

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



20 June 2020

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

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

Dear Sir/Madam,

- Subject: 1. Regulation 34 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 – Electronic copy of the Notice of the 42nd Annual General Meeting and the Annual Report of Castrol India Limited for the financial year ended 31 December 2019**
- 2. Intimation of cut-off date of 3 July 2020 to determine the eligibility of members to cast their vote through remote e-voting and e-voting during the 42nd Annual General Meeting**

This is further to our letter dated 12 June 2020 regarding, *inter-alia*, convening of the 42nd Annual General Meeting of the Company (“AGM”) on **Wednesday, 15 July 2020 at 3.00 pm** through Video Conferencing/Other Audio-Visual Means (VC/OAVM) Facility.

Please find enclosed electronic copy of the Notice of the 42nd AGM and the Annual Report for the financial year ended 31 December 2019 including the Audited Financial Statements for the financial year ended 31 December 2019 which is being sent by email to those Members whose email addresses are registered with the Company/Depository Participant(s). The requirements of sending physical copy of the Notice of the AGM and Annual Report to the Members have been dispensed with vide MCA Circular/s and SEBI Circular. The Notice of the 42nd AGM and the Annual Report are also available on the website of the Company at https://www.castrol.com/en_in/india/home.html and we request you to also upload them on your website www.bseindia.com and www.nseindia.com.

Members of the Company holding shares in physical form who have not registered their email addresses with the Company can obtain the Notice of the 42nd AGM, Annual Report and/or login details for joining the 42nd AGM through VC/OAVM facility including e-voting, by sending



details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA's email ID at investorrelations.india@castrol.com or rnt.helpdesk@linkintime.co.in respectively. Members holding shares in demat form can update their email address with their Depository Participant.

In terms of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014 (as amended), the Company has fixed 3 July 2020 as the cut-off date to determine the eligibility of the members to cast their vote by remote e-voting and e-Voting during the 42nd AGM scheduled to be held on 15 July 2020 through VC/OAVM Facility.

Request you to kindly take the same on record.

Thanking you,

Yours faithfully,

For Castrol India Limited

Dhar,
Chandana

Digitally signed by
Dhar, Chandana
Date: 2020.06.20
19:36:50 +05'30'

Chandana Dhar

Company Secretary & Compliance Officer

Encl: As above

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

Castrol India Limited
Annual Report 2019

Journey to

BRILLIANCE

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



>> CORPORATE INFORMATION

BOARD OF DIRECTORS

R Gopalakrishnan

Independent Director, Chairman
(Chariman w.e.f 1 October 2019)

S M Datta

Independent Director, Chairman
(up to and including 30 September 2019)

Uday Khanna

Independent Director

Sangeeta Talwar

Independent Director

Rakesh Makhija

Independent Director
(w.e.f. 1 October 2019)

Sashi Mukundan

Nominee Director

A S Ramchander

Nominee Director
(w.e.f. 29 April 2019)

Mark Josceline Sclater

Nominee Director
(w.e.f. 16 May up to and including
6 December 2019)

Peter Weidner

Nominee Director
(up to and including 31 January 2019)

Omer Dormen

Managing Director
(up to and including 31 December 2019)

Sandeep Sangwan

Managing Director
(w.e.f. 1 January 2020)

Rashmi Joshi

Chief Financial Officer & Wholetime Director

Jayanta Chatterjee

Wholetime Director - Supply Chain

COMPANY SECRETARY & COMPLIANCE OFFICER

Chandana Dhar

AUDITORS

Deloitte Haskins & Sells 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.

Standard Chartered Bank

REGISTERED OFFICE

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

CIN: L23200MH1979PLC021359

Tel: +91-22-6698 4100

Fax: +91-22-6698 4101

✉ investorrelations.india@castrol.com

🌐 www.castrol.co.in

REGISTRAR AND TRANSFER AGENT

Link Intime India Private Limited

C-101, 247 Park,
LBS Marg, Vikhroli West,
Mumbai 400 011, India.

Tel: +91-22-4918 6000

Fax: +91-22-4918 6060

Toll-free number: 1800 1020 878

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🌐 www.linkintime.co.in

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>> MESSAGE FROM MANAGING DIRECTOR



Dear shareholders,

I would like to begin by saying how privileged and honoured I am to write to you as Managing Director of the Castrol India business. I am aware of the enormous responsibility it brings as the Castrol brand enjoys the deep trust of Indian customers and consumers, having spanned a legacy of over a century in this country. Every day, each member of our team, be it in the offices, plants or on the frontline, strives to strengthen this trust - through our best in class safety standards, pioneering and innovative technology, superior quality products and premium customer experience.

All this in a volatile, uncertain, ambiguous and complex business environment. While this offers us challenges, it also pushes us to set new benchmarks and standards not only for ourselves, but also for the industry. Our BS VI ready lubricants across a range of categories, our carbon neutral offerings for customers, and Castrol Fast Scan, a unique incentive platform to drive financial and digital inclusion at grassroots aimed at mechanics and retailers, are some strong examples of this leadership.

These challenges also spur us to be resilient. During the economic slowdown of 2019, we clocked revenue growth in personal mobility, which is a strategic priority, and delivered strong operating performance and earnings. Profit from operations grew 7% year on year at INR 1,083 crore while cash

generated from operations increased by 25% to INR 1,188 crore, driven by robust working capital management.

This year also saw us explore new business models beyond lubricants. These included vehicle care co-branded products like bike and car shampoos, glass cleaners, cream waxes, dashboard and tyre dressers. Similarly, we experimented with advanced mobility solutions such as improved internal combustion engine technology, hybridization and e-fluids, including for diesel engines, to decarbonize transport now, and in the future. We also found new channels to enhance our visibility and reach, with the proposed fuels and mobility alliance between BP and Reliance Industries. This gives us the opportunity to market lubricants across its retailing network.

While we grow and transform as a business, our responsibility towards society continues. Our programmes aimed at building sustainable livelihoods and pride among truck drivers and mechanics, have positively impacted their lives and their families.

Through all these efforts, we are committed to prepare your company for the future and deliver sustainable value for our various stakeholders, including yourselves. We continue to rely on your whole-hearted support as we pledge to drive your company to a bigger tomorrow of performance and success.

Sandeep Sangwan
Managing Director

>> BOARD OF DIRECTORS



R Gopalakrishnan
Independent Director
& Chairman



Uday Khanna
Independent Director



Sangeeta Talwar
Independent Director



Rakesh Makhija
Independent Director



Sashi Mukundan
Nominee Director



A S Ramchander
Nominee Director



Sandeep Sangwan
Managing Director



Rashmi Joshi
Chief Financial Officer &
Wholtime Director



Jayanta Chatterjee
Wholtime Director -
Supply Chain

>> LEADERSHIP TEAM



Sandeep Sangwan
Managing Director



Maria P Valles
Vice President - Human Resources



Rajeev Govil
Vice President - Workshop & OEM Sales



M A Mubeenuddin
Vice President - Indirect Sales



Rashmi Joshi
Chief Financial Officer & Wholtime Director



Sagar Vira
Vice President - Heavy Duty and Industrial Sales



Ramesh Srinivasan
Vice President - HSSE



Bhairavi Popat
Vice President - Customer Excellence and Operations



Jayanta Chatterjee
Wholtime Director - Supply Chain



Bindu Jayraj
Head - Communications



Kedar Apte
Vice President - Marketing



Rajesh Madathingal
Head - Technology



Siddharth Shetty
Managing Counsel

➤ STRONG BRANDS



Castrol Activ extended the brand proposition of 'protecting what you love' to India's general elections. The campaign appealed to youth to protect democracy by ferrying voters on their two-wheelers to polling booths.



Castrol GTX ULTRACLEAN with 50% superior sludge protection compared to tough industry standards* was launched across 20 markets.

*50% cleaner than the industry standard as measured in the Seq. VG Sludge test



New Castrol Activ ESSENTIAL was launched, extending the Castrol Activ range to new price segments.



Castrol Super Mechanic contest aimed at skill building and recognition for the mechanic community, saw over 1.28 lakh mechanic participants and was televised in a game show format.

➤ STRONG BRANDS



A new category of lubricants, Castrol MAGNATEC SUV was launched, catering to the fast increasing SUV population.



Castrol POWER1 lubricants teamed up with California Superbike School, a renowned motorcycle training school, to demonstrate the high performance of Castrol lubricants on gruelling race track conditions.



Castrol POWER1 tied up with Team xBhp to power their engines for an Asian Odyssey. The odyssey saw 12 riders cross 11 countries, covering 11,000 kilometres over 90 days.



Deep engagements were conducted with over one lakh truck owners, mechanics and retailers across the country educating them on latest technology engine oils and specialty offerings.

» STRONG BRANDS



Building on the Castrol CRB TURBOMAX brand proposition of a long and healthy engine life, Transform Truckers Abhiyaan, in association with a media house, was launched and ran across 13 states in India focusing on truckers' health.



A specially curated set of yoga postures - Castrol CRB PLUS Khet Aasana was introduced for the well-being of farmers across India, following the success of Castrol CRB TURBOMAX Truck Aasana for truckers.



Continuing the Castrol CRB PLUS brand engagement in the hinterlands, over 1,30,000 tractor owners in villages, small local markets and retail outlets across key agricultural states were engaged.



Extending the C14 offering to a new price segment, Castrol RX ESSENTIAL 15W-40 commercial vehicle oil suitable for all OEMs who recommend API C14, was introduced.

CASTROL RADICOOOL RANGE OF COOLANTS

For Protection against Overheating,
Freezing and Corrosion

Castrol RADICOOOL ESSENTIAL range of coolants, which provide protection against overheating and corrosion to engines in warmer climates, was unveiled.

➤ ENDURING PARTNERSHIPS



Castrol India Limited inked a partnership with Honda Motorcycle & Scooter India Private Limited to launch Castrol Activ Honda range of lubricants exclusively for their two-wheelers.



Castrol India Limited signed a strategic agreement with Renault India Private Limited for supply of exclusive aftersales engine oil lubricants across Renault India's countrywide network.



Castrol India unveiled carbon neutral sustainability solutions with Pratham Motors in Bengaluru making it the first 'Castrol certified carbon neutral' car dealership for this industry-leading initiative in India.



Customized development training sessions for franchise workshop dealers and their teams to build managerial, technical and soft skills capabilities were conducted.



Castrol Power1 held brand building programmes in association with leading two-wheeler OEM partners, including Triumph and Jawa Motorcycles India, to strengthen consumer connect.



Castrol India Limited signed a strategic collaboration with 3M India Limited. With this development, the Company progressed beyond lubricants into vehicle care products.

➤ AWARDS AND ACCOLADES



Castrol India's manufacturing plants won several recognitions for their exemplary safety performance. The Patalganga plant was the winner of National Safety Council of India Award, the Paharpur plant received the Indian Chamber of Commerce National Occupational Health & Safety Gold Award (image on left) and the Silvassa plant received the GreenTech Safety Award for the fifth consecutive year (image on right).



Rashmi Joshi, Chief Financial Officer and Wholetime Director, Castrol India was awarded the overall winner of the Treasury Today Asia Woman of the Year Award at the Adam Smith Awards Asia 2019. She was recognised for demonstrating exceptional innovation in the corporate treasury domain.



Castrol CONNEKT digital tool won two awards at the ACEF Global Customer Engagement Awards in the category of Mobile Marketing for successful use of technology and marketing effectiveness.



Castrol CRB TURBOMAX Truck Aasana campaign was recognized across several national and international platforms, including a gold in the prestigious APAC Effie Awards 2019 in Automotive category (image on left), gold at the India Effie Award in the Automobiles and Experiential Marketing categories and at ACEF Global Customer Engagement Awards 2019 for PR effectiveness (image on right).



Castrol Sarathi Mitra, one of Castrol India's flagship programmes for CSR, was recognized with the Grant Thornton SABERA Award 2019 for its positive impact towards the trucker community.



Kedar Apte, Vice President - Marketing, Castrol India was acknowledged as the CMO of the year for social responsibility at the Pitch CMO Awards 2020 for leadership in purpose-led marketing.

➤ OUR SOCIAL RESPONSIBILITY



Castrol's Two Wheels, One Life programme towards road safety for city youth saw the Honourable Chief Minister of Maharashtra, Uddhav Thackeray visit Andheri Regional Traffic Office in Mumbai, to see the unique mobile bike simulator in action.



As a part of Castrol's community development programme, mini science centres were launched in two government schools at Silvassa. These centres have about 75 study models to help simplify students' understanding of various science concepts.



Castrol Eklavya programme launched its digital training module for mechanics along with the inauguration of its centre in Hubli, Karnataka.



The Tata Mumbai Marathon 2019 saw employees running for a cause, spreading awareness about two-wheeler road safety.



A unique Family Connect initiative, as a part of Castrol's Sarathi Mitra programme, driving pride and respect among truckers was launched. The first event in Ajmer, saw 400 participants including spouses and children of truck drivers, who shared their experiences about driving safety and pledged to extend this message across the community.

➤ MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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



A biker in full throttle racing on Castrol POWER1- a high performance engine oil.

SPECIAL NOTE ON CORONAVIRUS PANDEMIC

The Coronavirus disease 2019 (COVID-19) was declared a global pandemic by the World Health Organisation in March 2020. Following which, the Government of India then announced a nationwide lockdown for six weeks and thereafter, a partial lock down in certain parts of the country, based on their risk profile.

The initial lockdown meant a complete slowdown of the economy and very limited demand for the Company’s products and services. The Company has made committed efforts to support its business stakeholders, employees and service providers, along with communities through its CSR initiatives in this difficult time. It has geared itself to serve markets in different locations as the country re-opens, as per central and

local government advisories. The Company is also working on various options to ensure that it effectively navigates through the crisis and emerges stronger.

This is an unprecedented worldwide event, which is currently ongoing, and has also led to the delay in publishing of this Management Discussion and Analysis Report. The content hereon is for the financial year January to December 2019.



INDUSTRY STRUCTURE AND DEVELOPMENTS

Industry Structure

India is the world’s third largest lubricants market¹ after US and China with approximately 2.7 billion litres of annual consumption². The lubricants market in India is highly competitive

and fragmented comprising national oil companies, several international majors and a large number of local companies. While the Company operates in all major categories such as automotive, industrial and marine & energy applications, it is the leading international player with a well-entrenched position in retail automotive lubricants and a significant presence in specialized industrial lubricants.

Demand drivers

Lubricants play a major role in reducing friction generated by metal to metal contact. They also help in reducing noise and heat generation of metal parts - such as engines in automotive industry and cutting or honing parts in industrial applications. Detergents and dispersants in a lubricant help cleaning,



India is the world's third largest lubricants market.

while anti-wear agents help protect the metal surface from wear and tear as well as corrosion. Automotive vehicles require engine oils, transmission fluids, brake fluids, hydraulic oils and greases, while industrial and manufacturing applications require lubricants for metal working, rust preventives and coolants.

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

Supply drivers

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

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

Major industry developments

Overall lubricants market

2019 has been a tough year for vehicle sales with overall vehicle sales declining by 14% for the full year compared to the same period last year.³ GDP growth rate for India reduced to 4.7% for 2019 on account of investment led slowdown leading to lower consumption; driven by weak job creation and financial stress amongst rural households. Industrial output for 2019 grew marginally with declining trends in the last two quarters of 2019.⁴ The overall automotive lubricant demand grew marginally at less than 1% in 2019 compared to 2018.⁵ This growth is driven by personal mobility, however commercial segment demand reduced in the year due to several macro-economic factors.

Impact of foreign exchange, crude oil and raw material prices

2019 was no different to the year before in terms of volatility in both Brent crude and foreign exchange. Within a span of the first four months, crude rose by almost 20% and touched a year high of \$71 bbl in April and settling at around \$60 bbl from August. Amid challenging economic conditions in India and overseas, the rupee lost its value by almost 1.5% over this year.

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



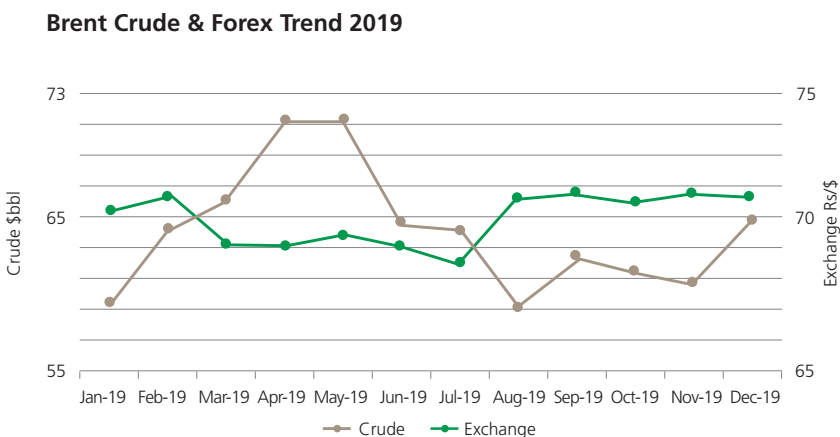
These difficult market factors continued to put pressure on input prices but subdued demand kept it in check.

The below graph indicates the trend of crude prices and Rupee/USD for 2019.

In base oil, price decline was a constant feature primarily due to ample supplies as a result of capacity additions across Asia & Pacific and Europe coupled with lacklustre demand throughout this year.

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

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



3 Source: CRISIL Research

4 Source: Open Government Data Platform India

5 Source: Nielsen Research

OPPORTUNITIES AND THREATS

(i) Opportunities

Despite slowdown in vehicle sales, vehicle population in India has grown by nearly 6% with growth in two wheelers, commercial vehicles as well as cars.⁶

- a. **Personal mobility:** With multiple opportunities in personal mobility driven by increase in first time users, growing number of women riders, as well as a continuing shift towards higher quality formulations and lighter viscosity grades, the Company is well placed to tap this potential.
- b. **Original Equipment Manufacturer (OEM) partnerships:** The Company works with leading OEMs in India and has built enduring partnerships with them. It works closely with them on product development with new technologies to address the environmental needs of lower emission and fuel efficiency.
- c. **Medium / light commercial vehicles (MLCV):** The MLCV segment is likely to continue growing due to the last mile connectivity offered, enabling the Company to continue its focus on this category.
- d. **Improving technology in trucks:** With the advent of stricter emission norms resulting in newer technologies for trucks, the CI4+ segment is the fastest growing segment in the commercial vehicle category, in which the Company enjoys a strong position with an improved portfolio.
- e. **BS VI compliance:** The Company is poised to take advantage of further enhanced technologies becoming the first Company in the industry to have BS VI compliant products across all categories of automotive lubricants.

The Company is experimenting with improved ICE technology, hybridisation and e-fluids for all engines including diesel, to decarbonize transport now and in the future.



- f. **Distribution:** Continued focus on the strong and wide distribution network in retail and independent workshops will enable future growth. The Company has begun selling its products online as an additional channel.
- g. **Adjacencies:** The Company is exploring different business models through adjacent businesses, moving beyond lubricants. It announced a strategic collaboration with 3M India to introduce a range of quality vehicle care products to be made available in the automotive after-market.
- h. **Digital initiatives:** The Company continues to build on its digitization strategy and has launched numerous digital initiatives to offer a premium experience to customers and consumers. These have been developed keeping in mind customer requirements as well as ease of use, and to bring in efficiencies of time and effort. For instance, the Company has announced Castrol



The Company became the first in the industry to have BS VI compliant products across categories of automotive lubricants.

Fast Scan - a unique digital incentive platform for stakeholders including mechanics and retailers which also offers several possibilities to enable sustained and customised engagement programmes. Similarly, it launched Castrol Fast Lane - an online portal for retailers.

- i. **Advance mobility solutions:** Today the world faces a challenge of providing more energy with fewer emissions. In transport, this means keeping the world moving while reducing overall emissions from fuels. As part of this transition, the Company is experimenting with improved ICE technology,



Castrol Fast Scan reached a milestone of 1.5 lakh users enrolled on the platform.

hybridisation and e-fluids for all engines including diesel, to decarbonize transport now and in the future.



The alliance between BP and Reliance Industries in India gives the Company an opportunity to market its lubricants across the venture's retailing network.

- j. **Access to new channels:** The partnership between BP and Reliance Industries in India for their new fuels and mobility joint venture gives the Company an opportunity to market its lubricants across the venture's retailing network which is expected to be scaled up to 5,500 fueling stations in the next five years.

(ii) Threats

- a. **Economic uncertainty:** Based on the current and future market environment estimates, the base oil and forex trends are expected to continue to be volatile. Published GDP estimates signal possibilities of a slowdown in the growth rates.
- b. **Competitive activity:** Competition in the lubricants market is intense and competitive activity is likely to remain high in the foreseeable future. There is also a trend of OEMs introducing lubricants under their own brand name, further impacting the competitive landscape.

The Company continued to deliver strong performance with top line growth in personal mobility.



PRODUCT-WISE PERFORMANCE

Automotive lubricants: The Company continued to deliver strong performance with top line growth in personal mobility while continuing to drive premiumization of the category to drive better performing and environment-friendly products. The Company further strengthened its position in the mid-price segment in key categories to drive growth as well as its close association with key OEM customers. Commercial vehicle performance has been impacted by several macro-economic factors. The Company sustained its focus on innovation and new product launches across segments. With the imminent introduction of BS VI norms, the Company is well poised to manage this transition with a BS VI ready portfolio.

Purpose-led unique marketing campaigns like Castrol Activ Non-Stop Democracy campaign built around 'protecting what you love' and Castrol CRB PLUS Khet Aasana campaign were used to engage with and strengthen the brand equity within the community.

The Company continued to engage and grow advocacy with mechanics in the automotive segment through the very popular Castrol Super Mechanic programme for car and bike mechanics.

Industrial lubricants: The Company drove the Industrial business through acquisition of new customers and introduction of new products, despite a tough external environment.

Marine & energy lubricants: The Company focuses on providing best-

in-class products and services and offering value-added services, along with best practices from its marine businesses globally, strengthening customer confidence.

Quality: The Company maintained its rigour on strengthening quality standards by delivering global quality standard requirements and auditing the same. The programme of Quality Observations and Conversations was utilized to strengthen quality inputs. A supplier quality assessment programme was also rolled out. The Company was recognized externally for Quality when it received an international award - the Asia Pacific Quality Organisation's Global Performance Excellence Award 2019 in the Best in Class category.

OUTLOOK

The outlook for 2020 has been examined closely by the Company through the broad dimensions of demand drivers and distribution channels.



Honda Motorcycle and Scooter India endorsed CASTROL ACTIV Honda lubricants specifically designed for Honda's two-wheelers in India.

The Company leverages its distribution channels to reach a wider network of independent workshops.



Demand drivers

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

Automotive lubricants

Personal mobility: With increasing vehicle parc of two-wheelers and four wheelers, this category of engine oils will continue to see an upward trend. With its wide distribution reach and strong brands, the Company is expected to capitalize on the opportunity. Synthetic oils will continue to lead the growth for passenger cars and the Company is well placed to take advantage of the same with its well-rounded portfolio of synthetic products.

Commercial vehicles: Despite short term challenges in the lubricants demand for commercial vehicles, this segment is expected to grow once economic activities pick up with a strong and growing vehicle parc. Growth in construction and off-highway sectors due to investment in infrastructure is likely to lead to lubricants demand growth in this category.

The Company is also investing in plant capacity expansion to cater to increasing demand. An expansion plan for its Silvassa plant was approved to scale up installed capacity at the facility by 50%.

Industrial lubricants

The demand for Industrial lubricants saw a significant slowdown due to the decline in IIP seen in the second

half of 2019.⁷ However, the long term industrial lubricants demand is likely to grow with economic reforms gaining momentum as India's long-term prospects for growth remain optimistic. As global OEMs continue their focus in India, growth prospects are likely to get bolstered further.

Marine & energy lubricants

With the imminent implementation of IMO global sulphur cap effective January 2020, the Company recently launched Cyltech 40 SX - a fully miscible, compatible, OEM approved and Marpol 2020 compliant lubricant to help adhere to this compliance requirement.

With cargo traffic in ports of India continuing to see an increase and with distributors for all segments of customers (including spot market), new product introduction and better availability, the Company has increased its outreach and intends to leverage its brand equity to penetrate untapped markets.

Channels of distribution

The Company's products are distributed through over 350



Mechanic connect and engagement programmes to enhance their knowledge on lubricants technology were conducted across various markets.

distributors who service over one lakh customers and sub-distributors who reach out to additional outlets in semi-urban and rural markets. It also leverages its distribution channels to reach a wider network of independent workshops. The Company also serves close to 3,000 key institutional accounts directly, and in some cases



Castrol India's Board of Directors at the ground breaking ceremony of the Silvassa plant expansion project.



The Company's products are now sold online through e-commerce portals in the country.

through its distributors. Over the last few years, the focus on priority channels has contributed to growth in the Company's business.

Leveraging digital technology, in December 2019, Castrol Fast Scan - the Company's unique digital incentive platform for key stakeholders, including mechanics and retailers, crossed 1.75 lakh users. Castrol Fast Scan offers numerous possibilities to enable sustained and customised engagement programmes. Early in the year, the Company also launched Castrol Fast Lane - a customer portal for retailers to explore the product range, place orders and view trade offers. The Company also explored a new channel of distribution and its products are now sold online via major e-commerce portals in the country.

Aligned to the long-term strategic direction and on the back of continued investments in technology and brands,

aggressive growth plans, innovative marketing programmes and delivery of premium customer experience at multiple touch points, the Company is confident of continuing to deliver robust business performance.

RISKS AND CONCERNS

Volatility in input costs and foreign exchange continues to remain a risk coupled with general slowdown in the economy. Changes in the market including introduction of genuine oils as well as change in route to market strategies by OEMs add to the challenge. The Company has appropriate mitigation plans in place to deal with such risks and protect margins. During 2019, appropriate strategic and pricing interventions were taken in the market keeping in mind input costs, competitive positioning and product brand strategy.

The Company is actively managing its cyber security risk by promoting the right behaviours and using the right tools and processes to protect its information, systems, assets and people against current and emerging cyber security threats. The Company's Risk Management Committee actively monitors and reviews cyber security risks.

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

Health, Safety, Security and Environment (HSSE) are critical focus areas for the Company. Road safety is an area of particular focus given that its frontline team and transporters drive across the country on business. Similarly, product quality and integrity continue to be another focus area for the Company. Its vision for Quality, 'right quality first

Road safety is an area of particular focus given that its frontline team and transporters drive across the country on business.

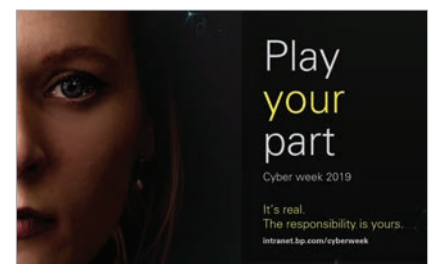


time every time,' is a key enabler to help provide a premium customer experience.

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

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company maintains an adequate and effective Internal Control System commensurate with its size and complexity. It believes that these systems provide, among other things, a reasonable assurance that transactions are executed with management authorization. It also ensures that they are recorded in all material respects to permit preparation of financial statements in conformity with established accounting principles, along with the assets of the Company being adequately safeguarded against significant misuse or loss. An independent Internal Audit function is an important element of the Company's Internal Control System. This is supplemented through an extensive internal audit programme and periodic review by the management and the Audit Committee.



An internal poster on Cyber Security to increase awareness on this critical subject

The Company has delivered a resilient performance for the year. Despite the challenging external environment, it delivered a strong Gross Profit growth of 7% in 2019 over 2018.



DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

The Company delivered a strong Gross Profit growth of 7% in 2019 over 2018, driven by lower cost of sales.

Cost of sales decreased during 2019 by 8% over the previous year, primarily due to lower input costs as a result of efficiency & procurement savings during the year.

Operating and other expenses increased by Rs. 49 crores as compared to 2018 due to investment in safety, people, brands and business growth opportunities. Profit After Tax (PAT) increased by Rs. 119 crores and is at Rs. 827 crores, compared to 2018 due to higher profit and lower statutory tax rate.

The Company has delivered a resilient performance for the year despite the challenging external environment with declining industrial production levels and muted consumer offtake.

KEY FINANCIAL RATIOS

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

Key Financial Ratios

Particulars	Unit	2019	2018	% change
Debtors Turnover	Times	8.87	11.54	-23%
Inventory Turnover	Times	10.18	10.06	1%
Current Ratio	Times	2.18	1.87	17%
Operating Profit Margin	%	30%	28%	5%
Net Profit Margin	%	21%	18%	18%
Return on Net Worth	%	65%	65%	0%

Interest coverage and debt equity ratio are not applicable to the Company since there are no borrowings

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

Inventory Turnover Ratio indicates the number of times a company sells and replaces its inventory during the period. It is calculated by dividing the revenue from operations by the average inventory.

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

Operating Profit Margin is a profitability or performance ratio used to calculate the percentage of profit a company produces from its operations. It is calculated by dividing the Earnings Before Interest & Taxes (EBIT) by revenue from operations.

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

Return on Net Worth is a measure of profitability of a company expressed in percentage. It is calculated by dividing profit for the year by average capital employed during the year.



The Company's Board of Directors on a plant walkabout at the Silvassa manufacturing plant.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

People are the Company's key assets and the focus in 2019 continued to be development, enhancing capabilities and employee engagement, aimed towards driving performance excellence in changing times. The Company's people agenda focuses on building distinctive capabilities which allows it to deliver in the short term and develop new capabilities for the future.

The Company continued to invest in leadership development through leadership offers for all team leaders and managers. It also drove the agenda of continuous conversations as a part of the performance cycle, aimed at creating better relations between managers and their team members by encouraging regular check-ins and feedback. The Company is happy to inform that internal candidates continue to be successfully hired for vacancies with 42% positions filled internally.

The Company has continued its efforts in building a diverse and inclusive workforce. Hiring practices continue



Employees in a training workshop focused on capability building.

to ensure recruitment of diverse candidates without compromising on meritocracy. This year saw the Company hire its first ever woman technician in the Patalganga plant and there are plans to hire across other plants in similar capacity.

The Company has also onboarded women engineers at Patalganga and Silvassa plants in the management category. The overall number of women in the managerial population is 18% in 2019 and overall at 19%.

The Company's people agenda focuses on building distinctive capabilities. It continued to invest in leadership development through offers for all team leaders and managers.



There has been a continued and focused engagement with workmen and contractors at plants by the senior leaderships through town halls, offsite team meetings, regular sharing of business and safety updates, plant performance reviews and recognition of exemplary performance on safety and quality consciousness. The strength of the employee relations at the plants is also indicated by the absence of unionization of contractual labour. There has been no loss of man-days due to labour unrest or indiscipline. We have successfully completed the long-term settlement negotiations at the Paharpur plant in 2019.

The total number of people employed in the Company as on 31 December 2019, including factory workmen, was 720.



Employees taking part in a team building session.



The Silvassa team along with members of the Castrol India leadership team inside the plant premises.

Health, Safety, Security and Environment (HSSE)

The Company continues to accord the highest priority to health and safety of the workforce and the communities it operates in. The Company has been fully committed to comply with all applicable laws and regulations and maintains the highest standards of Occupational Health, Safety and Environment. The Company has a HSSE policy which applies uniformly to every member of the workforce, including contractors.

All plants are certified to the Environment Management System (ISO 14001:2004), Occupational Health & Safety Management System (OHSAS 18001: 2007) and Quality Management System Standard (ISO 9001:2008).



The Company has implemented best in-class internal standards – Operating

Management System (OMS) to ensure safe, systematic, reliable and environmental-friendly operations. The effectiveness of implementation and compliance of OMS is checked through a systematic process called field inspection led by the leadership team.

All plants are certified to the Environment Management System (ISO 14001:2004), Occupational Health & Safety Management System (OHSAS 18001: 2007) and Quality Management System Standard (ISO 9001:2008). The Company is periodically certified by internationally recognized and accredited bodies against these standard requirements.

