
	Gratuity	Provident fund	Gratuity	Provident fund
Debt instruments	98%	98%	95%	84%
Others	2%	2%	5%	16%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Amount for the current and previous periods are as follows:

Particulars	Rupees in Crores					
	As at December 31, 2015			As at December 31, 2014		
	Gratuity (Funded)	Survivor protection (Non-funded)	Pension benefit (Non-funded)	Gratuity (Funded)	Survivor protection (Non-funded)	Pension benefit (Non-funded)
Experience (gain)/loss on plan liability	3.68	–	0.09	1.63	–	0.13
Fair value of plan assets at the end of the period	31.16	–	–	31.18	–	–
Present value of the defined benefit obligation at the end of the period	(38.89)	–	(1.50)	(35.42)	–	(1.56)
Asset/(liability) recognised in the Balance Sheet	(7.73)	–	(1.50)	(4.24)	–	(1.56)

Particulars	Rupees in Crores								
	As at December 31, 2013			As at December 31, 2012			As at December 31, 2011		
	Gratuity (Funded)	Survivor protection (Non-funded)	Pension benefit (Non-funded)	Gratuity (Funded)	Survivor protection (Non-funded)	Pension benefit (Non-funded)	Gratuity (Funded)	Survivor protection (Non-funded)	Pension benefit (Non-funded)
Experience (gain)/loss on plan liability	2.92	(0.19)	0.06	2.38	0.05	0.08	1.86	–	–
Fair value of plan assets at the end of the period	26.64	–	–	26.43	–	–	23.81	–	–
Present value of the defined benefit obligation at the end of the period	(29.31)	–	(1.57)	(27.48)	(0.19)	(1.67)	(23.82)	(0.17)	(1.77)
Asset/(liability) recognised in the Balance Sheet	(2.67)	–	(1.57)	(1.05)	(0.19)	(1.67)	(0.01)	(0.17)	(1.77)

Notes to the Financial Statements for the year ended December 31, 2015

24. Leases

Operating Lease: Company as lessee

Office premises, residential flats, motor cars and equipments are obtained on operating lease. The lease terms range from one year to four years and are renewable at the option of the Company.

The specified disclosure in respect of these leases is given below:

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Charged to Statement of Profit and Loss	16.41	15.64
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Within one year	14.48	11.79
After one year but not more than five years	8.39	2.72
More than five years	–	–
	<u>22.87</u>	<u>14.51</u>

25. Segment information

The business segment has been considered as the primary segment. The Company is organised into two business segments, Automotive and Non-Automotive.

The above business segments have been identified considering:

- The customers
- The differing risks and returns
- The organisation structure
- The internal financial reporting system

Segment revenue, results, assets and liabilities have been accounted for on the basis of their relationship to the operating activities of the segment and amounts allocated on a reasonable basis.

Business segment:

	Rupees in Crores			
	<u>Automotive</u>	<u>Non-Automotive</u>	<u>Unallocated</u>	<u>Total</u>
For the year ended December 31, 2015				
Revenue				
Revenue from operations (net)	2,887.85	410.18	–	3,298.03
Results				
Segment results	818.27	91.50	–	909.77
Unallocable income net of unallocable (expenditure)	–	–	42.01	42.01
Finance costs	–	–	0.83	0.83
Profit before tax				950.95
Less: Provision for current tax				323.80
Less: Provision for deferred tax				11.89
Profit after tax				615.26
Other information				
As at December 31, 2015				
Segment assets	698.86	177.05	785.71	1,661.62
Segment liabilities	671.93	68.00	346.08	1,086.01
Capital expenditure (including capital work-in-progress)	40.73	2.53	–	43.26
Depreciation/amortisation for the year	37.35	1.62	–	38.97