All manufacturing plants have won several external recognitions for their exemplary HSSE performance and practices.

The Company is also undertaking environment management programmes and projects to minimize environment footprint, energy and water consumption as well as waste generation from manufacturing

operations. This involves optimizing the manufacturing batch sizes, maximizing the use of natural lighting, use of LED and energy efficient lighting as well as regular water monitoring and audits.

Safety and environmental performance have been integral to the Company's business performance which is reviewed every month by the leadership team. The Company continues to focus on its goal of 'no accidents, no harm to people and no damage to the environment' with the primary objective that everyone goes home safely, every single day.

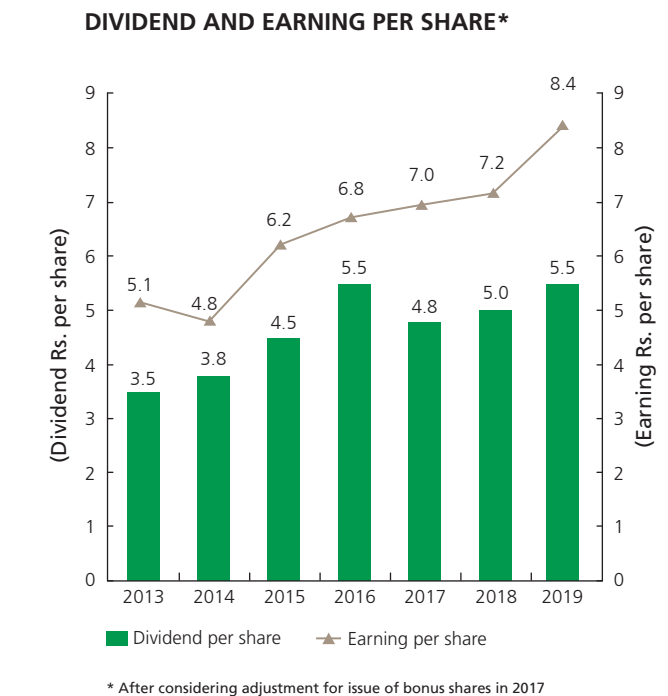
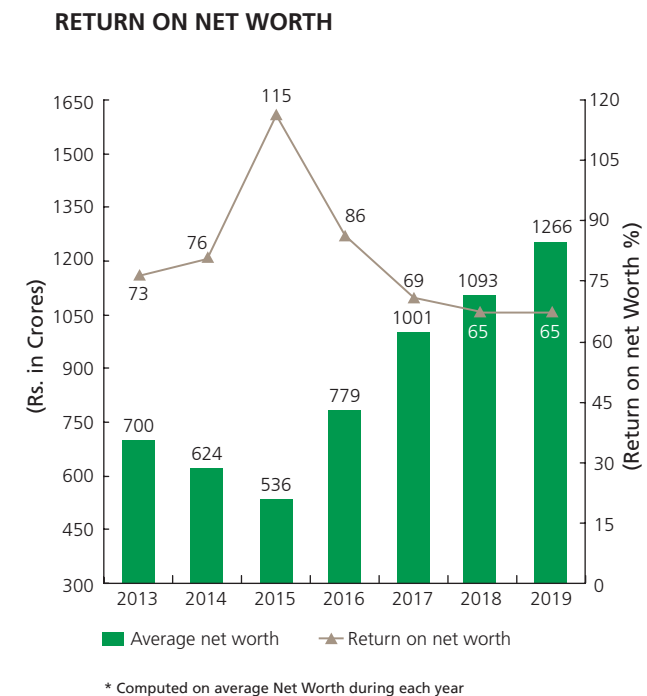
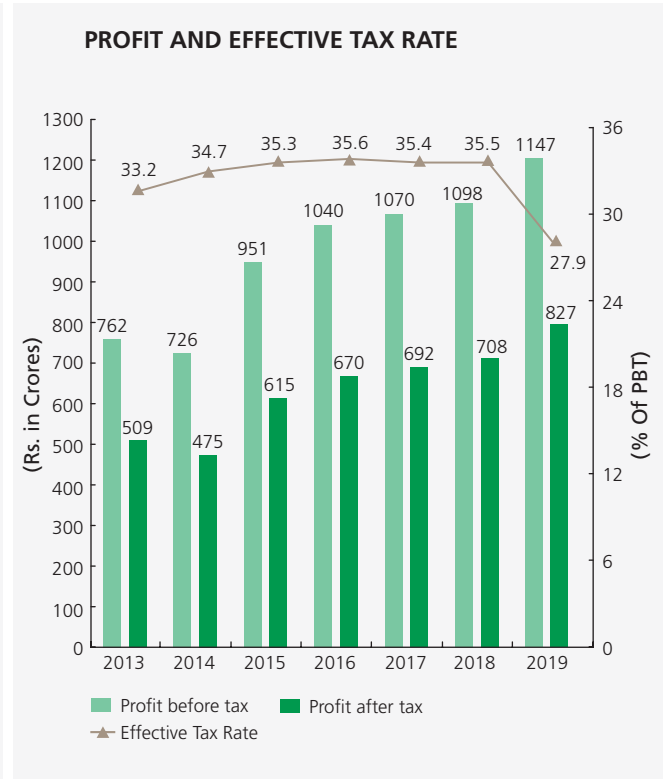
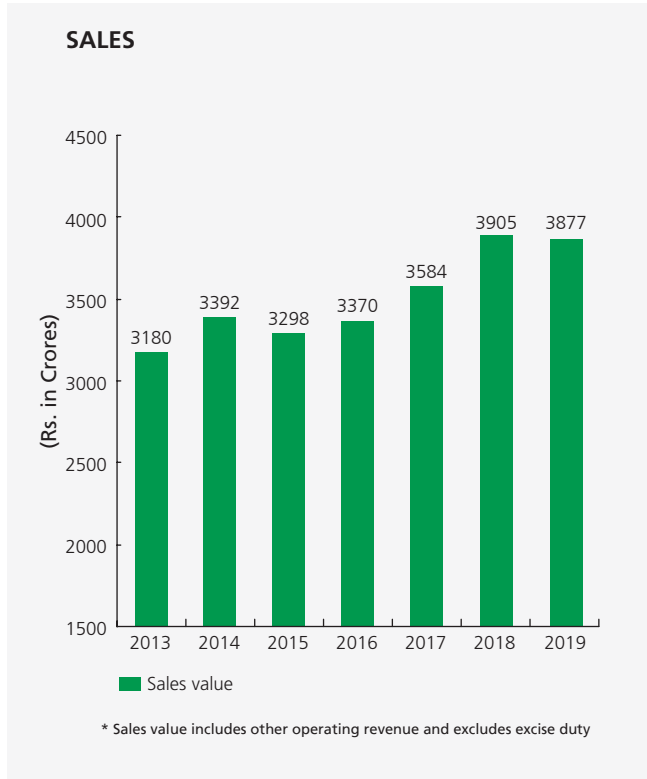
On behalf of the Board of Directors

Sandeep Sangwan
Managing Director
DIN: 08617717

Rashmi Joshi
Chief Financial Officer
& Wholtime Director
DIN: 06641898

Place: Mumbai
Date: 12 June 2020

FINANCIAL HIGHLIGHTS



>> FINANCIAL HIGHLIGHTS

Particulars	Ind AS				IGAAP		
	2019	2018	2017	2016	2015	2014	2013
	Rupees in Crores						
Revenue from Operations (gross)	3,876.82	3,904.55	3,851.56	3,875.96	3,791.42	3,918.62	3,677.50
Less: Excise Duty	—	—	^ 267.24	^ 505.63	493.39	526.29	497.88
Revenue from operations (net)	3,876.82	3,904.55	3,584.32	3,370.33	3,298.03	3,392.33	3,179.62
Other income	64.77	84.31	83.65	87.39	95.87	48.10	83.64
Cost of materials consumed	1,747.65	1,906.56	1,665.90	1,531.59	1,600.79	1,937.50	1,788.47
Employee benefits and other expenses	976.1	927.22	885.30	839.39	802.36	738.11	703.67
Depreciation and amortisation expense	69.74	55.57	45.50	44.96	38.97	36.13	30.45
Finance Costs	1.19	1.09	1.20	1.48	0.83	2.38	1.71
Profit before exceptional items and tax	1,146.91	1,098.42	1,070.07	1,040.30	950.95	726.31	738.96
Exceptional item	—	—	—	—	—	—	22.80
Profit before tax	1,146.91	1,098.42	1,070.07	1,040.30	950.95	726.31	761.76
Current taxation (Net of reversal of earlier years)	323.33	387.58	365.14	388.04	323.80	260.60	241.06
Deferred taxation	(3.79)	2.48	13.12	(18.12)	11.89	(8.85)	12.13
Profit after taxation	827.37	708.36	691.81	670.38	615.26	474.56	508.57
Total other comprehensive income / (expense) for the year	(4.29)	(1.13)	(2.10)	1.35	—	—	—
Total Comprehensive income for the year	823.08	707.23	689.71	671.73	615.26	474.56	508.57
Net fixed assets	227.03	221.08	196.24	184.23	185.25	187.74	175.33
Net assets	1,366.95	1,165.66	1,020.15	981.54	575.61	496.78	751.42
Share capital	494.56	494.56	494.56	247.28	247.28	247.28	494.56
Reserves & surplus	872.39	671.10	525.59	734.26	328.33	249.50	256.86
Net worth	1,366.95	1,165.66	1,020.15	981.54	575.61	496.78	751.42
	Rupees						
Earning per share*	8.36	7.16	6.99	6.78	6.22	4.80	5.14
Dividend per share (On proposed basis)*	5.50	5.00	4.75	‡ 5.50	4.50	3.75	3.50
Book value per share*	13.82	11.78	10.31	9.92	5.82	5.02	7.60

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

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

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

» BOARD'S REPORT

To the Members,

Your Company's Board of Directors ("Board") is pleased to present the Forty Second Annual Report of Castrol India Limited ("Castrol" or "Company") for the financial year ended 31 December 2019 ("year under review" or "year" or "FY19").

In compliance with the applicable provisions of Companies Act, 2013, (including any statutory modification(s) or re-enactment(s) thereof, for time being in force) ("Act") and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Regulations"), this report covers the financial results and other significant developments during the financial year ended 31 December 2019 and upto the date of the Board meeting held on 17 June 2020 to approve this report, in respect of Castrol India Limited.

1. FINANCIAL RESULTS

The Company's financial performance for the financial year ended 31 December 2019 is summarized below:

Particulars	For the year ended 31 December 2019 (INR in crores)	For the year ended 31 December 2018 (INR in crores)
Sales (a)	3877	3905
Other income (b)	65	84
Total Revenue (a+b)	3942	3989
Profit before tax and depreciation	1217	1154
Depreciation and amortization	70	56
Profit before tax	1147	1098
Tax expense (including deferred tax)	320	390
Profit after tax	827	708
Other Comprehensive income (net of tax)	(4.3)	(1.1)
Total Comprehensive income	823	707
Balance brought forward	643	503
Profit available for appropriation	827	708
Appropriation		
Dividend (incl. tax)	626	566
Balance carried forward	840	643

2. PERFORMANCE

Revenue from operations of your Company is at similar levels as previous year. Costs of materials were lower by about 8% over the previous year mainly due to decline in input costs as a result of efficiency and procurement saving during the year. Operating and other expenses increased by INR 49 Crores as compared to the previous year in line with inflation. Profit before Tax increased by about 4% over previous year to INR 1,147 Crores. Profit after Tax increased by 17% over the previous year to INR 827 Crores on account of higher PBT and reduction in statutory tax rate. Your Company's performance has been discussed in detail in the 'Management Discussion and Analysis Report'. Your Company does not have any subsidiary or associate

or joint venture company. There are no material changes and commitments affecting the financial position of your Company, which have occurred between the end of the year and date of this report. Further, there has been no change in the nature of business of the Company.

RESERVES

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

CHANGES IN SHARE CAPITAL

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

3. RETURNS TO INVESTORS (DIVIDEND)

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

The Board had recommended a final dividend of INR 3/- per equity share for the financial year ended 31 December 2019 (2018: final dividend INR 2.75/- per equity share). Owing to delay in holding the 42nd Annual General Meeting (AGM) of the Company due to spread of the coronavirus pandemic and nation-wide lockdown, the Board decided to revoke and cancel the aforesaid recommendation and declared a second interim dividend of INR 3/- per equity share (which is at the same rate as recommended by the Board as Final Dividend for the approval by the Shareholders at the 42nd AGM of the Company) for the financial year ended 31 December 2019. This is in addition to an interim dividend of INR 2.50/- per equity share (2018: interim dividend INR 2.25/- per equity share)

The dividend payout for the year under review is in accordance with your Company's policy to pay

sustainable dividend linked to long-term growth objectives of your Company to be met by internal cash accruals.

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

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

The Company had sent individual notices and also advertised in the newspapers seeking action from the members who have not claimed their dividends for seven consecutive years or more. Thereafter the Company has transferred such unpaid or unclaimed dividends and corresponding shares to IEPF, up to and including the interim dividend for the financial year ended 31 December 2012. There has been an instance whereby undisputed amounts required to be transferred to IEPF were transferred by the Company within 45 days from the last date of payment to the IEPF with respect to dividends declared on 16 July 2012 amounting to INR 0.65 crores, owing to technical issues faced with the MCA filing system during the aforesaid transfer.

Members/claimants whose shares, unclaimed dividend, have been transferred to the IEPF demat Account or the Fund, as the case may be, may claim the shares or apply for refund by making an application to the IEPF Authority in Form IEPF – 5 (available on <http://www.iepf.gov.in>) along with

requisite fee as decided by the IEPF Authority from time to time. The member/claimant can file only one consolidated claim in a financial year as per the IEPF Rules.

The Company will be transferring the final dividend and corresponding shares for the financial year ended 31 December 2012 and the interim dividend and corresponding shares for the financial year ended 31 December 2013 on or before 30 September 2020 and 6 October 2020 respectively. The IEPF Authority of the Ministry of Corporate Affairs (MCA) vide its circular ref. 16/2020 dated 13 April 2020 has allowed filing of the IEPF related Forms (including return to be filed after the funds are transferred to IEPF) till 30 September 2020, without any additional fees thus allowing stakeholders to plan other concomitant actions accordingly. Members are requested to ensure that they claim the dividends and shares referred above, before they are transferred to the said Fund. The due dates for transfer of unclaimed dividend to IEPF are provided in the report on Corporate Governance.

Details of dividends / underlying shares for which dividends have not been claimed / paid, will be made available on the website at https://www.castrol.com/en_in/india/home/investors/statement-of-unclaimed-dividend-and-shares.html Shareholders are encouraged to verify their records and claim their dividends of all the earlier seven years, if not claimed.

5. SUPPLY CHAIN

Your Company's supply chain function remained an important enabler for the organization. The five strategic pillars of supply chain continued to be:

1. Contemporary, differentiated and competitive customer service
2. Premium quality – a source of enhanced customer experience
3. Supply chain capabilities – assets and resources to support growth

4. Consistent processes
5. Generating value for business through efficiency initiatives.

Health, Safety, Security and Environment, along with Ethics and Values formed the core of our operations.

The safety agenda continued to be driven strongly through plant safety and road safety initiatives. We conducted our annual road safety campaign with heavy vehicle drivers. With a strong focus on safe driving, it continued to be an important forum for engagement with an overwhelming participation from our employees to initiate and continue conversations on safety with the heavy vehicle drivers.

As part of the safe control and monitoring mechanism, safety observations continued to be recorded and proactively addressed. The Control of Work guidelines and Operating Management System processes across the plants and other supply chain functions continued to be strengthened.

Customer service and product availability continued to be driven by proactively anticipating demand changes and variability, and through the order fulfillment processes. We managed our operations without impact to service despite certain incidents at our material suppliers end. Plant production, raw materials and packaging supplier reliability were also important pillars for a strong service delivery. With a close ear to the ground and sensing our customer needs, we introduced a variety of new products across various segments. We continued to serve our customers and OEM partners both old and new with a focus on premium brand experience.

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

6. DIRECTORS AND KEY MANAGERIAL PERSONNEL

The following are the changes in the Directors and Key Managerial Personnel during the financial year ended 31 December 2019:

- a. cessation of Mr. Peter Weidner (DIN: 03620389) as Non-Executive, Nominee Director on the Board of the Company from close of business hours on 31 January 2019.
- b. appointment of Mr. Ramchander Avanavadi Subramaniam (DIN: 00046647) as Non-Executive, Nominee Director on the Board of the Company with effect from 29 April 2019.
- c. appointment of Mr. Mark Josceline Sclater (DIN: 08454084) as Non-Executive, Nominee Director on the Board of the Company with effect from 16 May 2019.
- d. re-appointment of Mr. R. Gopalakrishnan (DIN: 00027858) as an Independent Director of the Company for a term of five (5) years with effect from 1 October 2019 i.e. upto 30 September 2024 subject to the approval of the members of the Company by way of special resolution.
- e. cessation of Mr. S.M. Datta (DIN: 00032812) as an Independent Director and Chairman of the Company with effect from 1 October 2019.
- f. appointment of Mr. R. Gopalakrishnan (DIN: 00027858) as Chairman of the Board of Directors of the Company with effect from 1 October 2019.
- g. re-appointment of Mr. Uday Khanna (DIN: 00079129) as an Independent Director of the Company for a term of five (5) years with effect from 1 October 2019 i.e. upto 30 September 2024 subject to the approval of the members of the Company by way of special resolution.
- h. appointment of Mr. Rakesh Makhija (DIN: 00117692) as an Additional (Independent) Director of the Company with effect from 1 October 2019 for a period of five (5) years, subject to approval of the members of the Company.
- i. re-appointment of Mr. Omer Dormen (DIN: 07282001) as Managing Director of the Company for a term of one (1) year with effect from 12 October 2019 upto 11 October 2020 subject to the approval of the members of the Company and the Central Government.
- j. re-appointment of Mr. Jayanta Chatterjee (DIN: 06986918) as Wholetime Director-Supply Chain of the Company for a term of five (5) years with effect from 30 October 2019 i.e. upto 29 October 2024 subject to the approval of the members of the Company.
- k. cessation of Mr. Mark Josceline Sclater (DIN: 08454084) as a Nominee Director on the Board of the Company with effect from the close of business hours on 6 December 2019.
- l. cessation of Mr. Omer Dormen as the Managing Director of the Company with effect from close of business hours on 31 December 2019.
- m. appointment of Mr. Sandeep Sangwan (DIN: 08617717) as an Additional Director and the Managing Director of the Company for a period of five (5) years with effect from 1 January 2020, subject to the approval of the members of the Company and the Central Government.

In accordance with the provisions of the Act and the Articles of Association of the Company, Ms. Rashmi Joshi (DIN: 06641898), CFO & Whole-time Director of the Company, retires by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment. Details of the Director proposed to be re-appointed at the ensuing Annual General Meeting, as required by Regulation 36(3) of the SEBI Regulations, 2015 and SS - 2 (Secretarial Standards On General Meetings) are provided at the end of the Notice convening the 42nd Annual

General Meeting of the Company. Further, details of the directorships held by Ms. Rashmi Joshi (DIN: 06641898) in other companies, are given in the Corporate Governance Report.

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

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

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

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

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

8. BOARD EVALUATION

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

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

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

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

The Independent Directors met on 23 October 2019 to review performance evaluation of Non-Independent Directors and the Board of Directors and also of the Chairman taking into account views of Executive Directors and Non-Executive Directors.

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

9. BOARD AND COMMITTEES

The Board met four times during the year, details of which are given in the Corporate Governance Report that forms part of this annual report. The intervening gap between the meetings was within the period prescribed under the Act and the SEBI Regulations. Details of all the committees of the Board have been given in the Corporate Governance Report.

10. CORPORATE GOVERNANCE

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

11. CORPORATE SOCIAL RESPONSIBILITY

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

Truck drivers and mechanics are two key partners who play a significant role in keeping the wheels of this sector moving. Truck drivers carry the majority of freight traffic in the country while mechanics

service one of the largest automotive markets in the world. However, their skills, livelihood opportunities and socio-economic conditions need more focus.

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

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

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

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

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

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

12. DIRECTORS' RESPONSIBILITY STATEMENT

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

- a. in the preparation of the annual accounts for the year ended 31 December 2019, the applicable accounting standards read with requirements set out under Schedule III to the Act, have been followed and there are no material departures from the same;

- b. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of your Company as at 31 December 2019 and of the profit of your Company for the year ended on that date;
- c. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of your Company and for preventing and detecting fraud and other irregularities;
- d. the Directors have prepared the annual accounts on a 'going concern' basis;
- e. the Directors have laid down internal financial controls to be followed by your Company and that such internal financial controls are adequate and are operating effectively and
- f. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are efficient and operating effectively.

13. RISK MANAGEMENT AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

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

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

and that the assets of your Company are adequately safe-guarded against significant misuse or loss. An independent internal audit function is an important element of your Company's internal control system. The internal control system is supplemented through an extensive internal audit programme and periodic review by management and Audit Committee.

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

14. RELATED PARTY TRANSACTIONS

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

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

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

15. DEPOSITS

Your Company has not accepted any deposits under Chapter V of the Act during the financial year and as such, no amount on account of principal or interest on deposits from public as outstanding as on 31 December 2019.

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

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

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

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

18. MATERIAL CHANGES OCCURRED AFTER END OF FINANCIAL YEAR

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

19. AUDITORS

STATUTORY AUDITOR

The statutory auditor of your Company namely, Deloitte Haskins & Sells LLP, Chartered Accountants, were appointed for a period of five years at the Annual General Meeting held on 31 May 2017. The Companies (Amendment) Act, 2017 has waived the requirement for ratification of the appointment by the members at every Annual General Meeting. Hence, the approval of the members is not being sought for the

re-appointment of the statutory auditor and in line with their resolution of appointment passed at the Annual General Meeting held on 31 May 2017, the statutory auditor will continue to hold office till the conclusion of the 44th Annual General Meeting of the Company. The statutory auditor has confirmed their eligibility and submitted the certificate in writing that they are not disqualified to hold the office of the statutory auditor. The report given by the statutory auditor on the financial statements of the Company is part of the Annual Report. There is no qualification, reservation, adverse remark or disclaimer given by the statutory auditor in their report.

COST AUDITOR

M/s. Kishore Bhatia & Associates, Cost Accountants carried out the cost audit for the Company. They have been re-appointed as cost auditors for the financial year ending 31 December 2020. The Company has maintained cost records as specified under sub-section (1) of section 143 of the Companies Act, 2013 and the same shall be audited by the cost auditor i.e. M/s. Kishore Bhatia & Associates, Cost Accountants for the financial year 2019.

SECRETARIAL AUDITOR

The Board had appointed S. N. Anantha-subramanian & Co., Company Secretaries in Whole-time Practice, to carry out secretarial audit under the provisions of Section 204 of the Act, for the financial year ended 31 December 2019. The secretarial auditor's report to the shareholders does not contain any qualification, and is annexed to this report marked as **Annexure V**.

20. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

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

21. PARTICULARS OF EMPLOYEES

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

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

22. PREVENTION OF SEXUAL HARASSMENT AT WORKPLACE

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

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

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

During the year there was one complaint of sexual harassment that was reported and the matter was under investigation as on 31 December 2019.

23. VIGIL MECHANISM

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

24. ANNUAL RETURN

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

25. GENERAL DISCLOSURES

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

1. Issue of Equity Shares with differential rights as to dividend, voting or otherwise.
2. Issue of Equity Shares (including Sweat Equity Shares) to employees of your Company, under any scheme.
3. Your Company has not resorted to any buy back of its Equity Shares during the year under review.

4. Your Company does not have any subsidiaries. Hence, neither the Managing Director nor the Wholetime Directors of your Company received any remuneration or commission during the year, from any of its subsidiaries.
5. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and your Company's operations in future.
6. No fraud has been reported by auditors under sub-section (12) of section 143.

26. AWARDS AND RECOGNITIONS

Your Company was recognized with many prestigious and diverse external accolades in 2019 which include:

1. ACEF Global customer Engagement Awards – Bronze in Mobile Marketing (Effectiveness)
2. Economic Times Brand Equity Shark Awards 2019
3. ACEF Global customer Engagement Awards – Gold in Mobile Marketing (Successful use of Technology)
4. RMAI Flame Awards Asia 2019 – Silver in the category of Best Direct Marketing Campaign of the year
5. RMAI Flame Awards Asia 2019 – Bronze in the category of Best Trade Engagement Campaign of the year
6. Creative Abbys 2019 – Bronze
7. Effies APAC 2019 in Automotive category – Gold
8. Effies APAC 2019 in the category of Positive Change Social Good – Brands – Bronze
9. ACEF Global Customer Engagement Awards 2019 – Gold
10. Effies India 2019 – Silver in Automobiles and Auto related category
11. Effies India 2019 – Bronze in Experiential Marketing
12. PR Asia Awards 2019 – Silver Trophy in Best PR campaign (PR event) category
13. International Safety Award 2018 by British Safety Council
14. Asia Pacific Quality Organization (APQO) Global Performance Excellence Award (GPEA) 2019
15. Campaign India PR awards 2019
16. Economic Times Brand Equity Kaleido Awards 2019
17. India Digital Crest Awards – 2 Golds
18. 3rd Rajasthan CSR Award in the category Livelihood
19. Golden Peacock Innovation Management Award 2019
20. The Silvassa plant of the Company is the first lubricants plant in India to be awarded the coveted Ford Q1 Certification
21. The Patalganga plant of the Company was the winner of the Golden Peacock Occupational Health & Safety Award 2018 in the industrial sector
22. Runners up in Classical category at The Mint Corporate Strategy Awards 2018
23. WARC Prize for Asian Strategy 2019
24. Umbrella Asia Awards 2019
25. Indian Marketing Awards 2019 Customer Relationship Marketing – Gold
26. Indian Marketing Awards 2019 Customer Relationship Marketing – Bronze
27. Big Bang Awards 2019 for Best Integrated - Consumer Products others – Silver
28. Big Bang Awards 2019 for Direct Marketing – Gold
29. National Safety Council of India Award – Silver for Patalganga plant
30. Gold at The Effies 2019 in the Automotive (Aftermarket) category

31. Bronze at The Effies 2019 in Disruptive Differentiator category
32. Ms. Rashmi Joshi, Chief Financial Officer & Wholetime Director of the Company won the Treasury Today Asia Woman of the year – Adam Smith Awards Asia 2019
33. Grant Thornton SABERA Award 2019 for Castrol Sarathi Mitra program

27. ACKNOWLEDGEMENT

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

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

On behalf of the Board of Directors

Sandeep Sangwan
Managing Director
DIN: 08617717

Rashmi Joshi
Chief Financial Officer
& Wholetime Director
DIN: 06641898

Place : Mumbai

Date : 17 June 2020

Annexure I

DIVIDEND DISTRIBUTION POLICY

1. Objective

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

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

2. Philosophy

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

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

3. The Regulatory Framework

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

Castrol falls within the list of Top 500 Listed Companies.

4. Definitions

Unless repugnant to the context:

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

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

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

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

5. Policy

5.1 Frequency of payment of dividend:

5.1.1 Castrol believes in rewarding its shareholders as and when the funds are available for distribution as dividend and generally strive to declare Interim Dividend at least once in a year and to recommend Final Dividend to the Members at the Annual General Meeting of the Company.

5.1.2 If the frequency of Interim Dividend is more than once, Castrol may not recommend Final Dividend for that year.

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

5.2.1 Castrol considers several Internal and External Factors before deciding declaration or recommendation of dividend.

5.2.2 The Internal Factors are adequacy of profits for last year and likely profits for next year, allocation of capital towards capital expenditure, probable mergers and acquisitions, loan repayments and working capital requirements.

5.2.3 The External Factors that would impact dividend payout are interest rate on

surplus funds, taxation on distribution of dividend including taxation on dividend received from subsidiaries and dividend payout ratios of comparable companies.

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

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

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

In an event where Company has undertaken a significant project requiring higher allocation

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

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

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

5.6 Transfer of Profits to Reserves:

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

5.7 Provisions regarding class of shares:

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

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

6. Procedure

- 6.1 The Chief Financial Officer in consultation with the Managing Director of the Company shall recommend any amount to be declared as Dividend to the Board of Directors of the Company.
- 6.2 The Company Secretary & Compliance Officer of the Company shall ensure compliance of Insider Trading Rules of the Company and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- 6.3 The Agenda of the Board of Directors where Dividend declaration is proposed shall contain the rationale of the proposal.

- 6.4 The Board of Directors shall approve the declaration or recommendation of Dividend after ensuring compliance of Act, SEBI Regulations and this Policy.
- 6.5 The Company shall ensure compliance of provisions of Act, SEBI Regulations and this Policy in relation to dividend.
- 6.6 Item on Confirmation of Interim Dividend(s) declared by the Board of Directors of the Company shall form part of Notice of every Annual General Meeting of the Company.

7. General

- 7.1 This Policy would be subject to revision/ amendment in accordance with the guidelines as may be issued by Ministry of

Corporate Affairs and/or Securities Exchange Board of India from time to time, on the subject matter.

- 7.2 The Company reserves its right to alter, modify, add, delete or amend any of the provisions of this Policy.
- 7.3 In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Policy, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

Annexure II

POLICY ON NOMINATION, REMUNERATION, DIVERSITY AND EVALUATION

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

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

1. Policy

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

2. Review of the Policy

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

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

The power to interpret and administer the Policy shall rest with the Chairperson of the Committee whose decision shall be final and binding. The

Chairperson is also empowered to make any supplementary rules/orders to ensure effective implementation of the Policy. These will, however, be reported to or placed before the Committee, from time to time, to ensure the Committee's oversight on these issues.

3. Policy on Appointment of Directors:

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

- f. If position of a Director suddenly becomes vacant by unanticipated occurrence of any event, the Committee shall meet at the earliest opportunity to discuss succession and fill such vacancy.
- g. Criteria for selection:
- i. The Board candidate should be of the highest ethical character and share the values of Castrol as reflected in the Code of Conduct and Corporate Governance principles. Board candidate should have reputation, both personal and professional, consistent with the image and reputation of Castrol.
 - ii. The Board candidate should be of the highest moral and ethical character. The candidate must exhibit independence, objectivity and be capable of serving as a representative of the stockholder.
 - iii. The Board candidate should have the personal qualities to be able to make a substantial active contribution to Board deliberations. These qualities include intelligence, self-assuredness, a high ethical standard, inter-personal skills, independence, courage, and willingness to ask the difficult questions, communication skills and commitment.
 - iv. The Board candidate must be willing to commit, as well as have, sufficient time available to discharge the duties of Board membership and should not have any prohibited interlocking relationships or conflict of interest.
 - v. Board Candidate should be highly accomplished in its respective field, with superior credentials and recognition.
 - vi. In recognition of the fact that the foundation of the Company is in lubricants industry, the Board should prefer person who has relevant experience. A candidate should have extensive and relevant leadership experience including understanding of

the complex challenges of enterprise leadership. International experience will in many cases be considered a significant positive characteristic in a Board candidate's profile. An ideal Board candidate will have gained this experience in one or more of the settings outlined below:

- Business – The Board candidate is or has been the Chief Executive Officer, Chief Operating Officer or other major operating or officer of a major corporation, with a background in law / marketing / finance / business operations / strategic management.
- Industry – The Board candidate has experience in the fast-moving consumer goods (FMCG) industry/automobile industry or other complementary field.
- Information Technology – The Board candidate should have fair understanding of information technology, e-commerce or digital marketing and also of regulatory framework in which the industry operates.
- In considering candidates for election to the Board of Directors, the Board should constantly be striving to achieve the diversity of the communities in which the Company operates. The Committee shall work with the Board to determine the appropriate characteristics, skills and experience for the Board as a whole and its individual members with the objective of having a Board with diverse backgrounds and experience as per Diversity Policy of the Company.

4. Policy on Independence of Directors

For the Independent Directors, the Committee shall assess the independence of Directors at the time of appointment/re-appointment and the Board shall assess the same annually as per the 'Policy on Independence of Directors'. The Board shall re-assess determinations of independence when any

new interests or relationships are disclosed by a Director.

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

5. Policy on Remuneration of Directors

While determining Remuneration, the Committee shall take into account –

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

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

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

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

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

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

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

of sitting fees will be recommended by the Committee and approved by the Board.

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

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

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

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

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

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

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

approved by the Board and terms approved by shareholders, as under:

- i. Fixed Component – This includes Salary and other perquisites/benefits. This provides base-level fixed remuneration to reflect the scale and dynamics of the business and to be competitive with the external market. Basic/fixed salary is provided to all employees to ensure that there is a steady income in line with their skills and experience. In addition to the basic/fixed salary, the Company may provide employees with certain perquisites, allowances and benefits to enable a certain level of lifestyle and to offer scope for savings and tax optimization, where possible. The Company may also provide all employees with a social security net (subject to limits) by covering medical expenses and hospitalization through re-imbursements or insurance cover and accidental death and dismemberment through personal accident insurance.
- ii. Performance Linked Bonus (PLB) – The specific amount payable to the MD/EDs would be based on performance as evaluated by the Board. It provides a variable level of remuneration dependent on short-term performance against the annual plan. Total overall Bonus is based on performance relative to measures and targets reflected in the annual plan, which in turn reflects Company's strategy.
- iii. Retirals in the form of contribution to Provident Fund, Superannuation and Gratuity be paid as per statutory requirements.
- iv. Based on the organizational need for retaining high performing employees and also those who are playing critical roles, from time to time, certain retention features may be rolled out as part of the overall compensation package. These may take form of

Retention Bonuses, group Share Value Plan etc.

- v. Severance Pay may be awarded (under supervision and with approval of the Committee) to the eligible MD/WTDs/KMPs/SMPs in case of major organizational structuring(s).
- vi. Long Term Incentives may be awarded (under supervision and with approval of the Committee) to the eligible MD/WTDs/KMPs/SMPs based on their contribution to the performance of the Company, relative position in the organization, and length of service.
- c. Annual Compensation Review – The compensation review year will be financial year of the Company. The annual compensation review, as a part of the performance management system cycle, shall be guided by Industry/business outlook, employee differentiation based on individual performance rating achieved during the applicable performance year.

6. Board Evaluation

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

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

7. Meeting of Independent Directors

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

Such meeting shall:

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

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

8. Board Diversity Policy

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

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

2. Policy Statement

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

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

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

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

Annexure III

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

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

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

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

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

Vision:

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

Mission:

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

- i. Enabling sustainable livelihoods and making them future-ready through upskilling
- ii. Providing opportunities for socio-economic growth through financial literacy and entrepreneurship development
- iii. Building pride in their professions through multiple programmatic interventions and platforms

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

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

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

The Company follows an approach of initiating pilot projects to test on-ground relevance with leading non-governmental organisations (NGOs). Based on stakeholder response, partner experience and contribution to agenda, the projects are accordingly scaled up or redesigned. Encouraged by the response, the portfolio continues to grow with expanding partnerships and investments. The Company's CSR Policy for 2019 can be viewed at: https://www.castrol.com/en_in/india/home/castrol-story/corporate-social-responsibility.html

2. Composition of the CSR Committee

- Mr. Rakesh Makhija – Chairman
- Ms. Sangeeta Talwar – Member
- Mr. Sashi Mukundan – Member
- Mr. Omer Dormen – Member
- Ms. Rashmi Joshi – Member
- Mr. Jayanta Chatterjee – Member

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

Average net profit of the Company for last three financial years (2016, 2017 and 2018) calculated in accordance with the provisions of the Section 198 of the Companies Act, 2013 is INR 1083.1 Crores.

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

Two percent of the average net profit for last three financial years is INR 21.7 Crores

5. Details of CSR spend during the financial year

a. The Company spent an amount of ₹ 22.7

crores on various CSR programmes as detailed in the CSR policy of the Company.

b. Amount unspent, if any: Nil

c. Manner in which the amount was spent during the financial year is detailed below:

(All figures in INR Crores)

CSR project / activity identified	Sector in which the project is covered	Projects/Programmes (1) Local area or other (2) Specify the State and district where projects/ programs were undertaken	Amount outlay (budget) project/ program wise	Amount spent on the projects/ programs	Cumulative expenditure up to reporting period	Amount spent: Directly or through Implementing Agency (IA)
Flagship Programmes						
Programme for mechanics- Castrol Eklavya :	Livelihood enhancement projects	Chhattisgarh, Uttar Pradesh, Maharashtra, Himachal Pradesh, Tamil Nadu, Madhya Pradesh, Karnataka and Kerala	9.6	9.6	9.6	IA – Social Empowerment and Economic Development Society, Pravah, Ambuja Cement Foundation, Friends Union for Energising Lives
Programme for truck drivers – Castrol Sarathi Mitra:	Promotion of Road Safety	Maharashtra, Delhi/NCR, Rajasthan, Tamil Nadu, West Bengal, Karnataka and Uttar Pradesh	9.9	9.9	9.9	IA – Social Empowerment and Economic Development Society; Synergie
Other Programmes						
Community Development in the areas of operation and presence	Promoting education, including special education and employment enhancing vocation skills	Silvassa, Patalganga and Paharpur	1.7	1.7	1.7	IA – Ambuja Cement Foundation, Friends Union for Energising Lives, Empower Pragati and Learning Links Foundation
Humanitarian Aid	Disaster Relief	Flood affected areas of Orissa and Maharashtra	0.4	0.4	0.4	IA – Americares India
Administrative Overheads			1.1	1.1	1.1	Direct
Total			22.7	22.7	22.7	

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

Not Applicable. (The Company spent over 2% of the average net profit of the last three financial years in 2019)

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

The Board of Directors and its CSR Committee are committed to the Company's CSR vision of transforming the lives of truck drivers and mechanics towards a sustainable livelihood and

building pride in their professions while striving to contribute to a safer and better quality of life.

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

On behalf of the Board of Directors

Rakesh Makhija
Chairman, CSR Committee
DIN: 00117692

Sandeep Sangwan
Managing Director
DIN: 08617717

Place : Mumbai
Date : 31 January 2020

Annexure IV

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

A) Conservation of Energy

(i) Capital investment on energy conservation equipment

- Replacement of conventional Light Fittings with LED light fittings (INR 15 lakhs).
- Replacement of jet mixers with mechanical agitators for blenders has leading to power saving.
- As part of Necto Blending Project one of the plants installed agitators on all blenders (INR 30 lakhs) for effective mixing which reduced the blender circulation pump running hours and has the potential to reduce electricity consumption by 12000 KWH/year.
- Upgraded the existing boiler (INR 4 lakhs) by replacing oil pre heaters, efficient fuel pump, boiler nozzles, flow meter etc. The benefit expected from this is furnace oil consumption reduction by approx. 3000 L per year.

(ii) Steps taken by the Company for utilizing the alternate sources of energy

- Invested INR 42 lakhs for use of renewable/alternate sources of energy. A 50 KVA solar power plant has been put up, which will cater to 5% of the plants power demand.

(iii) Steps taken or impact on conservation of energy

- Continuous rationalization of certain blending operations for batch cycle time optimization, to reduce energy consumption.
- Rationalization of comfort air-conditioning using timers to prevent wastage and excess energy consumption.
- Steam system revamp at one of the plants.
- In FY2019, we have also invested on Organic waste composter to treat canteen waste.

B) Technology Absorption

(i) Efforts made towards technology absorption

- The Company continued to derive sustainable benefits from technology with the analytical and blending laboratory facilities operating out of Silvassa and the deployment activities carried out from Mumbai.
- This was another year where the Company's product development capability helped the business meet pressing consumer needs, partner closely with its customers and leverage strengths of its global affiliates to meet the needs of the local market.
- The Company has launched products throughout financial Year 2019 in motorcycle, passenger cars and commercial vehicles spaces, with superior benefits to consumers. The company announced its BS VI readiness with a range of products across the categories that offer industry-first features that take the country one step closer to a low carbon future. Several Castrol power brands are part of its BS VI ready portfolio including two-wheeler, passenger car and commercial vehicle engine oils. The company launched the MAGNATEC SUV with DUALOCK Technology that locks together at the surface to form a powerful field of protection delivering 50% better protection from warm up, stop-start and heavy load wear. The company also refreshed ACTIV which delivers 3X protection to the motorcycle i.e. during start-up, running and even when engine is off. The company launched the VECTON LONG DRAIN 15W-40 CK-4/E9 with SYSTEMPRO TECHNOLOGY for longer useful oil life which has been proven up to 120,000KM oil drain interval. This product is certified CO2 neutral according to internationally applicable PAS2060 standard. The company also launched the Castrol ACTIV HONDA co-branded oils exclusively for HONDA two wheelers. The company launched

co-branded oils for Renault aftermarket vehicles. The company strengthened its offering in mass market by launching RX ESSENTIAL and RADICOOL ESSENTIAL Coolant in commercial vehicle and specialties category respectively.

- In Industrial and HD Space, the company launched new products like Techniclean 80 XBC industrial cleaner compatible with XBB (Boron and Biocide free) these will significantly contribute to meet customers specific environmental and productivity targets. This technology is a significant step forward for soluble cutting oils in India. The company has launched Iloform BWN 320 for Aluminium wire drawing application. The company has also offered sustainable carbon neutral Optigear Synthetic CT 320 for wind industry. In greases, company launched environment friendly Mine Grease for Construction and Mining application and Molub Alloy 6080/460-1.5 for metal industry

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution

- New product launch: import and local development:
- Company relaunched the ACTIV brand with new claims.
- Company relaunched Ilocut 1945 with improved performance for severe metal working application.
- Company launched next generation rust preventive product with medium flash point, reduced VOC (Volatile Organic Carbon) elements and improving overall health and safety.

(iii) Imported technology

- Automotive: The following high performance automotive lubricants were introduced into Indian market within the last 3 years: VECTON CI-4 Plus with extend drain interval

claim of 60,000 km, VECTON LONG DRAIN 15W-40 CK-4/E9 proven up to 120,000KM ODI, MAGNATEC STOP-START 0W-20 & 5W-30 with up to 60L fuel savings per annum, ACTIV with 3X protection, GTX Ultraclean with superior engine cleanliness,

- Industrial: High performance and metal working lubricants were introduced into the Indian market within last 3 years: Environment friendly products Hysol SL 35 XBB, Alusol SL 61 XB and Techniclean 80 XBC which delivers prolonged fluid life with an improved health and safety profile; Optitemp 6590, Optitemp XBT1LF, Optigear Synthetic CT 320 and Molub Alloy 6080/460-1.5 for High Performance application

(iv) Expenditure on R&D	(INR in Crores)
Capital	2.95
Recurring	4.34
Total	7.29

C) Foreign Exchange Earnings and Outgo

1. Activities relating to Export

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

2. Earnings and Outgo

	(INR in Crores)
Foreign Exchange Earnings	21.95
Foreign Exchange Outgo	999.81

On behalf of the Board of Directors

Sandeep Sangwan
Managing Director
DIN: 08617717

Rashmi Joshi
Chief Financial Officer
& Wholetime Director
DIN: 06641898

Place : Mumbai

Date : 31 January 2020

Annexure V

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST DECEMBER 2019

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

To,

**The Members,
Castrol India Limited**

CIN: L23200MH1979PLC021359

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Castrol India Limited (hereinafter called the Company) for the financial year ended 31st December 2019. 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, 2019, 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, 2019 according to the provisions of:

- i. The Companies Act, 2013 ('the Act'), and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings – Not applicable to the extent of Overseas Direct Investment and External Commercial Borrowings as there was no reportable event during the financial year under review.
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 - Not Applicable as there was no reportable event during the financial year under review
 - d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – Not Applicable as the Company has not issued any shares / options to directors / employees under the said regulations during the financial year under review;
 - e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable as the Company has not issued and listed debt securities during the financial year under review;
 - f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review;
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable as the Company has not delisted/proposed to delist its equity shares from any Stock Exchanges during the financial year under review; and

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

The Petroleum Act, 1934 and Rules made thereunder.

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

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

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

We have been informed that the Company has initiated the process of filing Form 1A as required under Rule 4A of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 notified w.e.f. 20th August 2019, the due date of filing for which was 31 December 2019.

We further report that:

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

detailed notes on agenda were sent seven days in advance before the meeting. There exists system for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

- All decisions of the Board and Committee meeting were carried unanimously.

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

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

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

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

For S. N. ANANTHASUBRAMANIAN & Co.
Company Secretaries
ICSI Unique Code: P1991MH040400

S. N. Ananthasubramanian
Partner
FCS: 4206 | COP No.: 1774
Peer Review Cert. No.: 606/2019
ICSI UDIN: F004206B000106528

30th January, 2020
Thane

Annexure – A

To,

The Members,

Castrol India Limited

CIN L23200MH1979PLC021359

Technopolis Knowledge Park, Mahakali Caves Road,

Chakala, Andheri (East), Mumbai – 400093

Our Secretarial Audit Report for the financial year ended **31st December 2019** of even date is to be read along with this letter.

Management's Responsibility

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

Auditor's Responsibility

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

Disclaimer

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

For S. N. ANANTHASUBRAMANIAN & Co.

Company Secretaries

ICSI Unique Code: P1991MH040400

S. N. Ananthasubramanian

Partner

FCS: 4206 | COP No.: 1774

Peer Review Cert. No.: 606/2019

ICSI UDIN: F004206B000106528

30th January, 2020

Thane

Annexure VI

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

(i) Ratio of the remuneration of each Director to the median remuneration of employees of the Company for the Financial Year 2019, percentage increase in remuneration of the Chief Executive Officer, the Chief Financial Officer and other Executive Directors and the Company Secretary during the Financial Year 2019:

Sr. No.	Name of Director/KMP	Designation	Remuneration of Director/KMP for FY 2019 (Rs. in Crores)	Percentage increase in Remuneration in the Financial Year 2019	Ratio of remuneration of each Director/KMP to median remuneration of employees
1.	Mr. Omer Dormen (ceased to be the Managing Director of the Company effective close of business hours 31 December 2019)	Managing Director	6.28	17.9%	31.8
2.	Ms. Rashmi Joshi	Chief Financial Officer & Wholetime Director	2.0	10.1%	10.1
3.	Mr. Jayanta Chatterjee	Wholetime Director – Supply Chain	2.3	9.6%	11.5
4.	Mr. S. M. Datta* (ceased to be the Independent Director and Chairman of the Company effective close of business hours 1 October 2019)	Independent Director	-	-	-
5.	Mr. Uday Khanna*	Independent Director	-	-	-
6.	Mr. R. Gopalakrishnan*	Independent Director	-	-	-
7.	Ms. Sangeeta Talwar*	Independent Director	-	-	-
8.	Mr. Rakesh Makhija* (w.e.f. 1 October 2019)	Independent Director	-	-	-
9.	Mr. Sashi Mukundan	Nominee Director	-	-	-
10.	Mr. Peter Weidner (upto close of business hours 31 December 2019)	Nominee Director	-	-	-
11.	Mr. Mark Josceline Sclater (w.e.f 16 May 2019 and upto close of business hours 6 December 2019)	Nominee Director	-	-	-
12.	Mr. Ramchander Subramaniam Avanavadi (w.e.f. 29 April 2019)	Nominee Director	-	-	-
13.	Ms. Chandana Dhar	Company Secretary & Compliance Officer	0.8	4.4%	4.2

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

(ii) Other details:

Permanent employees on the rolls of the Company as on 31 December 2019	720
Percentage increase in the median remuneration of employees* in the Financial Year	6.4%

* excluding Managing Director and Wholetime Directors.

- (iii)** The average percentage increase made in salaries of employees (other than managerial personnel) was 10.1% while increase in managerial remuneration was 14%. Please note that the average increase for employees includes the Salary data of workmen who are covered under three different Long Term Settlement (LTS) for a period of 4 years generally. The increase in salaries during the year are based on remuneration policy/reward philosophy of the company and on annual appraisals of employees (excluding workmen who get covered under respective LTS).

On behalf of the Board of Directors

Sandeep Sangwan
Managing Director
DIN: 08617717

Rashmi Joshi
Chief Financial Officer
& Wholetime Director
DIN: 06641898

Place : Mumbai

Date : 31 January 2020

» REPORT ON CORPORATE GOVERNANCE

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

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

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

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

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

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

2. BOARD OF DIRECTORS

Composition and Category

The Board of Directors of the Company comprises of an optimum combination of executive and non-executive directors, which is in conformity with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015"). As of the year ended 31 December 2019, the Board consisted of nine

(9) directors comprising of three (3) executive directors, two (2) non-executive director nominated by Castrol Limited, UK as provided under the Articles of Association of the Company and four (4) independent directors. The Chairman of the Board is a non-executive, independent director. None of the Directors of the Company is related to each other.

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

1. Mr. Peter Weidner (DIN: 03620389) ceased to be a Nominee Director of the Company with effect from close of the business hours on 31 January 2019.
2. Mr. Ramchander Avanavadi Subramaniam (DIN: 00046647) was appointed as a Non-Executive, Nominee Director of the Company with effect from 29 April 2019.
3. Mr. Mark Josceline Sclater (DIN: 08454084) was appointed as a Non-Executive, Nominee Director of the Company with effect from 16 May 2019.
4. Mr. Omer Dormen (DIN: 07282001) was re-appointed as the Managing Director of the Company for a period from 12 October 2019 upto 11 October 2020 subject to the approval of the members and the Central Government. Subsequently he ceased to be the Managing Director of the Company with effect from close of business hours on 31 December 2019 pursuant to his resignation as accepted in the Board Meeting held on 23 October 2019.
5. Mr. Jayanta Chatterjee (DIN: 06986918) was re-appointed as Wholetime Director of the Company for a period of 5 (five) years effective 30 October 2019 subject to the approval of the members.
6. Mr. S.M. Datta (DIN: 00032812) ceased to be an Independent Director and the Chairman of the Company with effect from close of business hours on 30 September 2019.
7. Mr. R. Gopalakrishnan (DIN: 00027858) was re-appointed as an Independent Director of the Company for a term of 5 (five) years effective 1 October 2019 subject to the approval of the members.

8. Mr. R. Gopalakrishnan (DIN: 00027858) was appointed as Chairman of the Board of Directors of the Company succeeding Mr. Datta with effect from 1 October 2019.
9. Mr. Uday Khanna (DIN: 00079129) was re-appointed as an Independent Director of the Company for a term of 5 (five) years effective 1 October 2019 subject to the approval of the members.
10. Mr. Rakesh Makhija (DIN: 00117692) was appointed as an Independent Director of the Company for a period of 5 (five) years effective 1 October 2019 subject to the approval of the members.
11. Mr. Mark Josceline Sclater (DIN: 08454084) ceased to be a Nominee Director of the Company with effect from close of the business hours on 6 December 2019.
12. Mr. Sandeep Sangwan (DIN: 08617717) was appointed as an Additional Director and the Managing Director of the Company for a period of five years with effect from 1 January 2020, subject

to the approval of the members of the Company and the Central Government.

Appointment and Tenure

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

Board Independence

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

The composition of the Board, directorships/committee membership positions in other companies as on year ended 31 December 2019, numbers of meetings held and attended during the year are as follows:

Name of Director	Designation	Category of Directorship	Board Meetings during the year		Attendance at the last AGM	Directorships in listed companies (including Castrol India Limited)	Memberships of Board Committees (including Castrol India Limited)	
			Held	Attended			Member	Chairman
Mr. S. M. Datta*	Chairman and Independent Director	Non-Executive Director	4	3	Yes	3	5	2
Mr. R. Gopalakrishnan**	Chairman and Independent Director	Non-Executive Director	4	4	No	1	1	1
Mr. Uday Khanna	Independent Director	Non-Executive Director	4	4	Yes	4	2	3
Ms. Sangeeta Talwar	Independent Director	Non-Executive Director	4	4	Yes	4	7	2
Mr. Rakesh Makhija [#]	Independent Director	Non-Executive Director	4	1	N.A.	2	2	0
Mr. Omer Dormen ⁵	Managing Director	Executive Director	4	4	Yes	1	1	0
Ms. Rashmi Joshi	Chief Financial Officer and Whole-time Director	Executive Director	4	4	Yes	2	1	0
Mr. Jayanta Chatterjee	Whole-time Director – Supply Chain	Executive Director	4	4	Yes	1	0	0
Mr. Sashi Mukundan (representing Castrol Limited, UK)	Nominee Director	Non-Executive Director	4	4	No	1	0	0

Name of Director	Designation	Category of Directorship	Board Meetings during the year		Attendance at the last AGM	Directorships in listed companies (including Castrol India Limited)	Memberships of Board Committees (including Castrol India Limited)	
			Held	Attended			Member	Chairman
Mr. Peter Weidner [*] (representing Castrol Limited, UK)	Nominee Director	Non-Executive Director	4	Nil	N.A.	1	0	0
Mr. A. S. Ramchander ⁺ (representing Castrol Limited, UK)	Nominee Director	Non-Executive Director	4	3	No	1	1	0
Mr. Mark Josceline Sclater [@] (representing Castrol Limited, UK)	Nominee Director	Non-Executive Director	4	2	N.A.	1	1	0

* Mr. S.M. Datta (DIN: 00032812) ceased to be an Independent Director and the Chairman of the Company with effect from 1 October 2019

** Mr. R. Gopalakrishnan (DIN: 00027858) was appointed as Chairman of the Board of the Company succeeding Mr. Datta with effect from 1 October 2019

Mr. Rakesh Makhija (DIN: 00117692) was appointed as an Independent Director of the Company for a period of 5 (five) years effective 1 October 2019

\$ Mr. Omer Dormen (DIN: 07282001) ceased to be the Managing Director of the Company with effect from close of business hours on 31 December 2019

& Mr. Peter Weidner (DIN: 03620389) ceased to be a Nominee Director of the Company with effect from close of the business hours on 31 January 2019

+ Mr. Ramchander Avanavadi Subramaniam (DIN: 00046647) was appointed as a Non-Executive, Nominee Director of the Company with effect from 29 April 2019

@ Mr. Mark Josceline Sclater (DIN: 08454084) was appointed as a Non-Executive, Nominee Director of the Company with effect from 16 May 2019 and ceased to be Non-Executive, Nominee Director of the Company with effect from close of business hours on 6 December 2019

Membership of Directors in other listed Companies:

Name of the Director	Name of the Company	Designation
Mr. S. M. Datta	IL & FS Investment Managers Limited	Non-Executive Independent Director
	Atul Limited	Non-Executive Independent Director
Mr. R. Gopalakrishnan	Nil	-
Mr. Uday Khanna	Pfizer Limited	Non-Executive Independent Director
	Kotak Mahindra Bank Limited	Non-Executive Independent Director
	Pidilite Industries Limited	Non-Executive Independent Director
Ms. Sangeeta Talwar	Glaxosmithkline Consumer Healthcare Limited	Non-Executive Independent Director
	HCL Infosystems Limited	Non-Executive Independent Director
	TCNS Clothing Co. Limited	Non-Executive Independent Director
Mr. Rakesh Makhija	Axis Bank Limited	Non-Executive Independent Director
Mr. Omer Dormen	Nil	-
Ms. Rashmi Joshi	Godrej Industries Limited	Non-Executive Independent Director
Mr. Jayanta Chatterjee	Nil	-
Mr. Sashi Mukundan	Nil	-
Mr. Peter Weidner	Nil	-
Mr. A. S. Ramchander	Nil	-
Mr. Mark Josceline Sclater	Nil	-

Note: Other Directorships exclude Directorships in Foreign Companies. Other Board Committees' Memberships include memberships of Audit Committee and Stakeholders Relationship Committee of public limited companies, whether listed or not. None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees across all public companies in which they are Directors. The above composition of the Board, directorships/committee membership positions in other companies of Mr. Peter Weidner, Mr. S. M. Datta, Mr. Omer Dormen and Mr. Mark Josceline Sclater are upto the date of their cessation.

Mr. Uday Khanna holds 1,600 equity shares of the Company and Mr. Ramchander Avanavadi Subramaniam holds 20 equity shares of the Company as on 31 December 2019. No other non-executive director holds any shares in the Company. The Company has not issued any convertible securities.

Board Meetings

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

The notice of board meeting is given well in advance to all directors. Usually, meetings of the Board are held in Mumbai. The agenda and pre-reads are circulated well in advance before each meeting, to all directors, for facilitating effective discussion and decision making. Considerable time is spent by the directors on discussions and deliberations at the board meetings.

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

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

During the financial year, total 4 (four) Board meetings were held i.e. on 30 January 2019, 29 April 2019, 29 July 2019 and 23 October 2019 respectively. The

maximum interval between any two meetings was within the maximum allowed gap of 120 days.

Independent Directors' Meeting

During the year, the independent directors of the Company met separately on 23 October 2019 without the presence of other directors or management representatives, to review the performance of non-independent directors, the Board and the Chairman of the Company and to assess the quality, quantity and timeliness of flow of information between the management and the Board.

Directors' Induction and Familiarization

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

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

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

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

https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/fam_policy.pdf

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

Skills / Expertise / Competence	Description
Business Leadership & Operations	Deep knowledge of the Lubricant Industry to provide important insights and perspectives to the Board on the Company's commercial, strategic, manufacturing, legal and other functions. Leadership experience resulting in a practical understanding of the Company's processes, develop talent, succession planning and driving the long term growth strategy of the Company
Risk Management & Governance	In depth knowledge and understanding of business risks to provide insights and perspective to the Board on enterprise risk. Develop highest levels of governance practices, provide insights about maintaining Board and management accountability and to protect stakeholders interest
Finance & Accounting	Provide financial expertise to the Board, including an understanding and analysis financial statements, corporate finance, accounting and capital markets
Business Expertise	In depth understanding of the lubricant operating and business environment, market access and healthcare solutions. Respond to change with agility, optimism and innovation. Sound knowledge of Business Technology, Digital Marketing, Strategic Development, Public Affairs, etc

Board Evaluation

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

Following are the major criteria applied for performance evaluation —

- attendance and contribution at Board and committee meetings and application of his/her expertise, leadership qualities and knowledge to give overall strategic direction for enhancing the shareholders' value.
- his/her ability to create a performance culture that drives value creation and a high quality of debate with robust and probing discussions.
- his/her ability to monitor the performance of the management and satisfy himself/herself with integrity of the financial controls and systems in place, etc.

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

Directors seeking appointments / re-appointments:

The details of directors seeking appointments / re-appointments forms a part of the Notice of the 42nd Annual General Meeting of the Company.

3. Committees of the Board

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

(A) Audit Committee

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

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

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

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

14. approval or any subsequent modification of transactions of the Company with related parties;
15. to evaluate internal financial controls and risk managements systems;
16. approval of appointment of Chief Financial Officer (CFO).

As on 31 December 2019, the Audit Committee comprises of five (5) members viz. Mr. Uday Khanna, Mr. R. Gopalakrishnan, Ms. Sangeeta Talwar, Mr. Rakesh Makhija and Mr. A. S. Ramchander. Mr. Uday Khanna is the Chairman of the Committee.

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

1. Mr. S. M. Datta ceased to be a member of the Audit Committee with effect from close of business hours on 30 September 2019 consequent to his cessation as an Independent Director of the Company.
2. Mr. Rakesh Makhija, Ms. Sangeeta Talwar, Mr. A. S. Ramchander, Mr. Mark Josceline Sclater were appointed as members of the Audit Committee with effect from 17 October 2019.
3. Mr. Mark Josceline Sclater ceased to be a member of the Audit Committee w.e.f. close of business hours on 6 December 2019 consequent to his cessation as the Nominee Director of the Company.

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

The Chairman of the Audit Committee attended the Annual General Meeting for the year ended 31 December 2018.

Four (4) Audit Committee meetings were held during the financial year ended 31 December 2019 on 30 January 2019, 29 April 2019, 29 July 2019 and 23 October 2019.

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

Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
Mr. Uday Khanna	Chairman	4	4
Mr. S. M. Datta (upto close of business hours on 30 September 2019)	Member	4	3
Mr. R. Gopalakrishnan	Member	4	4
Ms. Sangeeta Talwar (w.e.f. 17 October 2019)	Member	4	1
Mr. A. S. Ramchander (w.e.f. 17 October 2019)	Member	4	1
Mr. Mark Josceline Sclater (w.e.f. 17 October 2019 upto close of business hours on 6 December 2019)	Member	4	1
Mr. Rakesh Makhija (w.e.f. 17 October 2019)	Member	4	1

(B) Nomination and Remuneration Committee

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

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

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

6. to decide whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.
7. recommend to the Board, all remuneration, in whatever form, payable to senior management.

As on 31 December 2019, the NRC comprised of five (5) members viz. Ms. Sangeeta Talwar, Mr. R. Gopalakrishnan, Mr. Uday Khanna, Mr. Rakesh Makhija and Mr. Sashi Mukundan. The NRC is chaired by Ms. Sangeeta Talwar.

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

1. Mr. Sashi Mukundan was appointed as a member of the Committee with effect from 23 January 2019.
2. Mr. Peter Weidner ceased to be a member of the Committee with effect from close of the business hours on 31 January 2019 consequent to his cessation as a Nominee Director of the Company.
3. Mr. S. M. Datta ceased to be a member of the Committee with effect from close of the business hours on 30 September 2019 consequent to his cessation as an Independent Director of the Company.
4. Ms. Sangeeta Talwar was appointed as the Chairperson of the Committee with effect from 17 October 2019.
5. Mr. Uday Khanna and Mr. Rakesh Makhija were appointed as members of the Committee with effect from 17 October 2019.

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

The Company has also adopted the Policy which is based on the principle that the Company's Board of Directors should have a balance of skills, experience and diversity of perspectives appropriate to the Company's business. The Company recognizes that a Board composed of appropriately qualified people with a broad spectrum of experience relevant to the business is important for effective corporate governance and sustained commercial success of the Company. The Company aims to achieve a sustainable and balanced development by building a diverse and inclusive culture. The Policy is annexed to the Board's Report.

Four (4) NRC meetings were held during the year ended 31 December 2019 on 30 January 2019, 29 April 2019, 29 July 2019 and 23 October 2019. The Chairperson of the committee had authorized Mr. S. M. Datta to attend the 41st Annual General Meeting of the Company for the year ended 31 December 2018, held on 15 May 2019 on his behalf. The Company Secretary and Compliance Officer acts as the Secretary to the committee.

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

Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
Ms. Sangeeta Talwar	Chairperson	4	4
Mr. R. Gopalakrishnan	Member	4	4
Mr. Sashi Mukundan (w.e.f. 23 January 2019)	Member	4	4
Mr. Uday Khanna (w.e.f. 17 October 2019)	Member	4	1
Mr. Rakesh Makhija (w.e.f. 17 October 2019)	Member	4	1
Mr. S. M. Datta (upto close of business hours 30 September 2019)	Member	4	3
Mr. Peter Weidner (upto close of business hours on 31 January 2019)	Member	4	Nil

Remuneration of Directors

(i) Pecuniary Relationship of Non-Executive Directors

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

(ii) Details of remuneration paid to Directors

The executive directors are paid salary and performance linked bonus, which is calculated, based on pre-determined parameters of performance. The independent directors are paid sitting fees and commission as determined by the Board from time to time. Other non-executive directors do not receive any remuneration including sitting fees. Sitting fees to the independent directors are being paid as permissible under Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

Criteria of making payments to the independent directors are disclosed in the Policy and the same is available on https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/terms_of_appointments.pdf.