Notes to the Financial Statements for the year ended December 31, 2015

25. Segment information (contd.)

	Rupees in Crores			
	<u>Automotive</u>	<u>Non-Automotive</u>	<u>Unallocated</u>	<u>Total</u>
Geographical segment:				
For the year ended December 31, 2015				
Revenue				
India				3,295.28
Outside India				2.75
				<u>3,298.03</u>
As at December 31, 2015				
Assets				
India				1,653.31
Outside India				8.31
				<u>1,661.62</u>
Capital expenditure (including capital work-in-progress)				
India				43.26
Outside India				—
				<u>43.26</u>
Business segment:				
	Rupees in Crores			
	<u>Automotive</u>	<u>Non-Automotive</u>	<u>Unallocated</u>	<u>Total</u>
For the year ended December 31, 2014				
Revenue				
Revenue from operations (net)	2,953.75	438.58	—	3,392.33
Results				
Segment results	617.38	77.63	—	695.01
Unallocable income net of unallocable (expenditure)	—	—	33.68	33.68
Finance costs	—	—	2.38	2.38
Profit before tax				726.31
Less: Provision for current tax				260.60
Less: Provision for deferred tax				(8.85)
Profit after tax				474.56
Other information				
As at December 31, 2014				
Segment assets	781.59	188.54	522.02	1,492.15
Segment liabilities	641.10	75.35	278.92	995.37
Capital expenditure (including capital work-in-progress)	48.33	1.44	—	49.77
Depreciation/amortisation for the year	34.72	1.41	—	36.13
Geographical segment:				
For the year ended December 31, 2014				
Revenue				
India				3,388.40
Outside India				3.93
				<u>3,392.33</u>
As at December 31, 2014				
Assets				
India				1,489.10
Outside India				3.05
				<u>1,492.15</u>
Capital expenditure (including capital work-in-progress)				
India				49.77
Outside India				—
				<u>49.77</u>

Notes to the Financial Statements for the year ended December 31, 2015

26. Contingent liabilities & commitments

	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
(a) Contingent liabilities		
(1) Excise/sales tax/service tax demands made by the authorities, in respect of which appeals have been filed [refer note (a) below]	26.91	27.68
(2) Claims against the Company not acknowledged as debts estimated at:		
— In respect of third parties – miscellaneous	1.22	1.16
(A)	28.13	28.84
(b) Commitments		
(1) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	3.87	17.06
(2) Long-term advertisement contracts	—	21.18
(B)	3.87	38.24
Total (A + B)	32.00	67.08

Note:

- (a) The management does not expect these claims to succeed. Accordingly no provision for contingent liability has been recognised in the financial statements.

27. Details of dues to micro and small enterprises as defined under the Micro and Small Enterprise Development (MSMED) Act, 2006*

	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
— Principal amount due to micro and small enterprises	4.13	6.12
— Interest due on above	—	—
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.	—	—
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 and Small Enterprise Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received.

Notes to the Financial Statements for the year ended December 31, 2015

28. Capitalisation of expenditure

During the year, the Company has capitalised the following expenses which is attributable to the construction activity in general and included in the cost of fixed asset/capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalised by the Company.

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Salaries, wages and bonus [refer note 18]	–	0.40
Travelling expenses [refer note 19]	–	0.62

29. Related party disclosures as required under AS-18, “Related Party Disclosures”, are given below:

A. Name of the related party and nature of relationship where control exist:

(a) Holding Companies	Castrol Limited, U.K. (Holding Company of Castrol India Limited) Burmah Castrol PLC (Holding Company of Castrol Limited, U.K.) BP PLC (Holding Company of Burmah Castrol PLC), Ultimate Holding Company
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B. Name of the related party and nature of relationship where transaction have taken place during the year:

(a) Fellow Subsidiaries (where transaction exists)	AsPac Lubricants (Malaysia) Sdn. Bhd	BP Korea Limited
	BP – Castrol (Thailand) Limited	BP Lubricants USA Inc
	BP (China) Industrial Lubricants Limited	BP Marine Limited
	BP Asia Pacific (Malaysia) Sdn. Bhd	BP Mauritius Limited
	BP Australia Pty Limited	BP Middle East LLC (Auto and Marine Lubes)
	BP Castrol K.K.	BP Oil International Limited
	BP Corporation North America Inc	BP Petrolleri Anonim Sirketi
	BP Europa SE	BP Products North America Inc
	BP Europa SE – BP Belgium (Branch)	BP Singapore Pte. Limited
	BP Europa SE Zweigniederlassung – BP Austria	BP Taiwan Marketing Limited
	BP Exploration (Alpha) Limited (India branch)	BP Thailand
	BP France	Castrol (China) Limited
	BP France SA Branch Office (Trading as BP Middle East)	Castrol (Shenzhen) Company Limited
	BP India Services Private Limited	Castrol BP Petco Limited Liability Company
BP International Limited	Castrol Industrial North America Inc	
BP Italia SpA	Lubricants UK Limited	
BP Japan K.K.		
(b) Key management personnel (where transaction exists)	Omer Dormen	Managing Director (w.e.f. 12.10.2015)
	Rashmi Joshi	Director Finance (CFO)
	Jayanta Chatterjee	Director Supply Chain (w.e.f. from 30.10.2014)
	Ravi Kirpalani	Managing Director (up to 11.10.2015) & thereafter Executive Director

Notes to the Financial Statements for the year ended December 31, 2015

29. Related party disclosures as required under AS-18, "Related Party Disclosures", are given below: (contd.)

B. Transactions with related parties

	Nature of Relationship	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Purchase of materials/traded goods			
BP Europa SE	Fellow subsidiary	14.75	21.72
BP Europa SE – BP Belgium (Branch)	Fellow subsidiary	19.43	19.45
Castrol Industrial North America Inc	Fellow subsidiary	15.61	17.86
Others	Fellow subsidiaries	18.10	15.72
	Total	67.89	74.75
Sale of goods & related expenses			
BP (China) Industrial Lubricants Limited	Fellow subsidiary	1.11	0.71
BP – Castrol (Thailand) Limited	Fellow subsidiary	0.35	0.15
Castrol (Shenzhen) Company Limited	Fellow subsidiary	1.05	0.79
Others	Fellow subsidiaries	–	0.17
	Total	2.51	1.82
Receiving of services			
BP Singapore Pte Limited	Fellow subsidiary	1.33	12.18
BP International Limited	Fellow subsidiary	10.70	6.45
Lubricants UK Limited	Fellow subsidiary	11.56	8.74
Others	Fellow subsidiaries	0.70	0.64
	Total	24.29	28.01
Rendering of services & deputation of employees			
Castrol Limited, U.K.	Holding company	6.49	3.13
BP International Limited	Fellow subsidiary	4.34	4.46
BP India Services Private Limited	Fellow subsidiary	8.53	8.17
Lubricants UK Limited	Fellow subsidiary	6.04	3.17
Others	Fellow subsidiaries	2.01	2.43
	Total	27.41	21.36
Commission income			
BP Marine Limited	Fellow subsidiary	2.62	2.27
	Total	2.62	2.27
Transfer in/transfer out			
BP International Limited	Fellow subsidiary	–	4.50
BP Corporation North America Inc	Fellow subsidiary	–	(4.50)
Payment on account of capital reduction			
Castrol Limited, U.K.	Holding company	–	175.37
Others	Fellow subsidiary	–	0.27
	Total	–	175.64

Notes to the Financial Statements for the year ended December 31, 2015

29. Related party disclosures as required under AS-18, "Related Party Disclosures", are given below: (contd.)

B. Transactions with related parties (contd.)

	Nature of Relationship	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Dividend			
Castrol Limited, U.K.	Holding company	315.67	263.06
Others	Fellow subsidiary	0.49	0.41
	Total	316.16	263.47
Royalty expense			
Castrol Limited, U.K.	Holding company	93.09	73.19
	Total	93.09	73.19
Recovery of loan & interest thereon			
Ravi Kirpalani	Key management personnel	0.01	0.01
	Total	0.01	0.01
Balance as at year ended			
	Nature of Relationship	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
Amounts payable			
Castrol Limited, U.K.	Holding company	257.46	202.51
Others	Fellow subsidiaries	33.04	37.99
	Total	290.50	240.50
Amounts receivable			
BP India Services Private Limited	Fellow subsidiary	0.57	0.82
Castrol Limited, U.K.	Holding company	2.96	0.01
BP Marine Limited	Fellow subsidiary	0.02	0.61
BP Singapore Pte Limited	Fellow subsidiary	0.04	0.84
Lubricants UK Limited	Fellow subsidiary	4.49	1.11
Others	Fellow subsidiaries	1.22	0.73
	Total	9.30	4.12
Remuneration to executive directors paid/ payable			
Omer Dorman	Key management personnel	1.61	-
Rashmi Joshi	Key management personnel	1.55	1.39
Ravi Kirpalani	Key management personnel	4.55	2.44
Jayanta Chatterjee	Key management personnel	1.57	0.31
	Total	9.28	4.14
Loan outstanding			
Ravi Kirpalani	Key management personnel	0.12	0.13
	Total	0.12	0.13

Notes to the Financial Statements for the year ended December 31, 2015

30. Forward contracts and unhedged foreign currency exposures:

30.1 Forward contracts outstanding as at the Balance Sheet date

	As at December 31, 2015	As at December 31, 2014
No. of buy contracts relating to firm commitments	9	25
Foreign currency – USD	4,640,000	13,343,000
Rs. crores	30.84	85.04