Details of remuneration of executive directors for the financial year ended 31 December 2019 is as under:

Name of the Director	Salary	Perquisites	Retiral Benefits*	(Amount in INR)	
				Performance based incentives**	Total
Mr. Omer Dornen	16,035,222	42,116,420	1,206,332	3,465,609	62,823,583
Ms. Rashmi Joshi	13,618,521	2,595,318	861,936	2,895,650	19,971,425
Mr. Jayanta Chatterjee	14,035,001	4,054,775	1,531,791	3,105,497	22,727,064

*Retiral benefits consist of Provident Fund and Pension.

**Performance based incentive for the year 2018 paid in the year 2019.

- the key parameters for the performance based pay/variable component of remuneration availed by the directors are considered by the Board of directors based on the recommendations of the Nomination and Remuneration committee. Variable pay/Performance Linked Bonus (PLB) is dependent on short-term performance against

the annual plan. The total overall bonus is based on performance relative to measure and targets reflected in the annual plan which in turn reflects Company's strategy.

- the agreement with each Wholetime Director and the Managing Director is made for a period of 5 and 1 year(s) respectively. Further, either party to the agreement is entitled to terminate the agreement by giving not less than three months' notice in writing to the other party.
- the appointment of executive directors, key managerial personnel, the management and other employees is by virtue of their employment with the Company and therefore, their terms of employment *vis-à-vis* salary, variable pay, service contract, notice period and severance fee, if any, are governed by the applicable policies of the Company at the relevant point in time.
- presently, the Company does not have a scheme for grant of stock options to its employees. However, the management is entitled to the shares of BP PLC (Ultimate Holding Company) under the 'BP Share-Match' and 'BP Share Value Plan' Schemes, as in force.

Details of remuneration of Non-Executive, Independent Directors for the financial year ended 31 December 2019.

(Amount in INR)

Name of the Director	Commission	Sitting Fees	Total
Mr. S. M. Datta*	15,00,000	6,00,000	21,00,000
Mr. R. Gopalakrishnan	17,00,000	7,50,000	24,50,000
Mr. Uday Khanna	16,00,000	5,00,000	21,00,000
Ms. Sangeeta Talwar	16,00,000	6,00,000	22,00,000
Mr. Rakesh Makhija**	4,00,000	2,50,000	6,50,000

* Mr. S. M. Datta ceased to be an Independent Director of the Company w.e.f. close of business hours 30 September 2019.

**Mr. Rakesh Makhija was appointed as an Independent Director of the Company w.e.f. 1 October 2019.

(C) Stakeholders Relationship Committee

Stakeholders Relationship Committee ("SRC") has been constituted to monitor and review investors' grievances. As on 31 December

2019, it comprises of Mr. R. Gopalakrishnan (Independent Director), Mr. Omer Dormen and Ms. Rashmi Joshi. Mr. R. Gopalakrishnan is the Chairman of the Committee.

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

- Mr. S. M. Datta ceased to be a Member and Chairman of the Committee w.e.f. close of the business hours on 30 September 2019 consequent to his cessation as an Independent Director of the Company.
- Mr. R. Gopalakrishnan was appointed as the Chairperson of the Committee w.e.f. 17 October 2019.
- Mr. Omer Dormen ceased to be a member of the Committee w.e.f. close of business hours on 31 December 2019 consequent to his cessation as the Managing Director of the Company.

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

Four (4) committee meetings were held during the year ended 31 December 2019 on 30 January 2019, 29 April 2019, 29 July 2019 and 23 October 2019 and all members attended all the meetings. The Chairman of the committee attended the Annual General Meeting for the year ended 31 December 2018. The Company Secretary and Compliance Officer acts as the Secretary to the Committee.

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

Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
Mr. S. M. Datta (upto close of business hours 30 September 2019)	Chairperson	4	3
Mr. Omer Dormen (upto close of business hours 31 December 2019)	Member	4	4
Ms. Rashmi Joshi	Member	4	4
Mr. R. Gopalakrishnan (w.e.f. 17 October 2019)	Member	4	1

Details of Shareholders'/Investors' Complaints

During the Financial Year ended 31 December 2019, 16 complaints were received from the shareholders. Out of the total complaints received during the year, 2 were pending as on 31 December 2019. The complaints relate to non-receipt of annual report, dividend, share transfers, etc.

Opening as on 1 January 2019	6
Received during the year	16
Disposed of during the year	20
Closing as on 31 December 2019	2

(D) Corporate Social Responsibility (CSR) Committee

As on 31 December 2019, the Corporate Social Responsibility committee comprises of Mr. Rakesh Makhija, Ms. Sangeeta Talwar, Mr. Sashi Mukundan, Mr. Omer Dormen, Ms. Rashmi Joshi and Mr. Jayanta Chatterjee. Mr. Rakesh Makhija is the Chairman of the Committee.

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

1. Mr. R. Gopalakrishnan ceased to be a Member and Chairman of the Committee w.e.f. 17 October 2019.
2. Mr. Rakesh Makhija was appointed as the Chairman of the Committee w.e.f. 17 October 2019.
3. Mr. Omer Dormen ceased to be a member of the Committee w.e.f. close of business hours on 31 December 2019 consequent to his cessation as the Managing Director of the Company.

The Company Secretary and Compliance Officer acts as the Secretary to the committee. Two (2) meetings of the Committee were held during the year ended 31 December 2019 viz. on 30 January 2019 and 23 October 2019

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

Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
Mr. R. Gopalakrishnan (upto 17 October 2019)	Chairman	2	1
Mr. Rakesh Makhija (w.e.f. 17 October 2019)	Chairman	2	1
Ms. Sangeeta Talwar	Member	2	2
Mr. Sashi Mukundan	Member	2	2
Mr. Omer Dormen (upto close of business hours 31 December 2019)	Member	2	2
Ms. Rashmi Joshi	Member	2	2
Mr. Jayanta Chatterjee	Member	2	2

Please refer to the Board's Report and its annexures for details regarding CSR activities carried out by the Company during the year ended 31 December 2019.

(E) Risk Management Committee

As on 31 December 2019, the Risk Management Committee (RMC) comprises of Mr. Omer Dormen, Managing Director as the Chairman of the Committee and other members viz. Ms. Rashmi Joshi, Chief Financial Officer and Wholetime Director and Mr. Jayanta Chatterjee, Wholetime Director – Supply Chain and Mr. Siddharth Shetty, Managing Counsel. The Company Secretary and Compliance Officer acts as the Secretary to the Committee.

Four (4) meetings of the RMC were held during the year ended 31 December 2019 viz. on 22 January 2019, 9 April 2019, 18 July 2019 and 15 October 2019. Mr. Omer Dormen ceased to be member of the Committee w.e.f. close of business hours 31 December 2019 consequent to his cessation as the Managing Director of the Company.

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

Name of the Director	Designation	No. of Meetings held	No. of Meetings attended
Mr. Omer Dorman (upto close of business hours 31 December 2019)	Member	4	4
Ms. Rashmi Joshi	Member	4	4
Mr. Jayanta Chatterjee	Member	4	2
Mr. Siddharth Shetty	Member	4	4

Internal Controls and Risk Management

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

The evaluation of these internal financial controls was done through the internal audit process, established within the Company and also through appointing professional firm to carry out such tests by way of systematic annual internal audit program. Based on the review of these reported evaluations, the Directors confirm that, for the preparation of financial accounts for the year ended 31 December 2019, the applicable Accounting Standards have been followed and the design of the internal financial controls were found to be adequate and that no significant deficiencies were noticed.

During the year, on the recommendation of the Audit Committee, the Board of Directors appointed Aneja and Associates, Chartered Accountants as the Internal Auditor of the Company.

4. Affirmation and Disclosure

- there were no material financial or commercial transaction, between the

Company and members of the management that may have a potential conflict with the interest of the Company at large.

- all details relating to financial and commercial transactions where directors may have a pecuniary interest are provided to the Board and the interested directors neither participate in the discussion nor vote on such matters.

Code of Conduct

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

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

The Code of Conduct for the members of the Board and senior management team is in addition to the Code of Conduct of the Company. A copy of the said Code of Conduct is available on the website of the Company at – https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/coc_board_sr_mgt_2020.pdf

5. General Body Meetings

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

Location	Date	Time	Special Resolution
Yashwantrao Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg, Nariman Point, Opp. Mantralaya, Mumbai-400021	15 May 2019	10.00 am	Nil
Yashwantrao Chavan Pratishthan Auditorium, General Jagannath Bhosale Marg, Nariman Point, Opp. Mantralaya, Mumbai-400021	03 May 2018	10.00 am	Nil
Pama Thadhani Auditorium, Jai Hind College, 'A' Road, Churchgate, Mumbai- 400020	31 May 2017	3.30 pm	Nil

Postal Ballot

The Board of Directors, at its Meeting held on 30 January 2019 had proposed to pass the following ordinary and special resolutions, subject to approval by the Members of the Company by means of postal ballot/ e-voting process. During the financial year ended 31 December 2019, Members of the Company had approved the following resolutions by means of postal ballot/e-voting process as per details below –

Sr. No.	Type of the Resolution	Particulars of the Proposed Resolutions
1.	Ordinary Resolution	Re-appointment of Mr. Omer Dormen (DIN: 07282001) as the Managing Director of the Company for a period of 1 (one) year effective 12 October 2018
2.	Ordinary Resolution	Re-appointment of Ms. Rashmi Joshi (DIN: 06641898) as Wholetime Director of the Company for a period of 5 (five) years effective 1 August 2018
3.	Special Resolution	To confirm appointment of Mr. S. M. Datta (DIN: 00032812) as an Independent Director, up to 30 September 2019 pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
4.	Ordinary Resolution	Appointment of Ms. Sangeeta Talwar (DIN: 00062478) as an Independent Director of the Company

Sr. No.	Type of the Resolution	Particulars of the Proposed Resolutions
5.	Ordinary Resolution	Approval for payment of royalty to Castrol Limited, UK, Promoter Company

Further details of the aforesaid postal ballot/ e-voting process:

Date of the Postal Ballot Notice	30 January 2019
Voting Period	23 February 2019 to 25 February 2019
Date of Approval	25 March 2019
Date of Declaration of results	26 March 2019

Resolution No.	Description of the Resolution	No. of Votes – in favour	No. of Votes – Against	% of Votes in favour on votes polled	% of Votes against on votes polled
1.	Re-appointment of Mr. Omer Dormen (DIN: 07282001) as the Managing Director of the Company for a period of 1 (one) year effective 12 October 2018	727707295	193904	99.97%	0.03%
2.	Re-appointment of Ms. Rashmi Joshi (DIN: 06641898) as Wholetime Director of the Company for a period of 5 (five) years effective 1 August 2018	727478735	421172	99.94%	0.06%
3.	To confirm appointment of Mr. S. M. Datta (DIN: 00032812) as an Independent Director, up to 30 September 2019 pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015	706501899	21439884	97.05%	2.95%
4.	Appointment of Ms. Sangeeta Talwar (DIN: 00062478) as an Independent Director of the Company	726199545	1238397	99.83%	0.17%
5.*	Approval for payment of royalty to Castrol Limited, UK, Promoter Company	187719074	30222885	86.13%	13.87%

The aforesaid resolutions were passed on 25 March 2019 with requisite majority. Saraf & Associates, Practicing Company Secretaries, was appointed scrutinizer for carrying out the postal ballot process in a fair and transparent manner.

*Castrol Limited, UK, promoter of the Company did not cast vote for the resolution.

Procedure for Postal Ballot:

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting (e-voting) facility, in addition to physical ballot, to all its members. For this purpose, the Company has engaged the services of NSDL. Postal Ballot notices and forms are dispatched, along with postage-prepaid business envelopes to registered members/beneficiaries. The same notice is sent by email to Members who have opted to receive communications through the electronic mode. The Company also publishes a notice in the Newspaper declaring the details and requirements as mandated by the Act and applicable Rules. Voting Rights are reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members who want to exercise their votes by physical postal ballot are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Those using the e-voting option are requested to vote before the close of business hours on the last day of e-voting. The scrutinizer completes his scrutiny and submits his report to the Chairman/Authorized Officer and the consolidated results of the voting are announced by the Chairman/Authorized Officer. The results are also displayed on the Company website – https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/investors/postal-ballot/2019/4.cil_26march2019.pdf, besides being communicated to the Stock Exchanges, Depositories and Registrar and Share Transfer Agent. The last date for the receipt of postal ballot forms or e-voting shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

No special resolution is proposed to be conducted through Postal Ballot in the ensuing Annual General Meeting.

6. Means of Communication with Shareholders

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

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

The aforesaid results are also made available on the website of the Company – https://www.castrol.com/en_in/india/home/investors/financial-results.html. The website also displays vital information relating to the Company and its performance and official press releases.

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

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

7. General Shareholder Information

In view of the continuing Covid-19 pandemic, the Company postponed the 42nd AGM. Further, Ministry of Corporate Affairs vide its Circular 20/2020 dated 5th May 2020 and Securities and Exchange Board of India vide its Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated 12th May 2020, *inter alia*, permitted conduct of Annual General Meeting through VC/OAVM facility.

Owing to the delay in scheduling the 42nd AGM, the Board also recalled the recommendation of a Final Dividend of INR 3/- per share, for the Financial Year ended 31 December 2019 and declared a Second Interim Dividend of INR 3/- per share, for the Financial Year ended 31 December 2019. The book closure period approved by the Board for payment of the aforesaid recommended Final Dividend was also cancelled by the Board and a Record Date fixed for the aforesaid Second Interim Dividend declared by the Board.

Consequent to the above developments, the relevant information has been updated in the **"General Shareholder Information"** section of the Corporate Governance Report for the year ended 31 December 2019 :

Forty-second (42nd) Annual General Meeting

Date : 15 July 2020

Time : 3:00 p.m.

Venue : Annual General Meeting through Video Conferencing/ Other Audio-Visual Means (VC/OAVM facility) [Deemed Venue for Meeting: Registered Office: Technopolis Knowledge Park, Mahakali Caves Road, Chakala, Andheri (East), Mumbai 400093.

Last date for receipt of proxy forms: Not Applicable

Book Closure Dates: Not Applicable

Dividend Payment Date: Within 16 August 2020

Financial Year

1 January to 31 December

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

Tentative calendar of Board Meetings for Financial Year ending 31 December 2020

The actual/tentative dates of meeting of Board of Directors for consideration of quarterly financial results for the financial year ending 31 December 2020 are as follows:

First Quarter Results	12 June 2020 (pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/38 dated 19 March 2020)
Second Quarter/Half Yearly Result	Not later than 14 August 2020
Third Quarter Results	Not later than 14 November 2020
Fourth Quarter/Annual Results	Not later than 1 March 2021

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

Year	Dividend	Date of Declaration	Due Date for transfer to IEPF
2012	Final	26.04.2013	30.09.2020 (pursuant to MCA General Circular No. 16/2020 dated 13.04.2020)
2013	Interim	01.08.2013	06.09.2020
2013	Final	13.05.2014	18.06.2021
2014	Interim	31.07.2014	05.09.2021
2014	Final	14.05.2015	19.06.2022
2015	Interim	29.07.2015	03.09.2022
2015	Final	05.05.2016	10.06.2023
2016	Interim	27.07.2016	01.09.2023
2016	Special	21.02.2017	29.03.2024
2016	Final	31.05.2017	06.07.2024
2017	Interim	23.08.2017	28.09.2024
2017	Final	03.05.2018	08.06.2025
2018	Interim	31.07.2018	05.09.2025
2018	Final	15.05.2019	20.06.2026
2019	Interim	29.07.2019	03.09.2026
2019	Final	28.04.2020	03.06.2027

Listing on Stock Exchanges — Equity Shares

BSE Limited (BSE)

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai 400 001.

National Stock Exchange of India Limited (NSE)

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

Payment of Listing Fees

Annual listing fees for the financial year 2019-20 have been paid by the Company to BSE and NSE

Stock Code

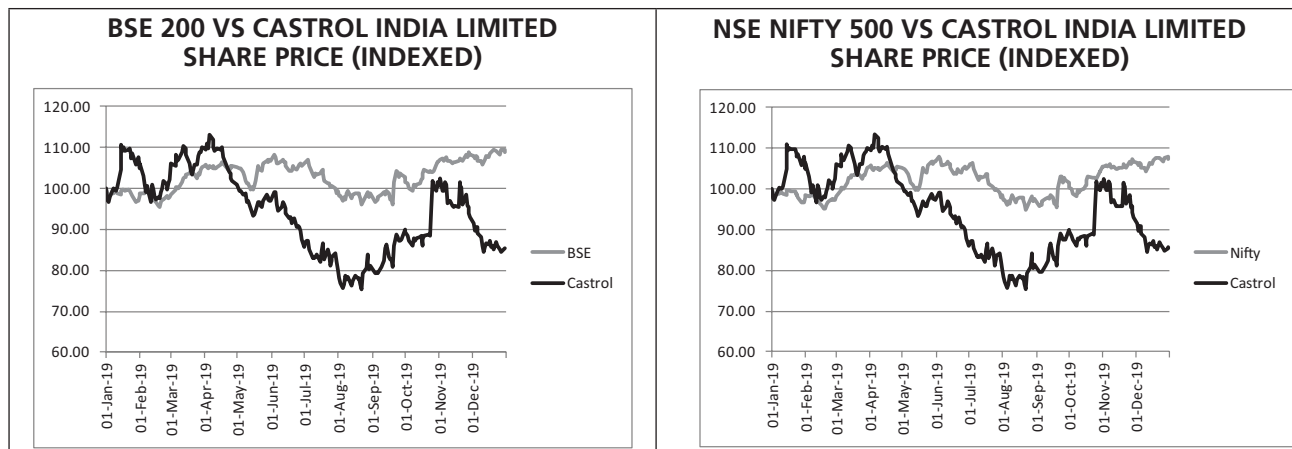
BSE Limited	500870
National Stock Exchange of India Limited	CASTROLIND
ISIN	INE172A01027

Market Price Data

Monthly high and low quotation of the equity shares of the Company traded on the BSE and the NSE during the year ended 31 December 2019.

Month	BSE		NSE	
	High (INR)	Low (INR)	High (INR)	Low (INR)
January 2019	168.90	146.00	169.50	146.05
February 2019	162.15	145.35	162.10	145.05
March 2019	170.25	154.50	170.55	154.25
April 2019	172.80	150.65	172.90	150.60
May 2019	153.85	139.70	153.55	139.55
June 2019	151.35	132.35	151.50	132.25
July 2019	133.50	119.85	133.55	119.80
August 2019	128.40	112.75	127.90	112.75
September 2019	136.85	119.30	137.00	119.10
October 2019	159.35	128.90	159.40	128.55
November 2019	160.75	140.05	160.80	140.00
December 2019	141.35	127.05	141.60	127.00

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



During the financial year ended 31 December 2019, securities of the Company have not been suspended from trading on any of the stock exchanges where they are listed.

The Registrar and Share Transfer Agent of the Company

Link Intime India Private Limited is the Registrar and Share Transfer Agent of the Company as on 31 December 2019.

Address for Correspondence

Link Intime India Private Limited

(Registrar and Share Transfer Agent)

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

Phone: 022 4918 6000

Toll free number: 1800 1020 878

Email: rnt.helpdesk@linkintime.co.in

Share Transfer System

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

for dematerialization of shares are processed and the confirmation is given to the respective depositories i.e. the National Securities Depository Limited (NSDL) and the Central Depository Services Limited (CDSL) within 15 days. Acceptance of fresh application for transfer of shares in physical mode has been discontinued w.e.f. 1 April 2019.

Distribution of shareholding by size class:

No. of Shares held	No. of shares	No. of shareholders	% of shareholders
Upto 500	20609348	153118	2.0836
501 – 1000	15014325	19564	1.5179
1001 – 2000	15783780	10590	1.5957
2001 – 3000	9660362	3832	0.9767
3001 – 4000	8233349	2296	0.8324
4001 – 5000	6942835	1519	0.7019
5001 – 10000	23552134	3263	2.3811
10001 and above	889326251	3398	89.9106
Total	989122384	197580	100.0000

Distribution of shareholding by ownership:

Sr. No.	Category	No. of shareholders	No. of shares held	% of the total paid up capital
I	Foreign Promoter Company	3	504452416	51.00
II	Foreign Collaborator	0	0	0.00
III	Foreign Institutional Investors & FPI & Foreign National	159	120772429	12.21
IV	Overseas Bodies Corporate	0	0	0.00
V	Non-Resident Individuals	4070	5977261	0.60
VI	Public Financial Institutions	5	7372444	0.75
VII	Indian Mutual Funds & Alternate Investment Fund	65	38221568	3.86
VIII	Nationalised Banks/	12	2690330	0.27
	(a) Non-Nationalized Bank	4	3434	0.00
	(b) Other Banks (Foreign Bank)	13	19555	0.00
IX	Domestic Companies (Other Bodies Corporate)	1479	11414594	1.15
X	Resident Individuals	191423	164691168	16.65
XI	Directors and Relatives	2	1620	0.00
XII	Others (Clearing member, Insurance companies, IEPF, Trust)	345	133505565	13.50
	Total	197580	989122384	100.00

As on 31 December 2019, about 99.04585% of the paid-up share capital of the Company has been dematerialized. Trading in equity shares of the Company is permitted only in dematerialized form. Promoter's holding is held in dematerialized form.

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

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

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

Plant Locations

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

Address for Correspondence (other than queries relating to shares)

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

Commodity price risks/Foreign exchange risk and hedging activities

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

8. Other Disclosures

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

In line with the requirements of the applicable statutory requirements, the Company has formulated a Policy on Related Party Transactions which is also available on Company's website at

https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/corporate-governance/related_party_transactions_policy_cil_2018.pdf

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

(b) Whistle Blower Policy/Vigil Mechanism

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

(c) Details of payment to Statutory Auditors

Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018) have been appointed as the Statutory Auditors of the Company. During the year ended 31 December 2019, the Company has paid a consolidated sum of Rs.1.67 Crores to the Statutory Auditors

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

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

9. Discretionary Requirements

A. The Board

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

Chairman's office in connection with performance of his duties as the Chairman of the Company.

B. Shareholders' Rights – Half yearly results

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

C. Audit Qualification

There are no qualifications contained in the audit report.

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

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

E. Reporting of Internal Auditors

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

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

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

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

Sr. No.	Particulars	No. of Complaints
a.	Number of Complaints filed during the Financial Year	01
b.	Number of Complaints disposed of during the Financial year	Nil
c.	Number of complaints pending as on the end of the Financial year	01

DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT OF THE COMPANY

In accordance with requirements under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, I, Sandeep Sangwan in my capacity as the Managing Director of the Company hereby confirm that all members of the Board of Directors and the Senior Management Personnel of the Company have affirmed their compliance with the Company's Code of Conduct of the Company for the Board of Directors and the Senior Management, for the Financial Year ended 31 December 2019.

Sandeep Sangwan
Managing Director
DIN: 08617717

Date : 31 January 2020

Place : Mumbai

CERTIFICATE BY A COMPANY SECRETARY IN PRACTICE

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

To,

The Board of Directors

Castrol India Limited

CIN: L23200MH1979PLC021359

Technopolis Knowledge Park,

Mahakali Caves Road, Andheri-East,

Mumbai – 400 093.

We have examined the following documents:

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

as submitted by the Directors of Castrol India Limited ('the Company') bearing CIN: L23200MH1979PLC021359 and having its registered office at Technopolis Knowledge Park, Mahakali Caves Road, Andheri - East, Mumbai – 400 093., to the Board of Directors of the Company ('the Board') for the Financial Year ended 31st December 2019 and relevant registers, records, forms and returns maintained by the Company and as made available to us for the purpose of issuing this Certificate in accordance with Regulation 34(3) read with Schedule V Para C Clause 10(i) of SEBI (LODR) Regulations, 2015. We have considered non-disqualification to include non-debarment by Regulatory/ Statutory Authorities.

It is the responsibility of Directors to submit relevant documents with complete and accurate information in accordance with the provisions of the Act.

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

Based on our examination as aforesaid and such other verifications carried out by us as deemed necessary and adequate (including Directors Identification Number (DIN) status at the portal www.mca.gov.in), in our

opinion and to the best of our information and knowledge and according to the explanations provided by the Company, its officers and authorized representatives, we hereby certify that none of the Directors on the Board of the Company, as listed hereunder for the Financial Year ended 31st December, 2019, have been debarred or disqualified from being appointed or continuing as Directors of Companies by Securities and Exchange Board of India/ Ministry of Corporate Affairs or any such statutory authority.

Sr. No.	Name of Director	Director Identification Number (DIN)	Date of Appointment	Date of cessation
1	Mr. Susim Mukul Datta	00032812	01-07-1996	01-10-2019
2	Mr. Ramabadrnan Gopalakrishnan	00027858	17-10-2000	NA
3	Mr. Uday Chander Khanna	00079129	03-01-2012	NA
4	Ms. Sangeeta Talwar	00062478	23-07-2018	NA
5	Mr. Sashi Alankarath Mukundan	02519725	21-04-2009	NA
6	Mr. Rakesh Makhija	00117692	01-10-2019	NA
7	Mr. Peter Weidner	03620389	05-04-2012	31-01-2019
8	Mr. Mark Josceline Sclater	08454084	16-05-2019	06-12-2019
9	Mr. Ramchander Subramaniam Avanavadi	00046647	29-04-2019	NA
10	Mr. Omer Dornen	07282001	05-05-2016	31-12-2019
11	Mr. Sandeep Sangwan	08617717	01-01-2020	NA
12	Ms. Rashmi Satish Joshi	06641898	01-08-2013	NA
13	Mr. Jayanta Chatterjee	06986918	30-10-2014	NA

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

This Certificate has been issued at the request of the Company to make disclosure in its Corporate Governance Report of the Financial Year ended 31st December, 2019.

For S. N. Ananthasubramanian & Co.

Company Secretaries

ICSI Unique Code P1991MH040400

Peer Review Cert. No. 606/2019

S. N. Ananthasubramanian

Partner

FCS: 4206

COP No.: 1774

ICSI UDIN: F004206B000101116

28th January 2020

Thane

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE**TO THE MEMBERS OF CASTROL INDIA LIMITED**

1. This certificate is issued in accordance with the terms of our engagement letter dated 16th May, 2019 for the audit of the financial statements.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of Castrol India Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on 31 December 2019, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

Managements' Responsibility

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

Auditor's Responsibility

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

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended December 31, 2019.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Samir R. Shah

Partner

(Membership No. 101708)

UDIN:-20101708AAAAAS9596

MUMBAI, January 31, 2020

» BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Sr. No.	Particulars	Information
1.	Corporate Identity Number (CIN) of the Company	L23200MH1979PLC021359
2.	Name of the Company	Castrol India Limited
3.	Registered Address	Technopolis Knowledge Park, Mahakali Caves Road, Chakala, Andheri (East), Mumbai-400 093.
4.	Website	www.castrol.com
5.	E-mail id	investorrelations.india@castrol.com
6.	Financial Year Reported	1 January 2019 – 31 December 2019
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	271000.61 – Lubricating oils
8.	List three key products/services that the Company manufactures/provides (as in balance sheet):	Lubricating oils
9.	Total number of locations where business activity is undertaken by the Company	<ul style="list-style-type: none"> • Number of International Locations (Provide details of major 5): None • Number of National Locations: 8 <ul style="list-style-type: none"> <input type="checkbox"/> Corporate Office – 1 <input type="checkbox"/> Regional Offices – 4 <input type="checkbox"/> 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)	494.56 Crores
2.	Total Turnover (INR)	3876.8 Crores
3.	Total profit after taxes (INR)	827.4 Crores
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	2.7% of PAT (22.7 Crs on PAT of 827.4 crs)
	List of activities in which expenditure in 4 above has been incurred:	Please refer to CSR Annual Report at page no. 41

SECTION C: OTHER DETAILS

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

The Company does not have any Subsidiary Company.

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

Not Applicable.

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

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

SECTION D: BR INFORMATION

Details of Director/Directors responsible for BR

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies: (For Financial year ended 31.12.2019)

Particulars	Details	
DIN Number	07282001	06641898
Name	Mr. Omer Dormen	Ms. Rashmi Joshi
Designation	Managing Director	Chief Financial Officer and Wholetime Director

(b) Details of the BR head: (For Financial year ended 31.12.2019)

Sr. No.	Particulars	Details	
1.	DIN Number (if applicable)	07282001	06641898
2.	Name	Mr. Omer Dormen	Ms. Rashmi Joshi
3.	Designation	Managing Director	Chief Financial Officer and Wholetime Director
4.	Telephone number	+91-22-6698 4100	
5.	E-mail ID	investorrelations.india@castrol.com	

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

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

Sr. No.	Questions	P	P	P	P	P	P	P	P	P
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link for the policy to be viewed online?	Code of conduct link https://www.castrol.com/en_in/india/home/investors/code-of-conduct.html Customer policy https://intranet.bp.com/en_gb/global-businesses/lubricants/operating-units/asia-pacific/customer-policy/india-customer-policy.html HSSE link : https://www.castrol.com/en_in/india/home/castrol-story/hse-policy.html CSR policy https://www.castrol.com/content/dam/castrol/country-sites/en_in/india/home/csr/policy.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: Not Applicable

3. Governance related to BR

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 - Ethics, Bribery and Corruption, Transparency

Code of Conduct

The Company's Code of Conduct (also referred to as the 'Code') outlines its commitment to ethical standards and compliance with applicable local laws.

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

To Whom the Code of Conduct applies to

The Code applies to every employee of the Company and the endeavor is to extend this Code to all contractors and business partners. Where feasible, the Company seeks a contractual commitment from its contractors and business partners to comply and work in line with the Code. Where the 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 the Company's values or the Code. The Company rigorously follows ethical business decisions, ensuring the actions of all its employees, vendors, business partners and customers are consistent with the law. The Company collaborates closely with all stakeholders in order to initiate and foster fair business practices in all spheres of business to create and sustain an ethical and transparent environment.

Certifying the Code

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

can confidentially raise concerns without fear of reprisal.

Fostering a 'Speak Up' culture

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

In Financial Year 2019, a total of 19 complaints, issues and concerns were reported under the Speak Up policy of the Company and were investigated/are under investigation in accordance with the Code of Conduct protocols of the Company. This included 1 complaint of sexual harassment that was reported which was reviewed by the Internal Complaints Committee. Pursuant to the review, appropriate disciplinary action was taken.

For details on shareholders'/investors' complaints, refer to Corporate Governance Report on Page 59.

Principle 2 – Products Lifecycle Sustainability

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

The Company has ISO certificates of ISO 9001:2015, IATF 16949:2016, ISO 14001:2015 and OHSAS 18001:2007. The company's commitment to sustainability is demonstrated through maintaining products like Castrol VECTON RX fuelsaver with 3% fuel efficiency & Castrol Professional range which is carbon neutral in the portfolio. In 2019 we launched VECTON Long Drain CK-4 15W-40, a certified carbon neutral product as per internationally applicable standards with oil drain claim of 1500 hrs* as against 600hrs for VECTON 15W-40 CI-4 Plus/E7 yet again demonstrating commitment to sustainability.

The company also launched Castrol EDGE, our Advanced Full Synthetic car engine oil with Fluid TITANIUM and enhanced specifications to cater to cars with advanced after-treatment hardware systems in line with BS VI emission standards and unlock exhilarating performance in Petrol, Diesel and Hybrid vehicles.

In line with our strategy to support the transition to a low carbon world, the company launched an industry-first Castrol Certified Carbon Neutral programme in India to help automotive dealerships reduce their carbon footprint. Castrol has collaborated with one of Bengaluru's leading automotive dealerships to become the first 'Castrol Certified Carbon Neutral' dealership by offsetting 100% of its operating emissions across all its 12 sales and service locations.

In addition to this, the dealership will offer its customers the option to drive carbon neutral for 10,000 kilometres by neutralizing their vehicular carbon footprint. Castrol has offered this programme with support from BP Target Neutral.