30.2 Foreign currency exposures which are not hedged as at the Balance Sheet date

Particulars	USD	EURO	GBP	CNY	SGD	AUD	JPY	CHF
December 31, 2015								
Trade payables – Foreign currency	7,485,274	1,823,993	1,140,345	–	114,604	105,294	–	–
Trade payables – Rs. crores	49.63	13.22	11.24	–	0.54	0.51	–	–
Trade receivables – Foreign currency	820,830	–	–	–	–	–	–	–
Trade receivables – Rs. crores	5.45	–	–	–	–	–	–	–
Loans and advances given – Foreign currency	2,690,215	206,319	–	–	–	–	–	8,700
Loans and advances given – Rs. crores	17.85	1.50	–	–	–	–	–	0.06
December 31, 2014								
Trade payables – Foreign currency	15,312,765	828,062	630,234	14,300	141,884	–	3,930,587	–
Trade payables – Rs. crores	96.99	6.38	6.21	0.01	0.68	–	0.21	–
Trade receivables – Foreign currency	213,733	–	–	–	–	–	–	–
Trade receivables – Rs. crores	1.35	–	–	–	–	–	–	–
Loans and advances given – Foreign currency	1,629,723	40,123	31,759	–	–	–	–	–
Loans and advances given – Rs. crores	10.31	0.31	0.31	–	–	–	–	–

31. C.I.F. value of imports

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Raw materials	659.93	828.57
Capital goods	24.05	13.13

32. Expenditure in foreign currency (on accrual basis)

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Travelling expenses	0.73	0.52
Imports of goods for resale	64.61	92.31
Royalty (gross) [tax deducted at source Rs. 8.56 crores (2014 : Rs. 7.80 crores)]	93.09	73.19
Advertisement and sales promotion	0.19	7.96
Sales promotion fees	3.92	9.32
Others (net of tax, where applicable)	47.01	22.08

33. Earnings in foreign currency (on accrual basis)

	For the year ended December 31, 2015 Rupees in Crores	For the year ended December 31, 2014 Rupees in Crores
Supplies to foreign vessels	2.82	3.83
Commission	2.62	2.27
FOB value of goods exported	2.29	2.79
Energy supplies	0.46	1.14
Others	7.44	3.89

Notes to the Financial Statements for the year ended December 31, 2015

34. Imported and Indigenous raw materials, packing materials, components and spare parts consumed

	For the year ended December 31, 2015		For the year ended December 31, 2014	
	Rupees in Crores	% of Total	Rupees in Crores	% of Total
Imported:				
Base oil	536.43	38.64	699.04	39.71
Additive and chemicals	221.38	15.95	245.55	13.95
Indigenous:				
Base oil	201.76	14.53	352.01	20.00
Additive and chemicals	241.48	17.39	258.59	14.69
Packages	187.33	13.49	205.27	11.66
	1,388.38	100.00	1,760.46	100.00

35. The Company has received an order from Maharashtra Sales Tax Department for the financial year 2009-10, demanding Rs. 255.00 crores towards sales tax (including interest). The demand pertains to 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 Company's tax payment methodology in respect of the goods sold is adequately supported by robust legal grounds/precedents and in the Company's opinion the said demand is unjustified. The Company has filed the appeal against the order.

36. Mr. Omer Dormen was appointed as the Managing Director of the Company by the Board of Directors at its meeting held on August 17, 2015 with effect from October 12, 2015, subject to the approval of shareholders. The appointment is also subject to the approval of Central Government as Mr. Omer Dormen is a non-resident as per Schedule V of the Companies Act, 2013. The Company has applied to the Central Government to approve the appointment and is expecting to receive the approval in due course.

37. Details of dividend/capital reduction remitted during the year, to two (2014 – two) non-resident shareholders are as follows:

Dividend in respect of the year ended	No. of Shares	As at December 31, 2015 Rupees in Crores	As at December 31, 2014 Rupees in Crores
31-12-2013 (Final)	351,291,716	–	122.95
31-12-2014 (Interim)	351,291,716	–	122.95
31-12-2014 (Capital reduction)	351,291,716	–	175.65
31-12-2014 (Final)	351,291,716	140.52	–
31-12-2015 (Interim)	351,291,716	140.52	–

38. Previous year figures

The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date
For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E

per DOLPHY D'SOUZA
Partner
Membership No. : 38730

SANDEEP DESHMUKH
Company Secretary
ACS No. : 10946

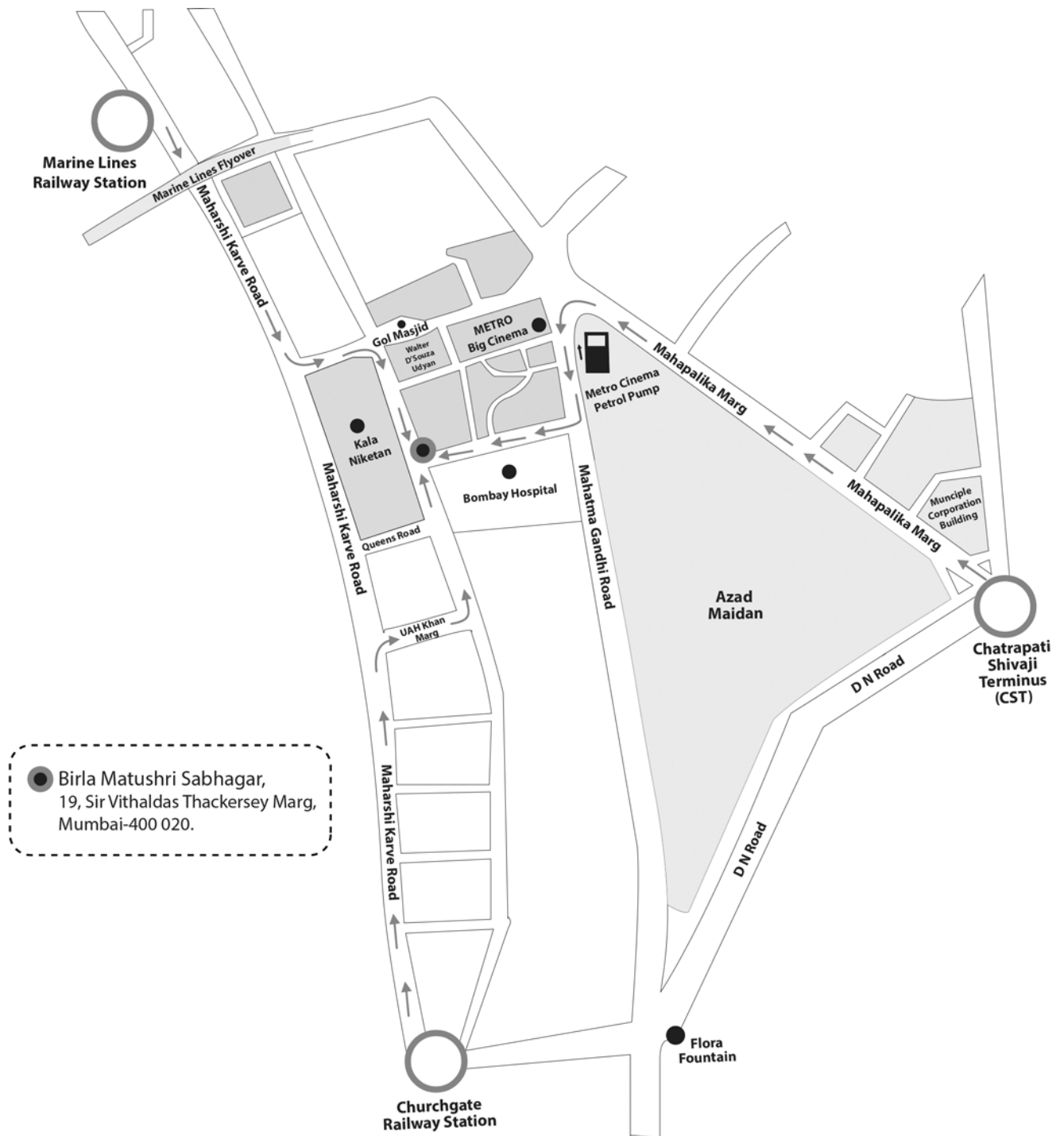
Place: Mumbai
February 24, 2016

For and on behalf of Board of Directors

S. M. DATTA	DIN No. : 00032812	Chairman
OMER DORMEN	DIN No. : 07282001	Managing Director
RASHMI JOSHI	DIN No. : 06641898	Director Finance (CFO)
JAYANTA CHATTERJEE	DIN No. : 06986918	Director Supply Chain
R. GOPALAKRISHNAN	DIN No. : 00027858	} Non-Executive Directors
RALPH HEWINS	DIN No. : 02895504	
SASHI MUKUNDAN	DIN No. : 02519725	
UDAY KHANNA	DIN No. : 00079129	
PETER WEIDNER	DIN No. : 03620389	

Place: Mumbai
February 24, 2016

Route Map to the AGM Venue





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