In Industrial and HD Space, We also introduced new products like Techniclean 80 XBC industrial cleaner compatible with XBB (Boron and Biocide free) products which will significantly contribute to meet customers specific environmental and productivity targets. This technology is a significant step forward for soluble cutting oils in India. We are offering sustainable carbon neutral Optigear CT 320 for wind industry. In greases, we launched environment friendly Mine Grease for Construction and Mining space and Molub Alloy 6080/460-1.5 for steel industry.

**Based on field trails on a range of off-road equipment in India under mining conditions delivering 1500 hours ODI in Tippers, 1000 hours ODI in Dumpers & 500 hours ODI in Excavators. The oil drain interval depends on engine type, operating conditions, service history and fuel quality. Always consult your manufacturer's handbook.*

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

- Reduced generation and efficient utilization of flushing oils

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

Principle 3 – Employees' Well-being

Businesses should promote the well-being of all employees

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

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

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

The last survey indicated that overall employee engagement score for the Company was in the top

quartile indicating very good engagement. Harmonious and cordial industrial relations are prevalent at all plants.

The count for CIL employees as on 31 December 2019 was 546, of which 107 are female employees and additional 174 workmen. The Company does not have any employees with permanent disability. Workers' trade unions are active in each of the plants and approximately 24% of permanent employees are members of these trade unions. In summary, the Company's people agenda is focused on the following principles

1. Health, Safety, Security and Environment

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

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

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

- Employee Wellbeing Programme: This is a personal, confidential and professional counseling service for employees and their family members provided by professional consultants through telephone, email or faceto face in English and regional languages and available at all times.
- Agile Working: A core component of the Company's diversity and inclusion ambition is agile working which encompasses a wide range of working options enabling employees to work flexibly at full potential. Part-time working, job share, homeworking and flexible hours are some options granted under this initiative.
- Career Break and Maternity/Paternity Leave: These benefits are available to employees of the Company irrespective of their levels.
- Workplace facilities: The Company aims to provide an ergonomically safe and comfortable work environment at all offices and plants. In addition there are fun activities conducted periodically to engage teams, recognise people and celebrate birthdays and welcome new joiners across all offices.

2. **Leadership development:** Building people's functional capability is one of the key elements of the Company's investment in people. There is an emphasis on employee engagement, and building line manager and employee capability via trainings covering a range of key people and Human Resource (HR) processes. Robust talent management sessions are conducted with focus on managers having talent conversations with their teams. All eligible employees captured their development needs in a structured format following talent conversations with their line managers. Internal candidates filled in 42% of the vacancies the Company had in 2019. Global Capability week was introduced for the very first time in the Company in 2017. We continued with this theme in 2018 and in 2019 as well. 2019 the Global Capability saw series of sessions facilitated by the Castrol Leadership team members on

topics like Agile Methodology and Stakeholder Management which were aimed towards building new skills within the teams.

Learning emails were initiated to inform employees of what online development/training programs were available and where and how to access them. The Company continued to actively drive Ethics & Compliance via mandatory training programs and by organizing focused sessions on Ethics & Compliance stressing the importance of key themes including Speak Up / Listen Up, Always do the right thing, zero-retaliation and zero tolerance to non-compliance. This year we also launched an education and awareness series on Cyber Security which were driven across all locations. We continue to engage with the second line leadership in the organization also called as the Top 50. This year the engagement session introduced the four Castrol Mindsets and the new ways of working.

- 3. Diversity and Inclusion:** The Business Resource Groups (BRGs) on diversity and inclusion is employee-initiated and employee-driven and works towards making the Company more inclusive by helping to deliver its diversity and inclusion ambition. We also have specific initiatives in the country which help us get diverse employees. This year we have hired our first ever woman technician in our Lubes plant at Patalganga and we have now plans to hire across the other plants. In 2019, we have anchored sessions like “Frankly Speaking”, “Its all about Balance” and a session on inclusion focused on the LGBT community. This group is supported by the diversity and inclusion team and in some cases a Global Steering Committee.

We also conducted specific learning series for line managers to build their capability around respect and inclusion.

There were no complaints relating to child labour, forced labour or involuntary labour in the last financial year.

- 4. Sexual Harassment Prevention and Grievance Handling Policy:** The India sexual harassment

- prevention and grievance handling policy (the “Policy”) was rolled out in April 2014, this provides guidance around the process to raise such a grievance and methodology for recourse and redressal of the grievance. While the Policy is based on the ‘The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013’, which deals specifically with acts committed against women, we follow this policy irrespective of gender.

Effective 15 September 2019, there were changes in the constitution of the Internal Committees (ICs) for the various locations in India. We have 4 employees and one external member representing the Internal Committee. We also now have co-opted members representing each location across India.

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

Heavy vehicle drivers form an important part of an ecosystem, helping carry products across the country. However, their skills, livelihood opportunities and socioeconomic conditions need more focus. Castrol India business contracts with 55 transport contractors who contract with 2000+ truck drivers. We employ about 700+ trucks on a daily basis which cover approx. 200 to 300 kilometer on an average. With a vision of transforming the lives of truck drivers towards a sustainable livelihood and pride for their profession, we at Castrol India worked very closely with heavy vehicle transport partners along with their drivers and staff. As an input measure, we used a philosophy of 4As (Awareness, Anticipation, Attention, and Attitude) to touch life of heavy vehicle drivers. This approach helped them in increasing their competency.

Awareness: Programs like Defensive Driving Training (DDT) and Risk Based Campaigns helped us in creating awareness among truck drivers towards few of the obvious risk related to driving.

Anticipation: We conduct regular tool box sessions with the driver partners. We also conduct awareness

sessions sharing the deviations with them for their understanding and learning from time to time.

Attention: Sharing of critical risk of route before starting a trip and further assistance throughout the journey with the help of an GPS enabled voice alert mechanism helped drivers to keep their attention on road.

Attitude: We conduct different programmes such as Stop Listen Proceed to demonstrate commitment of CIL towards Safety. Further, One on One engagement are done by designated CIL employees before inducting any new driver for Castrol operations. These programmes have helped us in developing the right attitude and loyalty of these drivers towards our philosophy of safety. As a part of our vision, we have also supported other truck drivers through our CSR initiatives.

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

Principle 5

Businesses should respect and promote Human Rights

A formal Human Rights policy was launched in 2014 which applies to every employee. This policy contains 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 Organisation'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 respects freedom of association. Where its employees wish to be represented by

trade unions or works councils, the Company will co-operate 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 where it operates. 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.

Principle 6

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

The Company continues to focus on the goal: 'no accidents, no harm to people and no damage to the environment'. The Company has been fully committed to comply with all applicable laws and requirements and maintains the highest standards of Occupational Health, Safety and Environment. The Company has defined and implemented an HSSE policy which uniformly applies to every member of the workforce including contractors and agencies. Safety and environmental performance is integral to the business performance of the Company. HSSE performance of the company is being reviewed monthly by Country Leadership Team. The Company has initiatives to address environmental aspects for its plant sites at Silvassa, Patalganga & Paharpur. Eg. Plant site does not buy any equipment that use/contain ozone depleting source in it. Sites have programmes in place to track energy and water conservation. Site has developed a programme on waste management focusing on 3Rs i.e. Reduce, Reuse and Recycle.

The company maintains a risk register with all potential environmental, safety, health and business risks. These risks are assessed, and barriers put in place to eliminate reduce and mitigate risk to 'as low as reasonably practicable' level, and the same is monitored regularly. The register is reviewed annually and endorsed by the leadership team. Apart from this, the manufacturing plant sites have an elaborate oil spill plan which includes possible scenarios of oil leakage and spill with necessary controls. The same is reviewed annually.

The Company ensures safe, systematic, reliable and environmentally friendly operations through its Operating Management System (OMS). The effectiveness of implementation and compliance of OMS is being checked through systematic process called Field Inspection lead by the leadership team. All three blending plants of the Company are certified for the Environment Management System (ISO 14001:2004) and Occupational Health & Safety Management System (OHSAS 18001: 2007). The Company is also certified for ISO 9001:2008 (Quality Management System Standard). Compliance to these systems has been certified by internationally recognized and accredited bodies. Regular internal and external audits help to continually improve the process and make the Company's processes more efficient. The Company is also taking various initiatives to reduce environment footprint of its operations and mitigating any possible environmental risks. Efforts are taken to minimize energy consumption, water consumption and waste generation from manufacturing operations.

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

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

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

Principle 7

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

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

The Company does not take part directly in any activity promoted by any political party and does not make any political contributions – in cash or in kind. The Company aims to engage constructively with local Governments wherever it operates, as well as to build constructive relationships with the media fraternity.

The Company complies with all applicable laws and regulations that prohibit bribery and corruption, and ensures that its suppliers, contractors and business partners do the same. All business partners who represent or act on behalf of the Company are asked to comply with applicable anti-bribery and anti-corruption laws. Wherever appropriate, they are required to demonstrate and disclose to the Company that they have appropriate programmed in place to prevent bribery and corruption.

The Company is represented in many industry and business associations which work in relevant areas including:

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

Principle 8

Businesses should support inclusive growth and equitable development

At Castrol India, we believe that we have a responsibility to bring enduring positive value to communities we

work with. In line with our core theme to keep India moving, we have and will continue to build enduring and engaging relationships with key stakeholders in the mobility sector.

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

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

With a vision of transforming the lives of truck drivers and mechanics towards a sustainable livelihood and pride for their professions, Castrol India CSR initiatives focus on two key flagships programmes

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

The programme aims at holistically improving lives of truck drivers through interventions that enable a sustainable livelihood and opportunities for socioeconomic growth. The programme launched in 2017 focuses on (1) road safety training (2) financial literacy training and (3) eye checks with distribution of corrective glasses and overall wellbeing of the truck drivers. Trainings are also provided on Castrol Truck Aasanas- yoga postures which were specifically developed keeping in mind the tough and demanding live of truck drivers. The programme is closely supported by transporter associations and the local traffic authorities. Through this programme, the Company was able to impact the lives of more than 40,000 truck drivers by December 2019. A unique 'Castrol Family Connect' initiative was launched this year to engage with the families of Castrol Sarathi Mitra drivers who were nominated as 'Safety

Champions' for following safe driving practices. This initiative includes felicitation of the drivers, specially curated sessions on safe driving practices, skits and interactive sessions for the entire family.

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

During the year 2019 around 8,000 two-wheeler technicians were provided technical skills that are in tune with upgraded technology and life competency skills through the Castrol Eklavya programme. Launched in 2009 as a pilot programme, the Castrol Eklavya programme is one of the largest skilling initiatives in the automotive industry in India aiming to deliver inclusive growth for mechanics, covering the basics and focusing on diagnostic skills. Over the years, the programme has evolved to cover 10 states in India and has expanded the curriculum to include digital content on technical skills, life skills, business skills and financial literacy training. The training is aligned to National Skills Qualification Framework (NSQF) and incorporates trade wise competencies designed in the National Occupation Standard (NOS) by the automotive skill sector council. The Castrol Eklavya programme has trained over two lakh mechanics across the country till date.

Other initiatives

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

- Skill training for around 400 number of underprivileged youth & women were provided in the areas of vocational skills like electrical, automotive, phone repairing, retail management and digital embroidery in communities near the Plants at Silvassa, Patalganga and Paharpur.
- The 'Two Wheels One Life' programme for safe two wheeler riding training for youth in and around Mumbai created awareness of safe two wheeler driving techniques in more than 7000 youth in and near the city. India's first mobile two-wheeler simulator was launched in 2018 as part of this

programme. The two-wheeler simulator which has been specially mounted on a mobile platform for ease of movement across locations helps in hands on training in the module which also includes classroom training, on wheel demonstration and on-wheel assessment followed by counselling for students possessing a valid license, a bike and helmet. This training programme is hugely encouraged by the Andheri RTO in Mumbai where the applicants for two-wheeler license must necessarily pass the on-wheel assessment on this simulator.

During the year, many states in the Country were hugely impacted by heavy rainfall and flooding during the monsoons. The Company supported in the national response to these disaster by providing immediate relief materials in the states of Odisha and Maharashtra. The Company also supported in the response plan by adopting primary health care centers in certain districts of Kerala and Maharashtra to be refurbished to family health care centers.

With the objective of creating a sustainable and meaningful impact, one that is relevant to local needs and aligned with the Company's agenda, all activities have been supported by third party monitoring and an evaluation process to ensure flagging of mid-course corrections that may be required enabling the Company stay on track. With a social investment of more than Rs. 22 crores in 2019, the CSR portfolio focused on creating an enabling environment with active participation of local stakeholders, which was the key to ensuring sustainability of interventions.

Principle 9

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

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

In 2019, Castrol reiterated its leadership position in lubricants space by announcing its readiness for

products compatible with BS VI engines across Bikes, Cars and Commercial vehicle spaces much ahead of the scheduled migration date of April 2020.

In 2019, Castrol refreshed its Activ range of 2-wheeler oils to offer 3X Protection - Protection under the 3 stages of ride: Through start Up, while running and when the engine is off. Along with this we introduced two application based variants cater better to our consumer's needs - Castrol Activ STOP-START designed for stop – start city traffic and Castrol Activ CRUISE for cruiser bikes.

The company launched Castrol MAGNATEC SUV, which provides 50% better protection from warm-up¹, stop-start² and heavy load wear³. The company also re-launched Castrol EDGE with Fluid TITANIUM and enhanced specifications catering to vehicles with advanced after-treatment hardware systems in line with BS VI requirements, to unlock exhilarating performance in Petrol, Diesel and Hybrid vehicles.

The Company revamped its Castrol RADICOOOL range of Coolants and also launched Castrol RADICOOOL ESSENTIAL Coolant which provides better value to our customers and consumers. Castrol RADICOOOL ESSENTIAL provides Essential Protection against overheating and corrosion to engine in warmer climates. The Company also launched wet brake oil for Tractors - TRANSMAX Agri Wet-Brake, which is recommended for use in all Mahindra Tractors requiring wet brake oil. It offers reduced brake chatter and improved braking efficiency.

Campaigns:

Castrol launched a new marketing campaign in 2019 for Castrol Activ with a refreshed interpretation of the brand purpose of "Protect what you love". 2019 being the year of the general elections, our campaign was around youth, enabled by their 2-wheelers, taking part in and helping others to vote thus protecting our democracy (that we all love). The Ride4Vote campaign started off with a new TV commercial supported by digital and onground activations with a total reach of over 34 million viewers. The campaign received support of over 3 lacs participants who pledged to take someone else along with them to vote.

Going beyond the Tractors to Tractor Owners, we launched KhetAasana – a set of 16 Yoga Aasanas specially curated for the Tractor Owners to address the driving related health issues faced by them. This was created as a result of a research conducted with over 700 farmers to understand their lifestyle, health issues and fitness initiatives by partnering with The Yoga Institute, Mumbai. The KhetAasana campaign propagates the idea of promoting health and fitness among India's farmers, who are an integral part of India's economy. We were able to reach a total of whopping 1,33,000 farmers through various mediums (2350 villages, 390 mandis, 2,380 large retail outlets).

Collaboration - ACTIV HONDA, 3M & Mahindra:

Castrol ventured into multiple collaborations during the year.

- Castrol partnered with Honda to launch Castrol ACTIV HONDA. We launched a co-branded oil with Honda Motorcycles and Scooters India Ltd, Castrol Activ Honda oils which are designed to derive optimum performance from Honda 2-wheelers.
- Castrol also inked a strategic collaboration with 3M India & launched co-branded vehicle care range for Cars & Bikes. This range will be available through Castrol's strong network of independent workshops and retail outlets in India.
- The company also launched Mahindra Endorsed Engine & Transmission oils for Tractors for the retail channel.

We have also introduced a range of products to seize the mass market opportunity by launching ACTIV ESSENTIAL engine oil for bikes and RX ESSENTIAL 15W-40 for the Commercial vehicle segment.

In Heavy duty business, we have launched Mine Grease in 2019 designed specifically to meet the requirement of Mining applications.

1. Tested versus the sequence IV A API SN wear limit
2. Tested versus the OM646LA wear limit
3. Tested versus the sequence III G API SN wear limit

The Company has organized its business through different distribution channels which include retail, franchised and independent workshops, as well as industrial and heavy duty direct/ indirect customers, keeping in mind channel specific needs and offers. The Company regularly tracks customer satisfaction scores in different channels and amongst its distributors, and takes conscious steps to improve customer satisfaction by taking appropriate actions.

To ensure product and formulation compliance, regular audits are conducted at the plants. The Company has Quality key performance indicators and customer complaint closure time is tracked as a metric. In 2019, 91.7% of the genuine quality complaints received from the market were closed on time. The Company mentions information such as claims and technical specification used in the product, in addition to the mandatory information on the product label.

On behalf of the Board of Directors

Sandeep Sangwan
Managing Director
DIN : 08617717

Rashmi Joshi
Chief Financial Officer
& Wholetime Director
DIN: 06641898

Place : Mumbai
Dated: 31 January 2020

» INDEPENDENT AUDITOR'S REPORT

To
The Members of Castrol India Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Castrol India Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 December 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

Key Audit Matter	Auditor's Response
The Company has material indirect tax litigations mainly relating to erstwhile Maharashtra Value Added Tax (MVAT) which involve significant judgment to determine the outcome of the matters into probable, possible and remote. Refer note 12, 25(i)(a)(1) & 25(ii) to the financial statements	Principal audit procedures: Our audit approach consisted testing of the design and operating effectiveness of the internal controls and substantive testing as under: <ul style="list-style-type: none"> • Obtained a detailed understanding of the Company's process and controls with respect to assessment of possible outcome of indirect tax litigations. • Evaluated the design of the controls relating to assessment of probability of outcome, estimates of the timing and the amount of the outflows, and appropriate reporting by the management and testing implementation and operating effectiveness of the key controls.

Key Audit Matter	Auditor's Response
	<ul style="list-style-type: none"> • Performed following procedures on samples selected <ul style="list-style-type: none"> ➤ Understood the matters by reading the correspondence/communications and made corroborative enquiries with appropriate level of management personnel including status update, expectation of outcomes with the basis, and the future course of action contemplated by the Company and perusing legal opinions, if any, obtained by management. ➤ Evaluated the evidences supporting the judgement of the management about possible outcome and the reasonableness of the estimates. We involved our internal tax experts in assessing the nature and amount of the tax exposures and assessed management's conclusions on whether exposures are probable, possible or remote. <p style="text-align: right;">Evaluated appropriateness of adequate provisions or disclosures in accordance with applicable accounting standards.</p>

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis, Director's Report including Annexures to Directors Report, Business Responsibility Report, Corporate Governance and Information for Shareholders, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is

a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash

Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on 31 December 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. The Company has transferred the amounts required to be transferred to the Investor Education and Protection Fund within due date except for an instance of Rs 0.65 crores transferred within 45 days from the due date, and for cases where disputes relating to ownership of the underlying shares have remained unresolved (refer note no. 11 to the Ind AS financial statements).
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Samir R. Shah

(Partner)

(Membership No. 101708)

UDIN: 20101708AAAAAR6205

Place : Mumbai

Date : 31 January 2020

Report on Internal Financial Controls Over Financial Reporting

ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

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

We have audited the internal financial controls over financial reporting of Castrol India Limited (“the Company”) as of 31 December 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditor’s Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 December 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Samir R. Shah

(Partner)

(Membership No. 101708)

UDIN: 20101708AAAAAR6205

Place : Mumbai

Date : 31 January 2020

ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**[Referred to in paragraph 2 under "Report on Other Legal and Regulatory Requirements" section of our report of even date]**

1. In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items, except dealer boards installed at customer premises, in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, fixed assets were physically verified by the Management during the year. According to the information and explanations given to us by the Management, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of registered sale deed / transfer deed/ conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and acquired buildings which are freehold, are held in the name of the Company as at the balance sheet date except as follows:

Rs. in Crore

No. of Cases	Asset Category	Gross Block as at 31 st December 2019	Net Block as at 31 st December 2019	Remarks
1	Freehold Land located at Mehsana	0.01	0.01	The deed of conveyance is in the erstwhile name of the Company and the mutation of the name is pending.

In respect of land taken on lease, the lease agreements are in the name of the Company except as follows:

Rs. in Crore

No. of Cases	Asset Category	Gross Block as at 31 st December 2019	Net Block as at 31 st December 2019	Remarks
2	Leasehold Land located at Patalganga	0.29	0.28	The lease deed is in the erstwhile name of the Company.

2. As explained to us, the inventories (other than Goods in Transit) were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on such physical verification.
3. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act.
4. The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
5. According to the information and explanations given to us, the Company has not accepted any public deposits. Accordingly, the provisions of clause (v) of the Order are not applicable to the Company.
6. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Act, in respect of manufacture of lubricants and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

7. According to the information and explanations given to us, in respect of statutory dues:

- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employee State Insurance, Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues, as applicable, with the appropriate authorities except in case of tax deducted at source reported in clause (b) below.
- (b) There are no undisputed amounts payable in respect of the above statutory dues outstanding as at 31 December 2019 for a period of more than six months from the date they became payable, except as follows.

Rs. in Crore					
Name of Statute	Nature of Dues	Amount (Rs.)	Period to which the Amount Relates	Due date	Date of Payment
The Income Tax Act, 1961	Tax deducted at source	0.66 @	Accrued as on 31 March 2019	30 April 2019	Unpaid

@ Not deducted pending receipt of invoice from vendors.

- (c) Details of Income tax, Sales tax, Service tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on 31 December, 2019 on account of disputes are given below:

Rs. in Crore						
Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the Amount Relates	Total disputed dues	Amount paid	Amount unpaid
Central Excise Act, 1944	Disputes relating to Excise Duty & Service Tax.	Commissioner	1996-2015	24.46	0.54	23.92
		Commissioner (A)	2006-2008	2.82	0.03	2.79
		Tribunal	1996-2009	78.59	2.77	75.82
		High Court	1999-2002	7.72	-	7.72
		Supreme Court	1998-1999	0.40	0.20	0.20
Local Sales Tax Act, VAT Act and Central Sales Tax Act	Disputes relating to Local Sales Tax, VAT Act and CST Act.	Commissioner	2000-2016	42.37	13.59	28.78
		Appellate Authority	1994-2017	14.49	7.28	7.20
		Tribunal@	1999-2013	516.38	3.29	513.09
		High Court	1999-2000	0.23	-	0.23
		Central Sales Tax Appellate Authority (CSTAA)#	1994-2016	2,892.05	-	2,892.05
The Income Tax Act, 1961	IT matters under dispute	Income Tax Appellate Tribunal	2003-04 and 2005-2006	2.64	-	2.64

@The Company is in process of filing an appeal against the order for the financial year 2015-16 amounting to Rs. 510.69 crore.

#We have been informed by the Company that the department is yet to file an appeal against the order for the financial year 2012-13 to 2014-15 amounting to Rs 1,591.61 crore.

8. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence, reporting under clause (viii) of the Order is not applicable to the Company.
9. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans. Hence, reporting under clause (ix) of the Order is not applicable to the Company.

10. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.
11. In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
12. The Company is not a Nidhi Company and hence, reporting under clause (xii) of the Order is not applicable to the Company.
13. In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 177 and 188 of the Act where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
14. During the year, the Company has not made any preferential allotment or private placement of the shares or fully or partly convertible debentures. Hence, reporting under clause (xiv) of the Order is not applicable to the Company.
15. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
16. The Company is not required to be registered under Section 45 - IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Samir R. Shah

(Partner)

(Membership No. 101708)

UDIN: 20101708AAAAAR6205

Place : Mumbai

Date : 31 January 2020

» Balance Sheet as at December 31, 2019

Particulars	Note No.	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Assets			
Non-current assets			
Property, plant and equipment	3	197.37	184.40
Capital work-in-progress	3	27.33	35.04
Other intangible assets	3	2.33	1.64
Financial assets			
Loans receivable	4.1	8.97	9.24
Other financial assets	4.2	-	0.10
Income tax assets (net)	5	30.09	37.97
Deferred tax assets (net)	6	58.50	53.27
Other non-current assets	7	68.73	58.48
Total Non-current assets		393.32	380.14
Current assets			
Inventories	8	304.72	456.79
Financial assets			
Trade receivables	4.3	482.03	391.80
Cash and cash equivalents	4.4	67.16	263.65
Bank balances other than above	4.5	878.84	480.20
Loans receivable	4.1	0.64	0.45
Other financial assets	4.2	23.35	23.05
Other current assets	7	78.72	110.69
Total Current assets		1,835.46	1,726.63
Total assets		2,228.78	2,106.77
Equity and liabilities			
Equity			
Equity share capital	9	494.56	494.56
Other equity	10	872.39	671.10
Total equity		1,366.95	1,165.66
Liabilities			
Non-current liabilities			
Provisions	12	21.39	15.87
Total Non-current liabilities		21.39	15.87
Current liabilities			
Financial liabilities			
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	11.1	6.30	28.83
Total outstanding dues of creditors other than micro enterprises and small enterprises	11.1	465.49	555.22
Other financial liabilities	11.2	241.19	259.67
Other liabilities	14	81.72	40.65
Provisions	12	28.32	30.17
Current tax liabilities (net)	13	17.42	10.70
Total Current liabilities		840.44	925.24
Total equity and liabilities		2,228.78	2,106.77
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 **Deloitte Haskins & Sells LLP**
Chartered Accountants

Samir R. Shah
Partner

Chandana Dhar
Company Secretary
ACS No : 17891

For and on behalf of Board of Directors
Executive Directors

R Gopalakrishnan DIN : 00027858
Sandeep Sangwan DIN : 08617717
Rashmi Joshi DIN : 06641898
Jayanta Chatterjee DIN : 06986918

Chairman
Managing Director
Chief Financial Officer & Whole time Director
Whole time Director - Supply Chain

Place : Mumbai
Date : January 31, 2020

» Statement of Profit and Loss for the year ended December 31, 2019

Particulars	Note No.	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Income			
Revenue from operations	15	3,876.82	3,904.55
Other income	16	64.77	84.31
Total Income		3,941.59	3,988.86
Expenses			
Cost of raw and packing materials consumed	17.1	1,488.27	1,757.77
Purchase of traded goods	17.2	183.65	213.34
(Increase) / decrease in inventories of finished goods / traded goods	17.3	75.73	(64.55)
Employee benefits expense	18	213.08	203.40
Finance costs	19	1.19	1.09
Depreciation and amortisation expense	20	69.74	55.57
Other expenses	21	763.02	723.82
Total Expenses		2,794.68	2,890.44
Profit Before Tax		1,146.91	1,098.42
Tax expenses			
Current tax [net of reversal of earlier years - Rs. 19.40 Crore (December 31, 2018 : Rs. 2.02 Crore)]		323.33	387.58
Deferred tax	6	(3.79)	2.48
Total tax expenses		319.54	390.06
Profit after tax		827.37	708.36
Other comprehensive income / (expenses) not to be reclassified to profit or loss in subsequent period			
Re-measurement gains / (losses) on defined benefit plans		(5.73)	(1.73)
Less : Income tax effect on above		1.44	0.60
Total other comprehensive income / (expense) for the year		(4.29)	(1.13)
Total comprehensive income for the year		823.08	707.23
Earnings per equity share - Basic and Diluted - Rs. 5.00 each	22	8.36	7.16
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 **Deloitte Haskins & Sells LLP**
Chartered Accountants

Samir R. Shah
Partner

Chandana Dhar
Company Secretary
ACS No : 17891

For and on behalf of Board of Directors
Executive Directors

R Gopalakrishnan DIN : 00027858
Sandeep Sangwan DIN : 08617717
Rashmi Joshi DIN : 06641898
Jayanta Chatterjee DIN : 06986918

Chairman
Managing Director
Chief Financial Officer & Whole time Director
Whole time Director - Supply Chain

Place : Mumbai
Date : January 31, 2020

» Cash Flow Statement for the year ended December 31, 2019

Particulars		For the year December 31, 2019 Rupees in Crore	For the year December 31, 2018 Rupees in Crore
Cash flow from operating activities			
Profit before tax		1,146.91	1,098.42
Adjustments for:			
Depreciation and amortisation expenses		69.74	55.57
Loss on disposal / write off of property, plant and equipment and intangible assets (net)		0.63	0.00
Allowance for doubtful debts (net)		3.47	0.62
Expense recognised in respect of share based payments		4.24	4.69
Loss/ (gain) on fair valuation of forward contract		(0.92)	0.38
Unrealised foreign exchange (gain) / loss		3.01	(1.54)
Finance costs		1.19	1.09
Interest income		(49.94)	(52.87)
Debts written off / (written back)		(2.70)	(8.53)
Operating profit before working capital changes		1,175.63	1,097.83
Movements in working capital:			
Decrease / (Increase) in inventories		152.07	(137.22)
Decrease / (Increase) in trade and other receivables		(59.35)	(17.40)
Increase / (Decrease) in trade and other payables and provisions		(80.13)	5.94
Cash generated from / (used in) operations		1,188.22	949.15
Income tax refund / (payment) (net) (including interest)		(308.73)	(399.67)
Net cash flow from operating activities	(A)	879.49	549.48
Cash flow from investing activities			
Purchase of property, plant and equipment (including capital work-in-progress and intangible assets)		(100.70)	(78.31)
Proceeds from sale of property, plant and equipment		1.40	0.36
Placement of bank deposits		(1,301.03)	(1,357.00)
Encashment of bank deposits		903.00	1,449.00
Interest received		49.07	52.06
Net cash flow from / (used in) investing activities	(B)	(448.26)	66.12

» Cash Flow Statement for the year ended December 31, 2019

Particulars		For the year December 31, 2019 Rupees in Crore	For the year December 31, 2018 Rupees in Crore
Cash flow from financing activities			
Dividend paid		(519.90)	(469.83)
Dividend distribution tax paid		(106.74)	(96.57)
Interest paid		(1.08)	(1.01)
Net cash flow used in financing activities	(C)	(627.72)	(567.42)
Net increase / (decrease) in cash and cash equivalents	(A+B+C)	(196.49)	48.18
Cash and cash equivalents at the beginning of the year		263.65	215.47
Cash and cash equivalents at the end of the year		67.16	263.65
Components of cash and cash equivalents			
Cash on hand		0.01	0.00
Balances with banks in current accounts		6.40	16.45
Deposits with banks		60.15	245.84
Cheques on hand		0.60	1.36
Total cash and cash equivalents (note 4.4)		67.16	263.65

Non cash transactions:

a) Share value plan:

Equity settled share based payments is expensed over the restricted period with a corresponding adjustment to Other Equity as the cost of such share value plan is borne by the Ultimate Holding Company (refer note 2.5 (d))

Notes:

- (a) The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7, 'Statement of Cash Flows'

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

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

As per our report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Samir R. Shah
Partner

Chandana Dhar
Company Secretary
ACS No : 17891

For and on behalf of Board of Directors
Executive Directors

R Gopalakrishnan DIN : 00027858 Chairman
Sandeep Sangwan DIN : 08617717 Managing Director
Rashmi Joshi DIN : 06641898 Chief Financial Officer & Whole time Director
Jayanta Chatterjee DIN : 06986918 Whole time Director - Supply Chain

Place : Mumbai
Date : January 31, 2020

» Statement of Changes in Equity for the year ended December 31, 2019

(a) Equity share capital

Particulars	No. of shares	Rupees in Crore
		Amount
Balance as at January 1, 2018	989,122,384	494.56
Changes in equity share capital during the year	-	-
Balance as at December 31, 2018	989,122,384	494.56
Changes in equity share capital during the year	-	-
Balance as at December 31, 2019	989,122,384	494.56

(b) Other equity

Particulars	Reserves & Surplus			Rupees in Crore
	Capital Reserve	Retained Earnings	Share based payment	Total Other Equity
Balance as at January 1, 2018	13.62	501.83	10.14	525.59
Profit for the year	-	708.36	-	708.36
Recognition of Share based payment charge	-	-	4.69	4.69
Other comprehensive Income, net of tax	-	(1.13)	-	(1.13)
Total comprehensive income for the year	-	707.23	4.69	711.92
Payment of Dividend including corporate dividend tax	-	(566.41)	-	(566.41)
Balance as at December 31, 2018	13.62	642.65	14.83	671.10
Profit for the year	-	827.37	-	827.37
Recognition of Share based payment charge	-	-	4.24	4.24
Other comprehensive Income, net of tax	-	(4.29)	-	(4.29)
Total Comprehensive Income for the year	-	823.08	4.24	827.32
Payment of Dividend including corporate dividend tax	-	(626.03)	-	(626.03)
Balance as at December 31, 2019	13.62	839.70	19.07	872.39

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

As per our report of even date
For **Deloitte Haskins & Sells LLP**
Chartered Accountants

Samir R. Shah
Partner

Chandana Dhar
Company Secretary
ACS No : 17891

For and on behalf of Board of Directors
Executive Directors

R Gopalakrishnan	DIN : 00027858	Chairman
Sandeep Sangwan	DIN : 08617717	Managing Director
Rashmi Joshi	DIN : 06641898	Chief Financial Officer & Whole time Director
Jayanta Chatterjee	DIN : 06986918	Whole time Director - Supply Chain

Place : Mumbai
Date : January 31, 2020

» Notes to the financial statements for the year ended December 31, 2019

1. Corporate information

Castrol India Limited (the 'Company') is a public limited Company incorporated in India with its registered office at Technopolis Knowledge Park, Mahakali Caves Road, Chakala, Andheri (East), Mumbai-400 093. The equity shares of the Company are listed on two recognised stock exchanges in India. The Company is principally engaged in the business of manufacturing & marketing of automotive and industrial lubricants and related services.

2. Significant accounting policies

2.1 Basis of preparation

Statement of Compliance with Indian Accounting Standards (Ind AS): The financial statements have been prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended and notified under Section 133 of the Companies Act, 2013 ("the Act") and other relevant provisions of the Act and other accounting principles generally accepted in India.

2.2 Use of estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions in the application of accounting policies that affect the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Continuous evaluation is done on the estimation and judgments based on historical experience and other factors, including expectations of future events that are believed to be reasonable. Revisions to accounting estimates are recognised prospectively.

2.3 Critical accounting estimates

A. Useful lives and residual values of property, plant and equipment

Property, plant and equipment represent a material portion of the Company's asset base. The periodic charge of depreciation is derived after estimating useful life of an asset and expected residual value at the end of its useful life. The useful lives and residual values of assets are estimated by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on various external and internal factors including historical experience, relative efficiency and operating costs and change in technology.

B. Income taxes

The Company's tax jurisdiction is India. Significant judgments are involved in determining the provision for income taxes including amounts to be recovered or paid for uncertain tax positions. Management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

C. Defined benefit obligations

Defined benefit obligations are measured at fair value for financial reporting purposes. Fair value determined by actuary is based on actuarial assumptions. Management judgement is required to determine such actuarial assumptions. Such assumptions are reviewed annually using the best information available with the management.

D. Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

2.4 Recent accounting pronouncements

- a) Ind AS 116: Ind AS 116 Leases was notified on March 30, 2019 by the Ministry of Corporate Affairs. It replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 01, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets and short-term leases (i.e. leases with a lease term of 12 months or less).

At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right to use

» Notes to the financial statements for the year ended December 31, 2019

2. Significant accounting policies (contd.)

asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right to use asset. Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right to use asset.

The standard permits two possible methods of transition i.e. Full retrospective-Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors and Modified retrospective-Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application.

The Standard / amendments are applicable to the Company with effect from January 01, 2020. The Company is analysing the lease contracts and in the process of assessing the impact of this new standard on the Company's financial statements.

- b) Appendix C, Uncertainty over Income Tax Treatment to Ind AS 12, Income Taxes: The Appendix C clarifies how to apply the recognition and measurement principles while recognising current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under Ind AS 12. As per Appendix, the Company needs to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment, which is being proposed to be used in its income tax filings. The Appendix will be applied retrospectively with the cumulative effect of its initial application on the opening balance sheet as on January 01, 2020. The impact of the Appendix on the financial statements, as assessed by Company, is expected to be not material.
- c) Amendment to Ind AS 12, Income taxes: The amendment clarifies that an entity shall recognise income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company will apply these amendments for annual reporting periods beginning on or after January 01, 2020. The impact on the financial statements is being evaluated.
- d) Ind AS 19, Employee benefits (amendments relating to plan amendment, curtailment or settlement): The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the remeasurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any material impact on its financial statements.

2.5 Summary of significant accounting policies

a. Current versus non-current classification

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

» Notes to the financial statements for the year ended December 31, 2019

2. Significant accounting policies (contd.)

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Revenue recognition

Revenue

The company has applied the following Ind AS pronouncements pursuant to issuance of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The effect is described below:

- a. The Company has adopted Ind AS 115, Revenue from Contract with Customers with effect from 1st January 2019 and it is detailed in note 15.
- b. The Company has elected to recognise cumulative effect of initially applying Ind AS 115 retrospectively as an adjustment to opening balance sheet as at January 1, 2019 on the contracts that are not completed contract as at that date. There was no impact of above on the opening balance sheet as at January 1, 2019 and on the statement of profit and loss for the year ended December 31, 2019.

Revenue from contracts with customers is recognised on transfer of control of promised goods or services to a customer at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods or services.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of discounts offered by the Company as part of the contract. This variable consideration is estimated based on the expected value of outflow. Revenue (net of variable consideration) is recognised only to the extent that it is highly probable that the amount will not be subject to significant reversal when uncertainty relating to its recognition is resolved.

Sale of products:

Revenue from sale of products is recognised when the control on the goods have been transferred to the customer. The performance obligation in case of sale of product is satisfied at a point in time i.e., when the material is shipped to the customer or on delivery to the customer, as may be specified in the contract.

Income from services

Revenue from services is recognised over time by measuring progress towards satisfaction of performance obligation for the services rendered. The Company uses input method for measurement of revenue from services as it is directly linked to the expenses incurred by the Company.

Interest income

Interest income is recorded using the Effective Interest Rate (EIR) for debt instruments carried at amortised cost. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument to the gross carrying amount of the financial asset.

c. Foreign currencies

Functional currency

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees (rounded off to crore).

Transactions and balances

Foreign currency transactions are recorded in the functional currency by applying to the foreign currency amount the exchange rate between the functional currency and the foreign currency at the date of the transaction. All foreign currency monetary assets and monetary liabilities as at the Balance Sheet date are translated into the functional

» Notes to the financial statements for the year ended December 31, 2019

2. Significant accounting policies (contd.)

currency at the applicable exchange rates prevailing on that date. All exchange differences arising on translation, are recognised in the statement of profit and loss. Non-monetary assets and non-monetary liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Gain or losses upon settlement of foreign currency transactions are recognised in the statement of profit and loss for the period in which the transaction is settled.

d. Retirement and other employee benefits

Gratuity

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on respective employee's salary and tenure of employment with the Company.

Liabilities with regard to Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using projected unit credit method. The Company fully contributes all ascertained liabilities to the Castrol India Limited Employees' Gratuity Fund Trust ('the Trust'). Trustees administer contributions made to the Trusts and contributions are invested in insurance and deposit schemes.

The Company recognises the net obligation of a defined benefit plan in its Balance Sheet as an asset or liability.

Gains and losses through remeasurements of the net defined benefit liability/(asset) are recognised in other comprehensive income. The actual return of the portfolio of plan assets, in excess of the yields computed by applying the discount rate used to measure the defined benefit obligation is recognised in other comprehensive income. The effect of any plan amendments is recognised in net profit in statement of profit and loss.

Superannuation

Certain employees of the Company are participants in a defined contribution plan. The Company has no further obligations to the plan beyond its monthly contributions which are periodically contributed to the Castrol India Limited Staff Pension Fund, the corpus of which is invested with the Life Insurance Corporation of India and Bajaj Allianz Life Insurance Co. Ltd.

Provident fund

Eligible employees of the Company receive benefits from a Provident fund, which is defined benefit plan. Both the eligible employees and the Company make monthly contributions to the provident fund equal to a specified percentage of the covered employee's salary. The Company contributes a portion to the Castrol India Limited Employees' Provident Fund Trust ('The PF trust'). The PF trust invests in specific designated instruments as permitted by Indian Law. The rate at which the annual interest is payable to the beneficiaries by the PF trust is being administrated by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the PF trust and the notified interest rate.

Compensated absences

The Company has a policy on compensated absences which is applicable to its executives joined upto a specified period and all workers. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the Balance Sheet date.

Share-based compensation

Share value plan

BP PLC ("Ultimate Holding Company") has a "Share Value Plan" whereby the specified employees of its subsidiaries are granted restricted share units of Ultimate Holding Company. Each restricted share unit represents a conditional entitlement to receive one share of Ultimate Holding Company in future, provided that certain terms and conditions

» Notes to the financial statements for the year ended December 31, 2019

2. Significant accounting policies (contd.)

are met. The main terms and conditions are a) continuous employment with the BP group until the end of restricted period and b) achievement of certain performance targets by the employee and/or BP Group. The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments on the date on which they are granted and is recognised as an expense over the restricted period. A corresponding credit is recognised within equity since the cost of such share value plan is borne by the Ultimate Holding Company.

Share match plan

The Ultimate Holding Company has a "Share Match Plan" whereby all executive employees of its subsidiaries have been given a right to purchase the shares of Ultimate Holding Company upto a specified amount. Every employee who opts for the scheme contributes by way of payroll deduction a specified amount towards purchase of share. The Company contributes equal amount and charges it to employee benefits expense.

Other employee benefits

Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of profit and loss of the year in which the related service is rendered.

Redundancy Expenses are fully charged to the statement of profit and loss in the year in which they accrue.

e. Taxes

Income tax expense comprises current income tax and deferred income tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to items recognised directly in equity, in which case it is recognised in other comprehensive income or other equity as the case may be.

Current income tax

Current tax is the amount of tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

The current tax year for the Company being the year ending March 31, the provision for taxation for the year is aggregate of the provision made for the three months ended on March 31, 2019 and the provision for the remaining period of nine months ending on December 31, 2019. The provision for the remaining period of nine months has been arrived at by applying the applicable tax rate of the financial year 2019-20 to Profit Before Tax of the said period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profits.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off tax assets against tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

» Notes to the financial statements for the year ended December 31, 2019

2. Significant accounting policies (contd.)

f. Property, plant and equipment

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises the purchase price, including import duties and non-refundable purchase taxes (Net of taxes credit wherever applicable) and any attributable cost of bringing the assets to its working condition for its intended use. Such cost also includes the cost of replacing part of the Property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the Property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred.

Depreciation on Property, plant and equipment is calculated on a straight-line basis, from the month of addition, using the estimated useful lives, as specified in schedule II to the Companies Act, 2013, except in respect of the following assets:

Assets description	Useful life as per management (as technically assessed)	Useful life under schedule II
Residential and office buildings	5 years to 25 years	60 years
Plant and machinery	5 years to 21 years	15 years
Computers	4 years to 6 years	3 years
Equipment board with dealers	3 years	10 years
Furniture and fixtures	3 years to 10 years	10 years
Motor vehicles	4 years to 10 years	8 years
Laboratory equipment	5 years to 21 years	10 years

Leasehold land is being amortised on a straight-line basis over the lease term.

The residual values, useful lives and methods of depreciation of Property, plant and equipment are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles are not capitalised and the related expenditure is reflected in statement of profit and loss in the period in which the expenditure is incurred.

Intangible assets are amortised over the useful economic life i.e. 4-5 years based on management assessment and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss.

h. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. Leases not classified as finance lease are classified as operating lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between

» Notes to the financial statements for the year ended December 31, 2019

2. Significant accounting policies (contd.)

finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalised.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

i. Inventories

Inventories consist of raw and packing materials, stock-in-trade and finished goods. Inventories are valued at lower of cost and net realisable value. Cost of inventories is determined on weighted average basis. Cost of manufactured finished goods and work-in-progress includes material cost determined on weighted average basis and also includes an appropriate portion of allocable overheads. Cost of traded goods includes cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Due allowances are made in respect of slow moving, non-moving and obsolete inventories based on estimate made by management.

j. Impairment of non-financial assets

The carrying amount of assets are reviewed for impairment at the end of each reporting date if there is any indication of impairment based on internal/external factor. An impairment loss is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's or cash generating unit's fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. In determining fair value, recent market transactions are taken into account.

The business plans which are approved on an annual basis by senior management are the primary source of information for the determination of value in use. As an initial step in the preparation of these plans, various assumptions regarding market conditions, and cost inflation rates are set by senior management. These assumptions take account of existing prices and other macro economic factors and historical trends and variability.

Impairment losses including impairment on inventories are recognised in the statement of profit and loss, except for previously revalued tangible assets, where the revaluation was taken to revaluation reserve. In this case, the impairment is also recognised in the revaluation reserve up to the amount of any previous revaluation.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life. A previously recognised impairment loss is increased or reversed depending on changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation if there was no impairment. Such reversal is recognised in the statement of profit and loss.

k. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss.

l. Financial instruments

(a) Non-derivative financial instruments:

Initial recognition and measurement

All financial assets and liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities, which are not at fair value through profit or loss, are adjusted to the fair value on initial recognition. Purchase and sale of financial assets are recognised using trade date accounting.

» Notes to the financial statements for the year ended December 31, 2019

2. Significant accounting policies (contd.)

Subsequent measurement

Financial assets carried at amortised cost

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVOCI)

A financial asset is measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

(b) Derivative financial instruments

The Company enters into foreign exchange forward contracts to manage its foreign exchange rate risks.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately.

Derecognition of financial instruments

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

Financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit and loss.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering

» Notes to the financial statements for the year ended December 31, 2019

2. Significant accounting policies (contd.)

all contractual terms of the financial instrument through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12 months expected credit losses. 12 months expected credit losses are portion of the lifetime expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12 months expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information.

m. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, as they are considered an integral part of the Company's cash management.

n. Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares). For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

o. Cash dividend

The Company recognises a liability to make cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

p. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

» Notes to the financial statements for the year ended December 31, 2019

3. Property, plant and equipment, capital work-in-progress and intangible assets

Rupees in Crore

Particulars	As at	
	December 31, 2019	December 31, 2018
A. Carrying amounts		
Tangible Assets		
Freehold Land	3.92	3.92
Leasehold Land	0.28	0.28
Building (Including Leasehold Improvements)	41.04	36.24
Plant & equipment	62.63	70.94
Laboratory Equipment	14.09	12.78
Computer Hardware	4.84	2.45
Furniture & Fixture	66.86	54.77
Office Equipment	3.56	2.85
Motor Vehicles	0.15	0.17
	197.37	184.40
Intangible Assets		
Computer Software	2.33	1.64
B. Capital work-in-progress	27.33	35.04

	Rupees in Crore										
	Freehold Land	Leasehold Land	Building (Including Leasehold Improvements)	Plant & equipment	Laboratory Equipment	Computer Hardware	Furniture & Fixture	Office Equipment	Motor Vehicles	Computer Software	Total
Cost											
Balance at January 1, 2018	3.92	0.29	42.02	91.68	14.47	6.08	49.10	4.73	0.22	8.34	220.85
Additions	-	-	7.89	27.93	3.64	1.50	58.63	2.20	-	1.24	103.03
Disposals	-	-	0.05	1.19	0.34	0.31	15.14	0.23	-	0.01	17.27
Balance at December 31, 2018	3.92	0.29	49.86	118.42	17.77	7.27	92.59	6.70	0.22	9.57	306.61
Additions	-	-	8.66	12.32	4.46	4.14	52.49	1.77	-	1.59	85.43
Disposals	-	-	0.02	3.79	1.86	1.86	16.76	0.43	-	-	24.72
Balance at December 31, 2019	3.92	0.29	58.50	126.95	20.37	9.55	128.32	8.04	0.22	11.16	367.32
Accumulated depreciation											
Balance at January 1, 2018	-	0.01	10.14	29.20	3.17	4.29	25.09	2.86	0.03	5.72	80.51
Depreciation expense	-	-	3.48	18.38	1.90	0.84	27.59	1.14	0.02	2.22	55.57
Eliminated on disposals	-	-	-	0.46	0.09	0.31	14.89	0.15	-	0.01	15.91
Balance at December 31, 2018	-	0.01	13.62	47.12	4.98	4.82	37.79	3.85	0.05	7.93	120.17
Depreciation expense	-	-	3.85	19.75	2.09	1.71	40.37	1.05	0.02	0.90	69.74
Eliminated on disposals	-	-	0.01	2.91	0.80	1.82	16.73	0.42	-	-	22.69
Balance at December 31, 2019	-	0.01	17.46	63.96	6.27	4.71	61.43	4.48	0.07	8.83	167.22
Impairment Loss (refer Note a)											
As at January 1, 2018	-	-	0.05	0.89	0.15	-	0.25	0.03	-	-	1.37
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	0.05	0.53	0.14	-	0.22	0.03	-	-	0.97
As at December 31, 2018	-	-	-	0.36	0.01	-	0.03	-	-	-	0.40
Additions	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
As at December 31, 2019	-	-	-	0.36	0.01	-	0.03	-	-	-	0.40
Carrying amounts											
Balance at January 1, 2018	3.92	0.28	31.83	61.59	11.15	1.79	23.76	1.84	0.19	2.62	138.97
Additions	-	-	7.89	27.93	3.64	1.50	58.63	2.20	-	1.24	103.03
Depreciation / Impairment	-	-	3.48	18.38	1.90	0.84	27.59	1.14	0.02	2.22	55.57
Disposals (net)	-	-	-	0.20	0.11	-	0.03	0.05	-	-	0.39
Balance at December 31, 2018	3.92	0.28	36.24	70.94	12.78	2.45	54.77	2.85	0.17	1.64	186.04
Additions	-	-	8.66	12.32	4.46	4.14	52.49	1.77	-	1.59	85.43
Depreciation / Impairment	-	-	3.85	19.75	2.09	1.71	40.37	1.05	0.02	0.90	69.74
Disposals (net)	-	-	0.01	0.88	1.06	0.04	0.03	0.01	-	-	2.03
Balance at December 31, 2019	3.92	0.28	41.04	62.63	14.09	4.84	66.86	3.56	0.15	2.33	199.70
Capital work in progress movement											
Balance at January 1, 2018											57.27
Addition during the year											80.8
Capitalised during the year											103.03
Balance at December 31, 2018											35.04
Addition during the year											77.72
Capitalised during the year											85.43
Balance at December 31, 2019											27.33

Note:

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

» Notes to the financial statements for the year ended December 31, 2019

4. Financial assets

(Unsecured, considered good, unless otherwise stated)

4.1 Loans receivable[@]

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Non-Current		
Loans receivable Considered good - Unsecured		
Loans to employees	0.62	0.83
Security deposits [#]	8.35	8.41
	8.97	9.24
Current		
Loans receivable Considered good - Unsecured		
Loans to employees [*]	0.39	0.45
Security deposits [#]	0.25	-
	0.64	0.45

@ There are no loans which have "increase in credit risk" or "credit impaired"

* Loans to employees include loan to key managerial personnel of Rs. Nil (December 31, 2018 : Rs. Nil).

Security deposit are non interest bearing and recoverable at the termination of contract unless otherwise agreed

4.2 Other financial assets

Financial assets carried at amortised cost

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Non Current		
Advance to Customers - Rebate		
- Considered good	-	0.10
- Credit impaired	4.12	1.22
	4.12	1.32
Less : Allowance for doubtful advances (expected credit loss)	(4.12)	(1.22)
	-	0.10
Current[@]		
Rebates receivable	14.09	14.66
Interest accrued on bank deposits	9.26	8.39
	23.35	23.05

@ There are no assets which have "increase in credit risk" or "credit impaired"

4.3 Trade receivables^{*#} (Refer note 29)

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Current		
Trade receivables Considered good - Secured ^{##}	67.56	55.11
Unsecured		
Trade receivables Considered good - Unsecured	414.47	336.69
Trade receivables which have significant increase in credit Risk	-	-
Trade receivables - credit impaired	13.70	10.26
Less : Allowance for doubtful debts (expected credit loss allowance)	13.70	10.26
	414.47	336.69
	482.03	391.80

» Notes to the financial statements for the year ended December 31, 2019

Movement in the allowance of doubtful debts

Particulars	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Balance at the beginning of the year	10.26	9.96
Add: Allowance created during the year	7.21	4.05
Less: Reversal of allowance during the year	(3.74)	(3.43)
Less: Amount Written back during the year	(0.03)	(0.32)
Balance at end of the year	13.70	10.26

* Refer note no. 28 for related party receivables.

The average credit period ranges from 1 to 90 days. Interest is charged at 24% p.a. on the overdue balance.

Secured by deposits and bank guarantees from customers.

4.4 Cash and cash equivalents

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Balance with banks		
In current accounts	6.40	16.45
Deposits with original maturity of less than 3 months	60.15	245.84
Cheques on hand	0.60	1.36
Cash on hand	0.01	0.00
	67.16	263.65

'0.00' represents amount less than Rs. 0.01 crore

4.5 Bank Balances other than above

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Deposits with original maturity for less than 12 months	859.99	465.00
Earmarked deposit with banks [#]	3.04	-
Unclaimed dividend account and capital reduction (Includes unclaimed amount of Rs. 1.23 Crore (December 31, 2018 : Rs. 1.23 Crore) pertaining to capital reduction in earlier years)	15.81	15.20
	878.84	480.20

Represents deposit placed for payment for acquisition of land

Break up of financial assets carried at amortised cost

Particulars	Note	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Loans	4.1	9.61	9.69
Trade receivables	4.3	482.03	391.80
Cash and cash equivalents	4.4	67.16	263.65
Other balances with banks	4.5	878.84	480.20
Other financial assets	4.2	23.35	23.15
		1,460.99	1,168.49

» Notes to the financial statements for the year ended December 31, 2019

5. Income tax assets (net)

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Advance Income tax / tax deducted at source (net of current tax provision)	30.09	37.97
	30.09	37.97

6. Deferred tax assets (net)

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Deferred tax assets (net)	58.50	53.27
	58.50	53.27

Movement in deferred tax assets balances				Rupees in Crore
	Net balance as at January 1, 2019	Recognised in statement of profit and loss	Recognised in OCI	Net deferred tax asset/(liability) as at December 31, 2019
Deferred tax asset / (liabilities)				
Property, plant and equipment	20.08	2.87	-	22.95
43B disallowances	19.69	(8.03)	1.44	13.10
Inventory - obsolete	2.89	(1.13)	-	1.76
Allowance for doubtful debts	5.67	(0.69)	-	4.98
Other temporary differences	4.93	10.77	-	15.70
Deferred tax asset / (liabilities)	53.27	3.79	1.44	58.50

Movement in deferred tax balances				Rupees in Crore
	Net balance as at January 1, 2018	Recognised in statement of profit and loss	Recognised in OCI	Net deferred tax asset/(liability) as at December 31, 2018
Deferred tax asset / (liabilities)				
Property, plant and equipment	13.49	6.59	-	20.08
43B disallowances	22.62	(3.53)	0.60	19.69
Inventory - obsolete	2.71	0.18	-	2.89
Allowance for doubtful debts	3.95	1.72	-	5.67
Other temporary differences	12.37	(7.44)	-	4.93
Deferred tax asset / (liabilities)	55.15	(2.48)	0.60	53.27

Income Tax

The major components of income tax expense

Particulars	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Profit and Loss:		
Current tax - net of reversal of earlier years Rs. 19.40 Crore (December 31, 2018 : Rs. 2.02 Crore)	323.33	387.58
Deferred tax	(3.79)	2.48
Total Income tax expense	319.54	390.06

» Notes to the financial statements for the year ended December 31, 2019

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

Particulars	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Profit before Income tax expense	1,146.91	1,098.42
Tax at the Indian tax rate 34.944% for January 1, 2019 to March 31, 2019 and 25.17% for April 1, 2019 to December 31, 2019 (December 31, 2018 : 34.944%)	317.43	383.83
Item giving rise to difference in tax		
Effect of non-deductible expenses	1.57	7.96
Effect of change in tax rate	19.94	(0.51)
Effect of tax adjustment of earlier years	(19.40)	(2.02)
Others	-	0.80
Income tax expense	319.54	390.06

7. Other assets

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Non-Current		
Advance to Customers - Rebate		
Considered good	12.76	14.20
Doubtful	0.08	1.31
	12.84	15.51
Less : Allowance for doubtful advances	0.08	1.31
	12.76	14.20
Capital advances	12.84	0.60
Prepaid expenses	0.72	1.07
Provident fund surplus assets	1.04	1.74
Deposits / balance with statutory / government authorities		
Considered good	41.37	40.87
Doubtful	2.54	1.12
	71.27	59.60
Less: Allowance for doubtful deposits	2.54	1.12
	68.73	58.48
Current		
Advance to Customers - Rebate		
Considered good	17.05	23.47
Doubtful	0.40	2.07
	17.45	25.54
Less : Allowance for doubtful advances	0.40	2.07
	17.05	23.47
Prepaid expenses	2.08	3.59
Advance to supplier	10.11	16.37
Other receivables		
Considered good	4.64	5.03
Considered doubtful	0.37	0.37
	5.01	5.40
Less: Allowance for doubtful receivables	0.37	0.37
	4.64	5.03
Deposits / balance with statutory / government authorities	44.84	62.23
	78.72	110.69

» Notes to the financial statements for the year ended December 31, 2019

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

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Raw materials [including stock in transit Rs. 11.25 Crore (December 31, 2018 : Rs. 30.42 Crore)]	149.34	225.03
Packing materials	5.22	5.87
Finished goods	101.87	152.96
Traded goods [including stock in transit Rs. 4.87 Crore (December 31, 2018 : Rs. 17.48 Crore)]	48.29	72.93
	304.72	456.79

Note:

The cost of inventories recognised in December 31, 2019 includes Rs. 1.28 Crore in respect of reversal of write down of inventories to net realisable value (December 31, 2018 : Rs. 0.44 Crore in respect of write down of inventories)

9. Equity share capital

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Authorised		
990,000,000 equity shares of Rs. 5/- each (December 31, 2018 : 990,000,000 equity shares of Rs. 5/- each)	495.00	495.00
	495.00	495.00
Issued, subscribed and fully paid-up		
989,122,384 equity shares of Rs. 5/- each (December 31, 2018 : 989,122,384 equity shares of Rs. 5/- each)	494.56	494.56
	494.56	494.56

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

	As at December 31, 2019		As at December 31, 2018	
	No. of Shares	Rupees in Crore	No. of Shares	Rupees in Crore
At the beginning of the year	989,122,384	494.56	989,122,384	494.56
Outstanding at the end of the year	989,122,384	494.56	989,122,384	494.56

b. Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 5/- per share (December 31, 2018 : Rs. 5/- per share). Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approvals of the shareholders in the ensuing Annual General Meeting (AGM). The Company declares and pays dividend in Indian Rupees.

» Notes to the financial statements for the year ended December 31, 2019

9. Equity share capital (Contd.)

Dividend on Equity Shares	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Dividend on Equity Shares paid during the year		
Final Dividend Rs. 2.75 per share for the year December 31, 2018 (December 31, 2017 : Rs. 2.50 per share)	272.01	247.28
Dividend Distribution Tax on Final Dividend	55.91	50.83
Interim Dividend Rs. 2.50 per share for the year December 31, 2019 (December 31, 2018 : Rs. 2.25 per share)	247.28	222.55
Dividend Distribution Tax on Interim Dividend	50.83	45.75
Proposed Dividend on Equity Shares		
Final Dividend Rs. 3.00 per share for year December 31, 2019 (December 31, 2018 : Rs. 2.75 per share)	296.74	272.01
Dividend Distribution Tax on Final Dividend	61.00	55.91

The Board of Directors of the Company has at its meeting held on January 31, 2020 recommended a final dividend of Rs. 3.00 per share for year ended December 31, 2019 (December 31, 2018 : Rs. 2.75 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, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Castrol Limited, U.K. . 504,452,416 equity shares of Rs. 5/- each fully paid (Holding Company) (December 31, 2018 : 504,452,416 equity shares of Rs. 5/- each fully paid)	252.22	252.22

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

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Equity shares allotted as fully paid bonus shares by capitalisation of general reserve and retained earnings	865,482,086	865,482,086

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

	As at December 31, 2019		As at December 31, 2018	
	No. of Shares	% Holding in the class	No. of Shares	% Holding in the class
Equity shares of Rs. 5/- each fully paid up (December 31, 2018 : Rs. 5/- each)				
Castrol Limited, U.K.	504,452,416	51.00%	504,452,416	51.00%
Life Insurance Corporation of India	102,041,977	10.32%	102,041,977	10.32%

As per records of the Company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

» Notes to the financial statements for the year ended December 31, 2019

10. Other Equity **

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Share based payment **	19.07	14.83
Capital Reserve #	13.62	13.62
Retained Earnings @	839.70	642.65
	872.39	671.10

Share value plan of Ultimate Holding Company (refer note 2.5(2) (d) of significant accounting policies)

Capital Reserve mainly represents amount transferred on amalgamation with erstwhile Tata BP Lubricants

** For movement, refer Statement of Changes in Equity

@ Retained earnings represents profit that a Company has earned to date, less any dividends or other distributions paid to the investor.

11. Financial Liabilities

11.1 Trade payables # (Refer note 29)

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Current		
Total outstanding dues of micro enterprises and small enterprises (Refer note 26)	6.30	28.83
Total outstanding dues of creditors other than micro enterprises and small enterprises	465.49	555.22
	471.79	584.05

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

11.2 Other financial liabilities

Financial liabilities at amortised cost

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Current		
Deposit from customers #	18.86	15.95
Employee benefits payable	30.29	30.29
Capex payables	21.05	31.79
Interest accrued and due on deposit from customers	0.56	0.45
Rebate payables	150.99	164.56
Corporate social responsibility	3.42	0.03
Unclaimed dividend account and capital reduction @ (Includes unclaimed amount of Rs. 1.23 Crore (December 31, 2018 : Rs. 1.23 Crore) pertaining to capital reduction in earlier years)	15.81	15.20
Derivative instruments at fair value through Profit or loss		
Derivatives not designated as hedges		
Foreign exchange forward contracts*	0.21	1.40
	241.19	259.67

* While the Company entered into forward contracts with the intention of reducing the foreign exchange risk of expected purchases, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Deposit from customers are interest bearing and repayable on termination of agreement unless otherwise agreed.

@ There has been an instance whereby undisputed amounts required to be transferred to Investor Education and Protection Fund (IEPF) were transferred by the Company within 45 days from the last date of payment to the IEPF with respect to dividends declared on 16th July 2012 amounting to Rs. 0.65 Crore, owing to technical issues faced with the MCA filing system during the aforesaid transfer. The Company has not transferred an amount of Rs.0.09 Crore, accumulated over the years as dividends held in abeyance, for cases where disputes relating to ownership of the underlying shares have remained unresolved. There are no other amounts due for payment to the IEPF under Section 125 of the Companies Act, 2013 as at the year end.

» Notes to the financial statements for the year ended December 31, 2019

12. Provisions

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Non Current		
Provision for employee benefit (Refer note 27)	21.39	15.87
	21.39	15.87
Current		
Provision for employee benefit (Refer note 27)	0.62	0.40
Provision for indirect taxes (Refer note (a) and (c) below)	26.09	28.16
Provision for litigations (Refer note (b) and (c) below)	1.61	1.61
	28.32	30.17

(a) Movement in Provision for Indirect Taxes:

	As at December 31, 2019 Rupees in Crore	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore	As at December 31, 2018 Rupees in Crore
	Excise, Customs and Service tax	Sales Tax and VAT	Excise, Customs and Service tax	Sales Tax and VAT
Balance as at January 1	5.99	22.17	7.88	23.97
Addition during the year	2.72	1.00	0.58	3.11
Reversed / Paid during the year	1.38	4.41	2.47	4.91
Balance as at December 31	7.33	18.76	5.99	22.17
Total		26.09		28.16

(b) There has been no movement in provisions for litigations during the year.

(c) The Company has made provision for known litigation cases and pending assessments in respect of taxes, duties and other levies, the outflow of which would depend on cessation of respective events.

13. Current tax liabilities (net)

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Provision for tax (net of advance tax and tax deducted at source)	17.42	10.70
	17.42	10.70

14. Other liabilities

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Current		
Statutory dues	72.99	35.52
Advance from customers	8.73	5.13
	81.72	40.65

» Notes to the financial statements for the year ended December 31, 2019

15. Revenue from operations

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Revenue from operations		
Sale of products [net of rebates Rs. 396.03 Crore (December 31, 2018 : Rs. 388.01 Crore)]	3,858.89	3,884.85
Other operating revenue		
Income from services	12.13	13.33
Scrap sale	5.80	6.37
	3,876.82	3,904.55

In case of sale of goods, the Company satisfies its performance obligation upon delivery, which is based on the terms agreed with the customer, and for the sale of services, the performance obligation is satisfied as and when the services are rendered. The Company does not have any remaining performance obligations as contracts entered for sale of goods are for shorter duration. There are no contract for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated. The Company disaggregated revenues from contracts with customers by geography. Refer Note 24.

16. Other income

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Interest income on financial assets carried at amortised cost		
From bank deposits	48.72	48.80
Others	1.22	4.07
Excess accruals written back	2.70	8.53
Exchange Gain (net)	-	3.17
Allowance for doubtful advance written back (net)	-	0.16
Profit on fair valuation of forward contract	0.92	-
Miscellaneous income *	11.21	19.58
	64.77	84.31

* Includes service rendered to related parties of Rs. 6.33 Crore (December 31, 2018 : Rs. 10.71 Crore), refund of deposit written off in earlier years - Rs. Nil (December 31, 2018 : Rs. 8.67 Crore)

17.1 Cost of raw and packing materials consumed

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Raw and packing materials consumed		
Inventory at the beginning of the year	230.90	158.23
Add : Purchases during the year	1,411.93	1,830.44
	1,642.83	1,988.67
Less : Inventory at the end of the year	154.56	230.90
Total raw and packing materials consumed	1,488.27	1,757.77

» Notes to the financial statements for the year ended December 31, 2019

17.2 Purchase of traded goods

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Purchase of traded goods	183.65	213.34
	183.65	213.34

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

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Inventories at the end of the year		
Traded goods	48.29	72.93
Finished goods	101.87	152.96
	150.16	225.89
Inventories at the beginning of the year		
Traded goods	72.93	51.99
Finished goods	152.96	109.35
	225.89	161.34
Net (Increase) / decrease in inventories of finished / traded goods	75.73	(64.55)

18. Employee benefits expense

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Salaries and wages	181.12	170.06
Share based payments	5.56	4.98
Contribution to provident and other funds	15.43	15.21
Staff welfare expenses	10.67	10.97
Redundancy cost	0.30	2.18
	213.08	203.40

19. Finance costs

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Interest on financial liabilities carried at amortised cost	1.19	1.09
	1.19	1.09

20. Depreciation and amortisation expense

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Depreciation of property plant and equipment (refer note 3)	68.84	53.35
Amortisation of intangible assets (refer note 3)	0.90	2.22
	69.74	55.57

» Notes to the financial statements for the year ended December 31, 2019

21. Other expenses

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Rent	19.27	19.21
Rates and taxes	2.45	1.85
Power and fuel	6.39	5.96
Stores and consumables	1.70	1.59
Freight and forwarding charges	132.21	133.69
Insurance	3.95	4.05
Repairs and maintenance		
Land and buildings	5.83	4.86
Plant and equipment	6.93	7.20
Others	18.95	18.04
Allowance for doubtful debts (net)	3.47	0.62
Processing and filling charges	14.61	14.89
Advertising	113.88	127.91
Stock point operating charges	41.58	37.61
Loss on disposal/write off of Property, plant and equipment and Intangible assets (net)	0.63	0.00
Director sitting fees	0.27	0.24
Commission to resident non-whole time Indian directors	0.68	0.59
Royalty	112.28	111.35
Sales promotion fees	159.73	124.09
Travelling expenses	17.22	17.40
Legal, professional fees and contract charges	51.77	48.04
Payment to auditors [Refer note (i) below]	1.67	1.57
Exchange loss (net)	4.24	-
Loss on fair valuation of forward contract	-	0.38
Corporate social responsibility [Refer note (ii) below]	22.72	20.45
Miscellaneous expenses	19.99	22.23
	763.02	723.82

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Note		
(i) Payment to auditor (excluding taxes)		
As auditor:		
Audit fee	1.17	1.06
Tax accounts and tax audit fees	0.25	0.25
Limited review	0.18	0.18
In other capacity:		
Certification fees	0.03	0.05
Reimbursement of expenses	0.04	0.03
	1.67	1.57
(ii) Corporate social responsibility activities		
a) Amount required to be spent by the Company during the year.	21.68	20.37
b) Amount spent during the year (on purpose other than construction / acquisition of assets controlled by the company)	22.72 **	20.45 **
# The above expenditure includes contribution to funds, expenses incurred through registered trusts / registered society or company established under section 8 of the Companies Act, 2013 and direct expenses by the company.		
* Amount outstanding as at year end (including previous year)	3.42	0.03

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

» Notes to the financial statements for the year ended December 31, 2019

22. Earnings per share (EPS)

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Profit for the year	827.37	708.36
	No. of Shares	No. of Shares
Weighted average number of equity shares in calculating Basic and Diluted EPS	989,122,384	989,122,384
Basic and Diluted earnings per share (Rs.)	8.36	7.16
Nominal value per share (Rs.)	5.00	5.00

23. Leases

Operating lease: Company as lessee

Office premises and motor cars are obtained on operating lease. The lease terms range from one year to four years and are renewable at the option of the Company. These lease rentals are recognised under "Rent".

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

	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Charged to statement of profit and loss	11.60	15.19
Future minimum rentals payable under non-cancellable operating leases are as follows:		
Within one year	4.28	12.70
After one year but not more than five years	1.03	8.00
More than five years	-	-
	5.31	20.70

24. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM) of the Company. The CODM is responsible for allocating resources and assessing performance of the operating segments of the Company.

The Company has integrated its organisation structure with respect to its automotive and non-automotive business considering that the synergies, risks and returns associated with business operations are not predominantly distinct. The company has aligned its internal financial reporting system in line with the new organisation structure. As a result the Company's reportable business segment consists of a single segment of "Lubricants" in terms of Ind AS 108. The Managing Director (Chief Operating Decision Maker) is accountable for leading the growth agenda for an integrated Automotive and Industrial business.

Information by Geographies	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Revenue		
India	3,862.85	3,890.27
Outside India	13.97	14.28
	3,876.82	3,904.55
Capital expenditure (including capital work-in-progress)		
India	77.72	80.80
Outside India	-	-
	77.72	80.80

» Notes to the financial statements for the year ended December 31, 2019

24. Segment information (Contd.)

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Non-current assets		
India	292.48	277.82
Outside India	2.24	-
	294.72	277.82

There are no transactions with single customer which amounts to 10% or more of the Company's revenue for year ended December 31, 2019 and December 31, 2018.

25. (i) Contingent liabilities & commitments

		As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
(a) Contingent liabilities			
(1) Demands made by the authorities, in respect of which appeals have been filed [Refer note (i) below]			
Sales tax		38.74	40.65
Excise		-	0.28
Service tax		0.09	0.70
(2) Claims against the Company not acknowledged as debts estimated at:			
- In respect of compensation claimed by third parties / workers / employees		3.57	2.43
	(A)	42.40	44.06
(b) Commitments			
(1) Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)		25.34	10.00
(2) Operating lease obligation (Refer note 23)		5.31	20.70
	(B)	30.65	30.70
	Total (A + B)	73.05	74.76

(ii) The management does not expect these demands / claims to succeed. Claims, where the possibility of outflow of resources embodying economic benefits is remote, have not been considered in contingent liability.

The Company has received following demand orders from Maharashtra Sales Tax Department for disputes relating to the movement of goods from the Plant / Warehouse situated in Maharashtra to the CFAs for sale of goods made by the company in the states other than Maharashtra, where applicable taxes have been paid as per the provisions of law. The department alleged that the movement of goods was to fulfil pre-existing orders in the destination States, and were therefore in the nature of inter-State sales. The Company contends that the movement of goods from Maharashtra was not pursuant to any contract /order from customers in other States hence the understanding of operations/systems recorded in the assessment orders are not factually correct. The Company's tax payment methodology in respect of the goods sold is adequately supported by robust legal grounds/precedents and in Company's opinion the said demands are unjustified. Thus considering the favorable orders from MVAT Tribunal and based on the legal advice the Company has not made any provision in the books for the year ended December 31, 2019 and considered this to be remote.

Financial Year	Demand (including interest)	Status	Rupees in Crore
2007-08	306.71	The company had received the favourable orders from Maharashtra Sales Tax Tribunal (MSTT) against which department had filed the appeal in Central Sales Tax Appellate Authority, Delhi (CSTAA). Hearing date awaited from CSTAA.	
2009-10	255.50		
2010-11	263.63		
2011-12	474.60		
2012-13	578.05	The company had received the favourable orders from Maharashtra Sales Tax Tribunal (MSTT). Department is yet to file appeal before CSTAA	
2013-14	485.22		
2014-15	528.33		
2015-16	510.69	Company is in process of filing the appeal in Maharashtra Sales Tax Tribunal (MSTT).	
Total	3,402.73		

Note : It is not practicable for the Company to estimate the timings of cash outflows, if any, in respect of the above pending resolution of the respective proceedings as it is determinable only on receipt of judgements/decisions pending with various forums/ authorities.

» Notes to the financial statements for the year ended December 31, 2019

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

	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	6.30	28.82
Interest due on above	0.00	0.01
b. The amount of interest paid by the buyer in terms of section 16 of the Micro and Small Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro and Small Enterprise Development Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year	0.00	0.01
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of Micro and Small Enterprise Development Act, 2006.	-	-

* The company has initiated the process of identification of suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006, by obtaining confirmations from all suppliers. Information has been collated only to the extent of information received.

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

» Notes to the financial statements for the year ended December 31, 2019

27 Employee Benefits

I) Defined Contribution Plan

Contribution to Provident and Other Funds' in Note 18 includes Rs. 1.1 Crore (December 31, 2018: Rs. 1.1 Crore) for ESIC and Labour Welfare Fund. Note 21 includes Insurance Rs. 2.2 Crore (December 31, 2018: Rs. 2.5 Crore) for Medical Insurance benefits and post retiral medical benefit scheme. Salaries, wages and bonus in Note 18 includes Rs. 1.3 Crore for share match (December 31, 2018: Rs. 0.3 Crore).

II) Defined Benefit Plan

A) General Description of Defined Benefit Plan

i) Gratuity

The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days/one month salary last drawn for each completed year of service depending on the date of joining. The same is payable on termination of service, retirement or death, whichever is earlier. The benefit vests after five years of continuous service.

The Company has a defined benefit gratuity plan in India (funded). The Company defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy.

ii) Provident Fund

The Provident Fund (administered by a trust) is a defined benefit scheme whereby the Company deposits amounts determined as a fixed percentage of basic pay to the fund every month. The actuary has provided a valuation and determined the fund assets and obligations as at December 31, 2019. Further, it has been determined that the yield on the investments of the trust is adequate to meet the obligation towards the payment of the interest rate notified by the government.

iii) Pension Benefit to Past Employees

Under the Company's pension scheme, certain categories of employees, on retirement, are eligible for monthly differential pension which is accounted for on an actuarial basis as on the Balance Sheet date.

iv) Compensated absences

The Company has a policy on compensated absences which is applicable to its executives joined upto a specified period and all workers. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each Balance Sheet date using projected unit credit method on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the Balance Sheet date.

B) The plans in India typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to government bond yields; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and debt instruments.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

» Notes to the financial statements for the year ended December 31, 2019

27 Employee Benefits (Contd.)

C) Amounts recognised in financial statements in respect of these defined benefit plans are as follows:

i) The following tables set out the funded status of the gratuity, pension, compensated absences and provident fund plans and the amounts recognised in the Company's financial statements as at December 31, 2019 and December 31, 2018:

Particulars	Rupees in Crore							
	As at December 31, 2019				As at December 31, 2018			
	Gratuity (Funded)	Pension Benefit (Non- funded)	Compensated absences (Non-funded)	Provident Fund (Funded)	Gratuity (Funded)	Pension Benefit (Non- funded)	Compensated absences (Non-funded)	Provident Fund (Funded)
Change in the present value of the Defined Benefit Obligation (DBO) and fair value of plan assets:								
Obligation at period beginning	50.91	1.43	1.47	167.32	48.13	1.40	1.48	153.48
Current service cost	3.85	0.06	0.31	7.20	3.58	0.03	-	6.39
Past service cost	-	-	-	-	1.01	-	-	-
Interest cost	3.42	-	-	14.49	3.34	-	0.15	11.33
Actuarial (gain) / loss due to change in assumptions	2.50	-	-	-	(1.36)	-	(0.09)	-
Experience (gain) / loss on plan liability	2.84	-	-	3.24	(0.03)	-	-	1.30
Benefits paid and transfer out	(6.52)	-	(0.21)	(20.64)	(3.76)	-	(0.08)	(17.46)
Contributions by employee	-	-	-	10.55	-	-	-	9.38
Transfer in	1.58	-	-	7.12	-	-	-	2.90
Obligation at period end	58.58	1.49	1.56	189.28	50.91	1.43	1.47	167.32
Change in plan assets								
Plan assets at period beginning, at fair value	37.54	-	-	169.06	34.82	-	-	158.56
Expected return on plan assets	2.76	-	-	14.66	2.56	-	-	11.70
Experience (gain) / loss on plan assets	0.47	-	-	2.37	0.49	-	-	(2.42)
Asset gain / (loss)	1.58	-	-	-	-	-	-	-
Contributions by employer	3.78	-	-	7.20	3.43	-	-	6.40
Contributions by employee	-	-	-	10.55	-	-	-	9.38
Benefits paid	(6.52)	-	-	(20.64)	(3.76)	-	-	(17.46)
Transfer in	-	-	-	7.12	-	-	-	2.90
Plan assets at period end, at fair value	39.61	-	-	190.32	37.54	-	-	169.06
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	39.61	-	-	190.32	37.54	-	-	169.06
Present value of the defined benefit obligation at the end of the period	(58.58)	(1.49)	(1.56)	(189.28)	(50.91)	(1.43)	(1.47)	(167.32)
Asset / (liability) recognised in the Balance Sheet	(18.97)	(1.49)	(1.56)	1.04	(13.37)	(1.43)	(1.47)	1.74

» Notes to the financial statements for the year ended December 31, 2019

27 Employee Benefits (Contd.)

ii) Amount for the year ended December 31, 2019 and December 31, 2018 recognised in the statement of Profit and Loss under employee benefit expenses:

Rupees in Crore

Particulars	For the year ended December 31, 2019				For the year ended December 31, 2018			
	Gratuity	Pension Benefit	Compensated absences	Provident Fund	Gratuity	Pension Benefit	Compensated absences	Provident Fund
	(Funded)	(Non-funded)	(Non-funded)	(Funded)	(Funded)	(Non-funded)	(Non-funded)	(Funded)
Current service cost	3.85	0.06	0.31	7.20	3.58	0.03	0.24	6.39
Past service cost	-	-	-	-	1.01	-	-	-
Net interest cost	0.66	-	-	14.49	0.78	-	0.03	11.33
Interest income	-	-	-	(14.66)	-	-	-	(11.70)
Total cost recognised in statement of profit and loss	4.51	0.06	0.31	7.03	5.37	0.03	0.27	6.02

iii) Amount for the year ended December 31, 2019 and December 31, 2018 recognised in the statement of other comprehensive income:

Rupees in Crore

Particulars	As at December 31, 2019				As at December 31, 2018			
	Gratuity	Pension Benefit	Compensated absences	Provident Fund	Gratuity	Pension Benefit	Compensated absences	Provident Fund
	(Funded)	(Non-funded)	(Non-funded)	(Funded)	(Funded)	(Non-funded)	(Non-funded)	(Funded)
Actuarial (Gain) / Loss due to Demographic Assumption changes in DBO	(0.14)	-	-	-	(1.83)	-	-	-
Actuarial (Gain) / Loss due to Financial Assumption changes in DBO	2.64	-	-	3.24	0.46	-	(0.09)	-
Actuarial (Gain) / Loss due to Experience on DBO	2.84	-	-	-	(0.03)	-	-	1.30
Return on Plan Assets (Greater) / Less than Discount rate	(0.47)	-	-	(2.37)	(0.49)	-	-	2.41
Total Actuarial (Gain)/ Loss included in OCI	4.87	-	-	0.87	(1.89)	-	(0.09)	3.71

iv) Major Categories of Plan assets are as follows:

Provident fund

Rupees in Crore

Particulars	As at December 31, 2019	As at December 31, 2018
The composition of plan assets		
Special Deposit	17.32	17.32
Investment in Government and Debt Securities	153.40	135.23
Investment in Mutual Funds	5.03	4.61
Bank Balance	6.92	5.01
Other receivables	7.65	6.89
Total	190.32	169.06

» Notes to the financial statements for the year ended December 31, 2019

27 Employee Benefits (Contd.)

Gratuity		Rupees in Crore	
Particulars	As at December 31, 2019	As at December 31, 2018	
The composition of plan assets			
Special Deposits	0.76	0.76	
Deposit with insurance schemes	36.50	36.40	
Bank Balance	0.83	0.15	
Others - Receivables / (Payables)	1.52	0.22	
Total	39.61	37.53	

Each year, the Board of Trustees reviews the level of funding in the India gratuity plan. Such a review includes the asset-liability matching strategy and investment risk management policy. This includes employing the use of annuities and longevity swaps to manage the risks. The fair values of the above investments are determined based on prices in active markets. The Board of Trustees decides its contribution based on the results of this annual review. Generally, it aims to have a portfolio mix of equity instruments, property and debt instruments. The Board of Trustees aim to keep annual contributions relatively stable at a level such that no plan deficits (based on valuation performed) will arise.

v) The significant assumptions used to determine benefit obligations as at December 31, 2019 and December 31, 2018 are set out below:

Particulars	As at December 31, 2019			As at December 31, 2018		
	Gratuity	Compensated absences	Provident Fund	Gratuity	Compensated absences	Provident Fund
	(Funded)	(Non-funded)	(Funded)	(Funded)	(Non-funded)	(Funded)
Discount rate	6.52%	6.52%	6.52%	7.35%	7.35%	7.35%
Rate of increase in compensation level	Executives - 12.75%, Workers - 4%	12.75%	Executives - 12.75% Workers - 4%	Executives - 12.7%, Workers - 4%	12.7%	Executives - 12.7% Workers - 4%
Interest Rate Guarantee	-	-	8.65%	-	-	8.55%

vi) Sensitivity Analysis:

Particulars		As at December 31, 2019			As at December 31, 2018		
		Gratuity	Compensated absences	Provident Fund	Gratuity	Compensated absences	Provident Fund
		(Funded)	(Non-funded)	(Funded)	(Funded)	(Non-funded)	(Funded)
Discount per annum							
a) Increase by 100 basis points	55.55	1.49	185.99	48.46	1.40	163.32	
b) Decrease by 100 basis points	61.92	1.65	195.42	53.62	1.57	174.33	
Rate of increase in compensation							
a) Increase by 100 basis points	61.47	1.64		53.31	1.56	-	
b) Decrease by 100 basis points	55.84	1.49		48.65	1.45	-	
Interest Rate Guarantee							
a) Increase by 100 basis points	-	-	195.14	-	-	172.60	
b) Decrease by 100 basis points	-	-	186.00	-	-	163.24	

The sensitivity analyses above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the Balance Sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous year.

» Notes to the financial statements for the year ended December 31, 2019

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

c)	Key management personnel (where transaction exists)	Omer Dormen	Managing Director (up to 31.12.2019)
		Sandeep Sangwan	Managing Director (w.e.f 01.01.2020)
		Rashmi Joshi	Chief Financial Officer & Whole time Director
		Jayanta Chatterjee	Whole Time Director - Supply Chain
d)	Non-executive Independent Directors *	S. M. Datta (up to 30.09.2019)	
		R. Gopalakrishnan (Chairman - w.e.f 01.10.2019)	
		Uday Khanna	Sangeeta Talwar
		Rakesh Makhija (w.e.f 01.10.2019)	
e)	Non-executive non-Independent Directors *	Sashi Mukundan	A. S. Ramchander (w.e.f 29.04.2019)
		Peter Weidner (up to 31.01.2019)	
		Mark Josceline Sclater (w.e.f 16.05.2019 to 06.12.2019)	

* Non-executive directors are disclosed as Key Management Personnel as per the requirement of Ind AS 24. However, they are not Key Management Personnel as per Companies Act, 2013.

B. Transactions with related parties

	Nature of Relationship	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Purchase of materials / traded goods			
BP Europa SE	Fellow subsidiary	17.65	19.69
BP Europa SE - BP Belgium (Branch)	Fellow subsidiary	29.31	30.21
BP France	Fellow subsidiary	7.71	9.72
Castrol Industrial North America Inc	Fellow subsidiary	-	3.88
BP Lubricants USA Inc	Fellow subsidiary	10.18	12.93
Others	Fellow subsidiaries	9.65	13.30
Total		74.50	89.73
Sale of goods / Other operating income			
BP (China) Industrial Lubricants Limited	Fellow subsidiary	1.29	2.34
BP Lubricants USA Inc	Fellow subsidiary	3.37	-
AsPac Lubricants (Malaysia) Sdn. Bhd.	Fellow subsidiary	5.41	1.78
Others	Fellow subsidiaries	1.20	0.50
Total		11.27	4.62
Receiving of services			
BP International Limited	Fellow subsidiary	9.11	9.43
BP Europa SE	Fellow subsidiary	14.41	14.29
BP Singapore Pte Limited	Fellow subsidiary	0.69	2.92
Others	Fellow subsidiaries	3.17	1.46
Total		27.38	28.10
Rendering of services (Including reimbursement of expenses)			
Castrol Limited, U.K.	Holding company	3.60	4.16
BP International Limited	Fellow subsidiary	3.65	5.11
BP India Private Limited	Fellow subsidiary	4.75	6.64
Lubricants UK Limited	Fellow subsidiary	3.01	1.57
Others	Fellow subsidiaries	1.70	2.07
Total		16.71	19.55

» Notes to the financial statements for the year ended December 31, 2019

B. Transactions with related parties			
	Nature of Relationship	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Contribution to funds			
Castrol India Limited Employees' Provident Fund	Post employment benefit funds	7.20	6.39
Castrol India Limited Staff Pension Fund	Post employment benefit funds	3.27	2.98
Castrol India Limited Employees' Gratuity Fund	Post employment benefit funds	3.78	3.44
Total		14.25	12.81
Disbursement from funds			
Castrol India Limited Employees' Provident Fund	Post employment benefit funds	20.75	17.46
Castrol India Limited Staff Pension Fund	Post employment benefit funds	8.51	3.42
Castrol India Limited Employees' Gratuity Fund	Post employment benefit funds	6.52	3.76
Total		35.78	24.64
Commission income			
BP Marine Limited	Fellow subsidiary	2.66	2.96
Total		2.66	2.96
Dividend (On payment Basis)			
Castrol Limited, U.K.	Holding company	264.84	239.61
Total		264.84	239.61
Royalty expense			
Castrol Limited, U.K.	Holding company	112.28	111.35
Total		112.28	111.35
Share value and share match payments *			
BP PLC	Ultimate Holding Company	5.56	4.69
Total		5.56	4.69
* Share value expenses to be borne by BP PLC			
Remuneration to executive directors * ##			
Omer Dormen	Key management personnel	6.28	5.33
Rashmi Joshi	Key management personnel	2.00	1.86
Jayanta Chatterjee	Key management personnel	2.27	2.12
Total		10.55	9.31
Bifurcation of long term and short term benefits			
Short-term employee benefits		8.11	8.26
Post-employment gratuity and medical benefits		0.36	0.33
Share-based payment transactions		2.08	0.72
Total compensation paid to executive directors		10.55	9.31

» Notes to the financial statements for the year ended December 31, 2019

B. Transactions with related parties

	Nature of Relationship	For the year ended December 31, 2019 Rupees in Crore	For the year ended December 31, 2018 Rupees in Crore
Commission and Director sitting fees to non-executive Independent directors			
R Gopalakrishnan	Key management personnel	0.25	0.24
S.M.Datta	Key management personnel	0.21	0.28
Uday Khanna	Key management personnel	0.21	0.21
Rakesh Makhija	Key management personnel	0.06	-
Sangeeta Talwar	Key management personnel	0.22	0.10
Total		0.95	0.83

* The remuneration to executive directors includes share value plan and contribution of company towards share match.

Exclusive of provision for liability in respect of leave earned and gratuity, since this is based on actuarial valuation done on an overall basis for all employees, Performance bonus / incentive amount considered on payment basis.

C. Balance as at year ended

		As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Amounts payable			
Castrol Limited, U.K.	Holding company	100.01	99.88
BP Europa SE	Fellow subsidiary	15.43	18.91
Castrol India Limited Employees' Provident Fund	Post employment benefit funds	1.52	1.34
Castrol India Limited Staff Pension Fund	Post employment benefit funds	0.28	-
Castrol India Limited Employees' Gratuity Fund	Post employment benefit funds	0.32	-
Others	Fellow subsidiaries	8.48	20.36
Total		126.04	140.49
Amounts receivable			
AsPac Lubricants (Malaysia) Sdn. Bhd.	Fellow subsidiary	-	0.90
Castrol Limited, U.K.	Holding company	3.55	-
Castrol India Limited Staff Pension Fund	Post employment benefit funds	-	1.07
Castrol India Limited Employees' Gratuity Fund	Post employment benefit funds	-	0.14
Castrol (Shenzhen) Company Limited	Fellow subsidiary	-	1.00
BP India Private Limited	Fellow subsidiary	0.84	2.96
BP Lubricants USA Inc	Fellow subsidiary	3.37	-
Lubricants UK Limited	Fellow subsidiary	0.53	1.18
Others	Fellow subsidiaries	1.65	1.42
Total		9.94	8.67
Share based payments - Other equity *			
BP PLC	Ultimate Holding Company	19.07	14.83
Total		19.07	14.83

* Payments are not made being deemed contribution.

» Notes to the financial statements for the year ended December 31, 2019

29. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company has constituted a Risk Management Committee, which is responsible for developing and monitoring the Company's risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set and monitor appropriate risk limits and controls, periodically review the changes in market conditions and reflect the changes in the policy accordingly. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The primary market risk to the Company is foreign exchange risk. The Company uses forward contracts to mitigate foreign exchange related risk exposures. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer.

A. Liquidity risk

The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations. The company has no outstanding bank borrowings. The company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

As of December 31, 2019 and December 31, 2018, the Company had a working capital of Rs. 995.02 Crore and Rs. 801.39 Crore respectively including cash and cash equivalents of Rs. 67.16 Crore and Rs. 263.65 Crore respectively.

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

Particulars	On demand	Less than 1 year	1 to 5 years	Total
As at December 31, 2019				
Other financial liabilities	(15.81)	(225.38)	-	(241.19)
Trade and other payables		(471.79)	-	(471.79)
As at December 31, 2018				
Other financial liabilities	(15.20)	(244.47)	-	(259.67)
Trade and other payables	-	(584.05)	-	(584.05)

B. Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: foreign currency risk and other price risk, such as commodity risk. Financial instruments that are affected by market risk include deposits and foreign exchange forward contracts. The sensitivity analysis in the following sections relate to the position as at December 31, 2019 and December 31, 2018. The analyses exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. This is based on the financial assets and financial liabilities held at December 31, 2019 and December 31, 2018.

B1. Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (primarily material costs are denominated in a foreign currency). The Company manages its foreign currency risk by hedging certain material costs that are expected to occur within a range of 1 to 3 month period for hedges of purchases of base oil and additives. When a derivative is entered into for the purpose of being a hedge, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of highly probable transactions the derivatives cover the period of exposure from the point of the commitment up to the point of settlement of the resulting payable that is denominated in the

» Notes to the financial statements for the year ended December 31, 2019

29. Financial risk management (Contd.)

foreign currency. At December 31, 2019 and December 31, 2018 the Company hedged approximately ~ 80-85% of its expected foreign currency purchases for 1 to 3 months. Those hedged purchases were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts. Details are as given below:

Hedged Foreign Currency exposure as at Balance Sheet Date	As at December 31, 2019	As at December 31, 2018
No of buy contracts relating to firm commitments for base oil	3	15
Foreign currency - USD	11,413,989	12,336,052
Rupees Crore	82.06	87.70

Unhedged foreign currency exposure as at balance sheet date

The following table analyses the foreign currency risk from financial instruments

Particulars	As at December 31, 2019		As at December 31, 2018	
	Foreign currency	Rupees in Crore	Foreign currency	Rupees in Crore
Trade payables				
USD	2,540,442	18.11	12,541,914	87.35
EURO	2,655,142	21.21	3,100,071	24.79
GBP	1,193,892	11.16	65,038	0.58
SGD	116,274	0.62	10,809	0.06
AUD	5,171	0.03	845	0.01
JPY	1,700,000	0.11	1,233,020	0.08
Trade receivables				
USD	2,368,671	16.88	557,162	3.89
Loans and advances given				
USD	1,048,865	7.48	3,303,348	23.06
EURO	329,817	2.63	7,630	0.06
GBP	2,460	0.02	-	-

Sensitivity analysis

The Company is mainly exposed to changes in USD and Euro. The sensitivity analyses demonstrate a reasonably possible change in USD and Euro exchange rates, with all other variables held constant. 5% appreciation/depreciation of USD and Euro with respect to functional currency of the Company will have impact of following (decrease)/increase in profit (Rs. in Crore)

Particulars	As at December 31, 2019	As at December 31, 2018
USD	(0.31)	3.02
Euro	0.93	1.24
Total	0.62	4.26

B2. Commodity price risk

The Company exposure to market risk with respect to commodity prices primarily arises from the fact that we are a purchaser of base oil. This is a commodity product whose prices can fluctuate sharply over short periods of time. The prices of base oil generally fluctuate in line with commodity cycles. Material purchases forms the largest portion of our operating expenses. The Company evaluates and manages commodity price risk exposure through operating

» Notes to the financial statements for the year ended December 31, 2019

29. Financial risk management (Contd.)

procedures and sourcing policies. The Company has not entered into any commodity derivative contracts. It may also be noted that there are no direct derivatives available for base oil, but there are derivatives for crude oil.

Sensitivity : 1% decrease in commodity rates would have led to approximately an additional Rs. 0.54 Crore (December 31, 2018 – Rs.1.08 Crore) gain in the statement of profit and loss. 1% increase in commodity rates would have led to an equal but opposite effect.

C. Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables), deposits with banks and foreign exchange transactions. The Company's customer mainly consists of distributors and Original Equipment Manufacturers (OEMs). The Company has a credit policy, approved by the management that is designed to ensure that consistent processes are in place to measure and control credit risk.

The Company has trade relationships only with reputed third parties. The receivable balances are constantly monitored, resulting in an insignificant exposure of the Company to the risk of non-collectible receivables. Credit risk is managed through credit approvals, establishing credit limits, obtaining collaterals from the customers in the form of deposits and/or bank guarantees and periodically monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The maximum credit exposure associated with financial assets is equal to the carrying amount.

The Company's historical experience of collecting receivables, supported by the level of default, is that credit risk is low across territories and so trade receivables are considered to be a single class of financial assets.

An impairment analysis is performed at each reporting date on an individual basis for major clients. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in financial statements.

In case of cash and cash equivalents, since the amount is in form of demand deposits with bank there is no credit risk perceived. Hence no provision for expected credit loss has been made.

30. (A) Fair value measurement

The Carrying value and fair value of financial instruments by categories as of December 31, 2019 and December 31, 2018 were as follows:

Particulars	Rupees in Crore			
	As at December 31, 2019		As at December 31, 2018	
	Carrying value	Fair Value	Carrying value	Fair Value
Assets				
Loans	8.97	8.97	9.24	9.24
Other financial assets	-	-	0.10	0.10
Foreign exchange forward contracts	-	-	-	-
Total	8.97	8.97	9.34	9.34
Liabilities				
Other financial liabilities	-	-	-	-
Foreign exchange forward contracts	0.21	0.21	1.40	1.40
Total	0.21	0.21	1.40	1.40

The management assessed that cash and cash equivalents, loans, other balances with banks, trade receivables, trade payables and other current liabilities/assets approximate their carrying amounts largely due to the short-term maturities of these instruments.

(B) Fair Value Hierarchy

The Company does not have any financial instrument other than derivatives which are measured at fair value through Profit & loss. The fair value of such derivatives is categorised as level 2 based on the valuation technique used to arrive at the fair value.

» Notes to the financial statements for the year ended December 31, 2019

31. Equity Settled Share-based payments

a) Share Match Plan

During the year ended December 31, 2019, 55,707 shares (December 31, 2018 : 49,310 shares) were purchased by employees at weighted average fair value of \$ 5.23 per share (December 31, 2018 : \$ 5.75 per share). The Company's contribution during the year on such purchase of shares amounting to Rs. 1.32 Crore (December 31, 2018 : Rs 0.30 Crore) has been charged under employee benefit expense under Note 18.

b) Share Value Plan

The expense recognised for employee services received during the year is shown in the following table:

Particulars	Rupees in Crore	
	December 31, 2019	December 31, 2018
Total expense recognised for equity settled share-based payment transaction	4.24	4.69

All share-based payments transactions relate to employee compensation.

Fair values and associated details for restricted share units granted are as follows :

Particulars	December 31, 2019	December 31, 2018
Share Value Plan		
Number of units granted	116,725	130,235
Weighted average fair value	\$7.22	\$6.49

The BP group operates a number of equity-settled employee share plans under which share units are granted to the group's senior leaders and certain other employees. These plans typically have a three-year performance or restricted period during which the units accrue net notional dividends which are treated as having been reinvested. Leaving employment will normally preclude the conversion of units into shares, but special arrangements apply for participants that leave for qualifying reasons. The number of shares that are expected to vest each year under employee share plans are shown in the table below.

Share Plan Vesting	December 31, 2019 Number of shares	December 31, 2018 Number of shares
Within one year	100,699	88,285
1 to 2 years	120,680	102,904
2 to 3 years	114,135	126,930
3 to 4 years	-	-
Total	335,514	318,119

» Notes to the financial statements for the year ended December 31, 2019

32. Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio and is measured by net debt divided by total capital plus net debt. The Company includes within net debt trade and other payables, less cash and cash equivalents. The Company did not have any borrowings at any time during the year.

Particulars	As at December 31, 2019 Rupees in Crore	As at December 31, 2018 Rupees in Crore
Trade payables	471.79	584.05
Other payables	390.04	357.06
Less: cash and cash equivalents	67.16	263.65
Net debt	794.67	677.46
Total equity	1,366.95	1,165.66
Capital and net debt	2,161.62	1,843.12
Gearing ratio	37%	37%

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

For and on behalf of Board of Directors
Executive Directors

Chandana Dhar
Company Secretary
ACS No.: 17891

R Gopalakrishnan	DIN : 00027858	Chairman
Sandeep Sangwan	DIN : 08617717	Managing Director
Rashmi Joshi	DIN : 06641898	Chief Financial Officer & Whole time Director
Jayanta Chatterjee	DIN : 06986918	Whole time Director - Supply Chain

Place : Mumbai
Date : January 31, 2020

» NOTICE

CASTROL INDIA LIMITED CIN: L23200MH1979PLC021359

Registered Office: Technopolis Knowledge Park, Mahakali Caves Road, Andheri (E), Mumbai 400 093.
Website: https://www.castrol.com/en_in/india/home.html • Email ID: investorrelations.india@castrol.com
Tel: +91 22 66984100 • Fax: +91 22 66984101

NOTICE OF THE ANNUAL GENERAL MEETING

NOTICE is hereby given that the forty second (42nd) Annual General Meeting of the Members of Castrol India Limited will be held on **Wednesday, 15 July 2020 at 3.00 p.m. IST** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements for the financial year ended 31 December 2019 and the reports of the Board of Directors and the statutory auditor thereon.
2. To appoint a director in place of Ms. Rashmi Joshi (DIN 06641898), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

3. **To consider and ratify the remuneration payable to M/s. Kishore Bhatia & Associates, cost accountants for the financial year ending 31 December 2020.**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provision(s), if any, of the Companies Act, 2013 and the Rules framed thereunder, as amended from time to time, and such other permissions as may be necessary, the payment of the remuneration of INR 3,50,000/- (Rupees Three Lakh Fifty Thousand only) with applicable tax plus reimbursement of related business expenses, at actuals, to M/s. Kishore Bhatia & Associates, cost accountants (Registration No. 00294), who were appointed by the Board of Directors of the Company, as cost auditors, to conduct audit of the cost records maintained by the Company, for the financial year ending 31 December 2020, be and is hereby ratified and approved."

4. **To consider the re-appointment of Mr. Omer Dormen (DIN: 07282001) as the Managing Director of the Company for a period from 12 October 2019 to 31 December 2019.**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provision(s), if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Act, and subject to the requisite approval of the Central Government, the consent, be and is hereby accorded to the re-appointment of Mr. Omer Dormen (DIN : 07282001) as Managing Director of the Company for a period from 12 October 2019 to 31 December 2019, on the terms and conditions of appointment and remuneration as set out in the explanatory statement annexed to the Notice.

5. To consider the re-appointment of Mr. Jayanta Chatterjee (DIN: 06986918) as a Wholetime Director of the Company for a period of five years effective 30 October 2019.

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provision(s), if any, of the Companies Act, 2013 ("Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Act, the consent of the Company, be and is hereby accorded to the re-appointment of Mr. Jayanta Chatterjee (DIN: 06986918) as a Wholetime Director of the Company, liable to retire by rotation, for a period of five years effective 30 October 2019, on the terms and conditions of appointment and remuneration as set out in the explanatory statement annexed to the notice, with liberty and power to the Board of Directors (hereinafter referred to as the "Board" which expression shall also include the 'Nomination and Remuneration Committee' of the Board), in the exercise of its discretion, to grant increments and to alter and vary from time to time the terms and conditions of the said appointment, subject to the same not exceeding the limits specified under Schedule V to the Companies Act, 2013 or any statutory modification(s) or re-enactment thereof."

6. To consider the re-appointment of Mr. R. Gopalakrishnan (DIN: 00027858) as an Independent Director of the Company for a term of 5 (five) years effective 1 October 2019.

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Rules framed thereunder, Schedule IV to the Act, Regulation 17(1A) and such other provisions of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. R. Gopalakrishnan (DIN: 00027858) who qualifies for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, for a term of 5 (five) years effective 1 October 2019, not being liable to retire by rotation."

7. To consider the re-appointment of Mr. Uday Khanna (DIN: 00079129) as an Independent Director of the Company for a term of 5 (five) years effective 1 October 2019.

To consider and if thought fit, to pass, the following resolution as a **Special Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013 ("Act") read with the Rules framed thereunder, Schedule IV to the Act, SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), Mr. Uday Khanna (DIN: 00079129) who qualifies for being re-appointed as an Independent Director, be and is hereby re-appointed as an Independent Director of the Company, for a term of 5 (five) years effective 1 October 2019, not being liable to retire by rotation."

8. To consider the appointment of Mr. Rakesh Makhija (DIN:00117692) as an Independent Director of the Company for a period of 5 (five) years effective 1 October 2019.

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and any other applicable provision(s) of the Companies Act, 2013 ("Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule IV to the Act and applicable provisions of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (including any amendment

thereof) Mr. Rakesh Makhija (DIN:00117692), who was appointed by the Board of Directors as an Additional Director with effect from 1 October 2019 and who holds office up to the date of the ensuing Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, for a period of five years effective 1 October 2019."

9. To consider the appointment of Mr. Sandeep Sangwan (DIN:08617717) as Director of the Company.

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT Mr. Sandeep Sangwan (DIN: 08617717), who was appointed as an Additional Director of the Company with effect from 1 January 2020 by the Board of Directors pursuant to Section 161 (1) of the Companies Act, 2013 ("Act") and Article 128 of the Article of Association of the Company and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act proposing his candidature for the office of Director, be and is hereby appointed a Director of the Company."

10. To appoint Mr. Sandeep Sangwan (DIN: 08617717) as the Managing Director of the Company for the period of 5 (five) years effective from 1 January 2020.

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provision(s) of the Companies Act, 2013 ("Act") and the Rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule V to the Act, and subject to the requisite approval of the Central Government, the consent of the Company, be and is hereby accorded to the appointment of Mr. Sandeep Sangwan (DIN: 08617717), as the Managing Director of the Company for a period of 5 (five) years with effect from 1 January 2020, on the terms and conditions of appointment and remuneration as set out in the explanatory statement annexed to the Notice with liberty and power to the Board of Directors (hereinafter referred to as the "Board" which expression shall also include the 'Nomination and Remuneration Committee' of the Board), in the exercise of its discretion, to grant increments and to alter and vary from time to time the terms and conditions of the said appointment, subject to the same not exceeding the limits specified under Schedule V to the Act, or any statutory modification(s) or re-enactment thereof."

11. To approve remuneration (other than sitting fees) payable to non-executive directors of the Company.

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution:**

"RESOLVED THAT pursuant to the provisions of Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable provisions of the Companies Act, 2013 ("Act"), if any (including any statutory modification(s) or re-enactment thereof for the time being in force) a sum not exceeding one percent per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Act, be paid to and distributed amongst the directors (other than the managing director or wholtime directors of the Company) or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided and directed by the Board of Directors

and such payments shall be made in respect of the profits of the Company for each financial year, for a period of five financial years commencing from 1 January 2020, provided that none of the directors aforesaid shall receive individually a sum exceeding INR 20,00,000/- (Rupees Twenty lakhs only) in a financial year.

RESOLVED FURTHER THAT the above remuneration shall be in addition to fee payable to the director(s) for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.

RESOLVED FURTHER THAT notwithstanding anything contained above, wherein any financial year, the Company has no profits or its profits are inadequate, the remuneration payable above shall be subject to Section 197 of the Act, and provisions of Section II of Part II of Schedule V to the Act, or any other law or enactment for the time being in force.

RESOLVED FURTHER THAT the Board be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

On behalf of the Board of Directors

Chandana Dhar
Company Secretary and Compliance Officer
ACS: 17891

Place: Mumbai

Date : 17 June 2020

Registered Office:

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

IMPORTANT NOTES

- (1) In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM" or "Meeting") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
- (2) An explanatory statement pursuant to Section 102 of the Act, relating to special business to be transacted at the AGM, is annexed hereto.
- (3) Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars on AGM through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
- (4) Corporate members intending to authorize their representatives to attend the Meeting are requested to send a scanned certified copy of the board resolution (pdf/jpeg format) authorizing their representative to attend and vote on their behalf at the Meeting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to castrolagm2019@sarafandassociates.com with a copy marked to helpdesk.evoting@cdslindia.com.
- (5) In case of joint holder attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (6) Members seeking any information with regard to the accounts or any matter to be placed at the AGM, are requested to write to the Company on or before 9 July 2020 through email on investorrelations.india@castrol.com. The same will be replied by the Company suitably. Documents referred to in this Notice will be made available for inspection as per applicable statutory requirements.
- (7) In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, Notice of the AGM along with the Annual Report is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report will also be available on the Company's website https://www.castrol.com/en_in/india/home.html, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of CDSL i.e. www.evotingindia.com.
- (8) In terms of Section 152 of the Act, Ms. Rashmi Joshi (DIN 06641898), retires by rotation at this Meeting and being eligible, offers herself for re-appointment. The Board of Directors of the Company recommends her re-appointment. Details of the Director proposed to be re-appointed as required in terms of SEBI Listing Regulations, 2015 and Secretarial Standard on General Meetings (SS - 2) issued by The Institute of Company Secretaries of India, are provided below.
- (9) In terms of Section 124 of the Act read with MCA General Circular No. 16/2020 dated 13 April 2020, the amount of dividend remaining unpaid or unclaimed for a period of seven years from the date of transfer to the unpaid dividend account is required to be transferred to the Investor Education and Protection Fund (IEPF). Accordingly, the Company will be transferring the final dividend for the financial year ended 31 December 2012 and corresponding shares and the interim dividend for the financial year ended 31 December 2013

and corresponding shares on or before 30 September 2020 and 6 October 2020 respectively. Members are requested to ensure that they claim the dividends and shares referred above, before they are transferred to the said Fund. The due dates for transfer of unclaimed dividend to IEPF are provided in the report on Corporate Governance.

- (10) The Company has uploaded information of unclaimed dividends as on date of the 41st Annual General Meeting held on 15 May 2019, on the websites of the IEPF viz. www.iepf.gov.in and of the Company https://www.castrol.com/en_in/india/home/investors/statement-of-unclaimed-dividend-and-shares.html#tab_2019. Further, the Company has also uploaded on its website, a list of unclaimed interim dividend for the financial year ended 31 December 2019.
- (11) To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for a long time. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.
- (12) In terms of the Listing Regulations, securities of listed companies can only be transferred in dematerialized form with effect from 1 April 2019. In view of the above, Members are advised to dematerialize shares held by them in physical form.
- (13) The Meeting shall be deemed to be held at the Registered office of the Company at Technopolis Knowledge Park, Mahakali Caves Road, Andheri (E), Mumbai 400 093.
- (14) Since the AGM will be held through VC / OAVM, the route map to the venue is not annexed to this Notice.
- (15) Members can send their requests, if any, to investorrelations.india@castrol.com and rnt.helpdesk@linkintime.co.in.

(16) Voting Options

REMOTE E-VOTING THROUGH ELECTRONIC MEANS

1) The instructions for shareholders for remote e-voting are as under

- (i) The remote e-voting period begins on 11 July 2020 at 9.00 am and ends on 14 July 2020 at 5.00 pm. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the "cut-off date" i.e. 3 July 2020 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the Meeting would not be entitled to vote at the Meeting.
- (iii) Shareholders should log on to the e-voting website www.evotingindia.com.
- (iv) Click on "Shareholders" module.
- (v) Enter their User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Shareholders holding shares in physical form should enter Folio Number registered with the Company.
- (vi) Next enter the Image Verification as displayed and click on "Login".

- (vii) Shareholders holding shares in dematerialised form and having used www.evotingindia.com earlier and having voted on an earlier e-voting of any company, may use their existing password.
- (viii) First time users may follow the steps given below:

	For Shareholders holding shares in Dematerialised Form or Physical Form
PAN	Enter your 10 digit alpha-numeric *PAN issued by the Income Tax Department Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number indicated in the PAN field
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

- (ix) After entering these details appropriately, click on "SUBMIT" tab.
- (x) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat shareholders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (xi) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the EVSN for CASTROL INDIA LIMITED.
- (xiii) On the voting page, shareholders will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Shareholders can select the option YES or NO as desired. The option YES implies that they assent to a Resolution and option NO implies that they dissent from a Resolution.
- (xiv) Shareholders should click on the "RESOLUTIONS FILE LINK" if they wish to view the entire Resolution details.
- (xv) After selecting the Resolution they have decided to vote on, they should click on "SUBMIT". A confirmation box will be displayed. If they wish to confirm their vote, click on "OK", else to change their vote, click on "CANCEL" and they can accordingly modify their vote.
- (xvi) Once they "CONFIRM" their vote on a Resolution, they will not be allowed to modify their vote.
- (xvii) They can also print details of the votes cast by clicking on "Click here to print" option on the Voting page.

- (xviii) If a demat account shareholder has forgotten the login password then enter the User ID and the image verification code and click on "Forgot Password" and enter the details as prompted by the system.
- (xix) Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from the internet. Please follow the instructions as prompted by the mobile app while remote e-voting from your mobile.

2) **Process for those shareholders whose email addresses are not registered with the depositories for obtaining login credentials for remote e-voting for the resolutions proposed in this Notice**

- i) For shareholders holding shares in physical form - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA's email ID at investorrelations.india@castrol.com or rnt.helpdesk@linkintime.co.in respectively.
- ii) For shareholders holding shares in dematerialised form - please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name of shareholder, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to Company/RTA's email ID at investorrelations.india@castrol.com or rnt.helpdesk@linkintime.co.in respectively.
- iii) The Company/RTA shall co-ordinate with CDSL and provide the login credentials to the aforesaid shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM

1. Facility of joining the AGM through VC / OAVM shall open 15 minutes before the time scheduled for the AGM and will be available for Members on first come first served basis.
2. Shareholders will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
3. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
4. Further shareholders will be required to switch on the video facility and use Internet connection with a good speed to avoid any disturbance during the Meeting.
5. Please note that participants connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuations in their respective networks. It is therefore recommended to use stable Wi-Fi or LAN connection to minimise / mitigate any kind of aforesaid glitches.
6. Shareholders who would like to express their views/ask questions during the Meeting may register themselves as a speaker by sending their request in advance between **6 July 2020 and 10 July 2020** mentioning their name, demat account number/folio number, email ID, mobile number at investorrelations.india@castrol.com.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.
8. Members who need assistance before or during the AGM, or have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or call 1800225533.

9. All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call 1800225533.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE MEETING

1. Procedure for e-Voting on the day of the AGM is same as the Remote e-voting as mentioned above.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not cast their votes on the Resolutions through remote e-Voting and are not otherwise barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any votes are cast by shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the Meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the Meeting is available only to the shareholders attending the Meeting.
4. Shareholders who have voted through Remote e-Voting facility will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

INSTRUCTIONS FOR NON – INDIVIDUAL SHAREHOLDERS AND CUSTODIANS

- I. Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- II. A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- III. After receiving the login details a “Compliance User” should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- IV. The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- V. A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same
- VI. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc., to the Scrutinizer and to the Company at the email address viz investorrelations.india@castrol.com if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

OTHER INSTRUCTIONS

- I. Shareholders can update their mobile numbers and e-mail IDs (which may be used for sending future communication(s)) by writing to rnt.helpdesk@linkintime.co.in.
- II. Any person, who acquires shares of the Company and becomes a member of the Company after dispatch of the Notice and holding shares as of the cut-off date i.e. 3 July 2020 may obtain the login ID and password by sending an email to investorrelations.india@castrol.com or rnt.helpdesk@linkintime.co.in or helpdesk.evoting@cdslindia.com by mentioning their Folio No./DP ID and Client ID No.

- III. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on cut-off date only shall be entitled to avail the facility of remote e-voting or voting at the Meeting.
- IV. Mr. K. G. Saraf, Proprietor of Saraf and Associates, Company Secretaries (CP No. 642) has been appointed as the Scrutinizer to scrutinize the remote e-voting and e-voting during the meeting in a fair and transparent manner.
- V. The Scrutinizer shall, immediately after the conclusion of e-voting at the AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolutions have been carried or not, and such report shall then be sent to the Chairman or a person authorized by him, within 48 (forty eight) hours from the conclusion of the AGM, who shall then countersign and declare the result of the voting forthwith.
- VI. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company at https://www.castrol.com/en_in/india/home.html and on the website of CDSL at www.evoting.india.com immediately after the declaration of results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited, Mumbai.

On behalf of the Board of Directors

Chandana Dhar
Company Secretary and Compliance Officer
ACS: 17891

Place: Mumbai

Date : 17 June 2020

Registered Office:

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

A STATEMENT SETTING OUT MATERIAL FACTS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013, (“ACT”) FOR ITEMS NO. 3 to 11**Item No. 3 – To consider and ratify the remuneration payable to M/s. Kishore Bhatia & Associates, Cost Accountants for the financial year ending 31 December 2020.**

The Board, on recommendation of the Audit Committee, has approved at its meeting held on 31 January 2020, the appointment of M/s. Kishore Bhatia & Associates, Cost Accountants, (Registration No. 00294), as cost auditor to conduct the audit of the cost records of the Company, at a remuneration of INR 3,50,000/- plus taxes and out-of-pocket expenses.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the cost auditor is required to be ratified by the members of the Company. Accordingly, consent of the members is sought for passing an ordinary resolution as set out at Item No. 3 of the notice, for ratification of remuneration payable to the cost auditor for the financial year ending 31 December 2020.

None of the Directors or the Key Managerial Personnel and their relatives are, in any way, concerned or interested, financially or otherwise, in the proposed resolution.

The Board recommends passing of the resolution as set out under Item No. 3 as an ordinary resolution for approval by the members.

Item No. 4 – To consider the re-appointment of Mr. Omer Dormen (DIN: 07282001) as the Managing Director of the Company effective 12 October 2019.

The members of the Company vide postal ballot dated 30 January 2019, approved the appointment of Mr. Omer Dormen (DIN: 07282001) as the Managing Director for a period of 1 (one) year w.e.f. 12 October 2018. The members' approval was subject to the approval of the Central Government, since Mr. Omer Dormen was a non-resident. The Board of Directors of the Company has at its meeting held on 29 July 2019, on the basis of the recommendation made by the Nomination and Remuneration Committee and taking into consideration several factors, including the qualifications, skills and expertise, performance during his existing tenure, achievement of growth and performance targets for the functions under his responsibility and for Castrol India Limited in entirety, and his familiarity with the business operations of the Company along with the commitment towards the Company and his exemplary leadership skills, decided to continue with the appointment of Mr. Omer Dormen as the Managing Director for a further period of 1 (one) year w.e.f. 12 October 2019 upto 11 October 2020 and approve the terms and conditions of his appointment, including payment of remuneration, subject to the requisite approval of the members and the Central Government. The Board of Directors of the Company has at its meeting held on 23 October 2019 noted the resignation of Mr. Omer Dormen as the Managing Director of the Company with effect from close of business hours on 31 December 2019 due to his decision to take up another role within the the BP Group and continue with the appointment of Mr. Omer Dormen as the Managing Director for the period from 12 October 2019 upto close of business hours on 31 December 2019 and approve the terms and conditions of his appointment, including payment of remuneration, subject to the requisite approval of the members and the Central Government.

Mr. Omer Dormen aged about 57 years, is a Business Graduate from North London University. Following his graduation in 1985, Mr. Dormen joined Turkp petrol in Turkey and worked in various sales and marketing roles with a range of responsibilities for lubricants, fuels and LPG businesses. In 1991 he became the Sales and Marketing Director of the Joint Venture of Castrol and Turkp petrol before becoming the Chief Executive of the newly established Castrol Company in Turkey and was responsible for setting up the business. Following BP's acquisition of Castrol, he became the Performance Unit Leader for Turkey and managed the integration of the two businesses. Omer has over 30 years of experience in strategic planning and business management in a variety of international roles. Mr. Omer Dormen does not hold any shares in the Company and he is not a Director in any other Company.

The number of Board / Committee Meetings attended by Mr. Dormen during the year is stated in the Corporate Governance Report.

The material terms of appointment and remuneration as contained in the Board resolution dated 29 July 2019 are given below:

Reward Element	Amount Per Annum	
	Turkish Lira	INR Equivalent*
Base Salary	845,400	10,601,316
Cost of Living Allowance (COLA)**	189,622	2,377,860
Hardship Allowance**	483,351	6,061,222
Transition Payment	68,594	860,169
Housing Benefit (Maximum Annual Limit considered in INR)	610,048	7,650,000
Performance Linked Bonus	as per the company policy	
Equity Plans	as per the company policy	
Medical Reimbursement	as per international mobility policy	
Leave and Leave Travel Concession	as per international mobility policy	
Club Fees	fees of one club will be paid by the company	
Personal Accident & Life Insurance	as per international mobility policy	
Provident Fund	contribution to provident fund as per rules applicable to an International worker	
Education Support for Children	provided for one child	
Company Car	fully maintained company leased car with driver as per the policy	
Utilities Payment	paid by the company	

** Revised every quarter within the limits approved by Board

*Exchange Rate Considered: 1 TRY = INR 12.54 as on 1 April 2019. Actual amount in INR is subject to currency fluctuation

Total monthly remuneration will be TRY136,055 per month (equivalent to INR 1,706,115/- per month).

The above salary is subject to revision from time to time, pursuant to a review by the Board of Directors.

B. Responsibilities: Subject to the supervision and control of the Board of Directors of the Company, the Managing Director shall have substantial powers of management and shall perform such duties and exercise such powers, authorities and discretions as the Board shall from time to time delegate to him.

C. Payment: The remuneration will be paid in Turkish Lira and by way of secondment arrangement to be done with 'BP Petrolleri AS' (a BP Group entity) and mark-up, if any will be decided mutually between the Company and 'BP Petrolleri AS', within the limits of related party transactions approved by the Audit Committee of the Company.

D. Minimum Remuneration: Notwithstanding anything contained above, wherein any financial year during his tenure as Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Dormen shall be subject to Section 197 of the Act, and provisions of Section II of Part II of Schedule V to the Act, or any other law or enactment for the time being in force.

None of the Directors, Key Managerial Personnel of the Company other than Mr. Omer Dormen are concerned or interested, financially or otherwise with the resolution set out at Item No.4.

The Board recommends the ordinary resolution set out at Item No. 4 of the Notice for approval by the members.

Item No. 5 – To consider the re-appointment of Mr. Jayanta Chatterjee (DIN: 06986918) as Wholetime Director of the Company for a period of 5 (five) years effective 30 October 2019.

The members of the Company vide postal ballot dated 27 January 2015, approved the appointment of Mr. Jayanta Chatterjee (DIN: 06986918) as a Wholetime Director for a period of 5 (five) years w.e.f. 30 October 2014.

The Board of Directors of the Company has, at its meeting held on 29 July 2019, on the basis of the recommendation made by the Nomination & Remuneration Committee and taking into consideration several factors, including the performance of Mr. Jayanta Chatterjee, his contribution to the Company and the significance of his role in achieving growth and performance targets of the Company, decided to continue with the appointment of Mr. Jayanta Chatterjee as a Wholetime Director, liable to retire by rotation, for a further period of 5 (five) years, w.e.f. 30 October 2019 upto 29 October 2024 and approved the terms and conditions of his appointment, including payment of remuneration, subject to the approval of members of the Company.

Mr. Jayanta Chatterjee, vide a letter dated 13 February 2020, communicated his decision to move from his position as a Director and Wholetime Director of the Company, effective close of business hours of 31 May 2020, following his decision to take up another role which he had been offered within the Group. In the wake of unprecedented situation arising from the COVID-19 and the consequent impact on then Castrol India's business, he subsequently communicated his decision to continue his role in India till the situation in India is restored to a comprehensible position. These communications were also noted by Board in its meeting held on 12 June 2020.

Mr. Jayanta Chatterjee, aged 50 years, has 26 years of end to end Supply Chain leadership experience across multiple functions (Planning, Customer Fulfillment, Manufacturing and Process Implementation) and business channels (Retail, Distributor, OEM, Industrial and Marine) in Asia & Pacific and India. Mr. Chatterjee started his professional career with Philips India Ltd before joining Castrol India Limited in 1999. Mr. Chatterjee has progressed through roles of increasing responsibility in Supply Chain and is currently a Whole Time Director on the Board of Castrol India Limited since 2014. Prior to this he was the Regional Customer Fulfillment & Planning Manager for Asia & Pacific, based in Singapore. He had also been responsible for leading the Supply Chain for Middle East and KSA business of BP Lubricants and the Operations Excellence team for Asia & Pacific Supply Chain. Mr. Chatterjee has a Bachelor of Electrical Engineering from Jadavpur University Calcutta and Post Graduate Diploma in Business Management from IIM Calcutta. Mr. Chatterjee does not hold any shares in the Company and he is not a Director in any other Company. The number of Board / Committee Meetings attended by Mr. Chatterjee during the year is stated in the Corporate Governance Report.

The material terms of appointment and remuneration as contained in the Board resolution dated 29 July 2019 are given below:

Reward Element	Amount per Annum (in INR)
Basic Salary	58,16,400
Flexible Compensation Plan (FCP)	58,16,400
City Compensatory Allowance (CCA)	16,20,000
Annual Cash Bonus (Performance Linked Bonus)	as per company policy
Housing Benefit (Maximum Annual Limit considered in INR)	as per company policy
Equity Plans	as per company policy
Medical Reimbursement	as per company policy
Leave and Leave Travel Concession	as per company policy
Club Fees	fees for one club will be paid by company

Total monthly remuneration will be INR 12,70,200/-.

The above salary is subject to revision from time to time, pursuant to a review by the Board of Directors.

Minimum Remuneration: Notwithstanding anything contained above, wherein any financial year during his tenure as Wholetime Director – Supply Chain, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Jayanta Chatterjee shall be subject to Section 197 of the Act, and provisions of Section II of Part II of Schedule V to the Act, or any other law or enactment for the time being in force.

None of the Directors, Key Managerial Personnel of the Company other than Mr. Jayanta Chatterjee are concerned or interested, financially or otherwise with the resolution set out at Item No.5.

The Board recommends the ordinary resolution set out at Item No. 5 of the Notice for approval by the members.

Item No. 6 – To consider the re-appointment of Mr. R. Gopalakrishnan (DIN: 00027858) as an Independent Director of the Company for a term of 5 (five) years effective 1 October 2019.

The Board of Directors of the Company at its meeting held on 29 July 2019, pursuant to the recommendation of the Nomination and Remuneration Committee had re-appointed Mr. R. Gopalakrishnan (DIN: 00027858) as an Independent Director of the Company for a term of 5 (five) years effective 1 October 2019.

Mr. R. Gopalakrishnan aged about 74 years, studied physics at Kolkata, engineering at IIT Kharagpur and attended the Advanced Management Program at Harvard Business School. He has been a professional manager from 1967. He has served as Chairman of Unilever Arabia, as MD of Brooke Bond Lipton and Vice Chairman of Hindustan Lever, as Director of Tata Sons and several Tata companies. He also serves as an independent director of Castrol India and Hemas Holdings PLC, Sri Lanka. He is actively engaged in both instructional and inspirational speaking. He has also authored eight books.

The Company has received a declaration from Mr. R. Gopalakrishnan confirming that he meets with the criteria of independence as provided under section 149 (6) of the Act and Regulation 16 of the SEBI Listing Regulations, 2015. Further, Mr. Gopalakrishnan is not disqualified from being re-appointed as Director in terms of Section 164 of the Act. In terms of Section 149 read with Section 152 of the Act, Mr. Gopalakrishnan shall hold office for a period up to 5 (five) years on the Board and is not liable to retire by rotation. None of the Directors or Key Managerial Personnel of the Company and their relatives other than Mr. Gopalakrishnan are concerned or interested, financially or otherwise, in the resolution set out at Item No.6. This statement may also be regarded as a disclosure under Regulation 36(3) of the SEBI Listing Regulations, 2015 and SS 2 - Secretarial Standard on General Meetings. Mr. Gopalakrishnan is not related to any Director of the Company. The number of Board / Committee Meetings attended by Mr. Gopalakrishnan during the year and other Directorships, Membership / Chairmanship of Committees are stated in the Corporate Governance Report.

Mr. Gopalakrishnan does not hold any shares in the Company. Mr. Gopalakrishnan is the Chairman/Director of the following other public limited companies and chairman/member of following other Board Committees as on 31 December 2019:

Mr. Gopalakrishnan is also a Director on the Board of the following Companies as on 31 December 2019:

Sr. No.	Name of the Company	Designation
1.	Mapmygenome India Limited	Director
2.	The Anglo Scottish Education Society	Director
3.	Dhaanya Seeds Limited	Director

Mr. Gopalakrishnan is not related to any Director of the Company. The approval from members is also sought under Regulation 17(1A) of the SEBI Listing Regulations, 2015.

The Board recommends the special resolution set out at Item No.6 of the Notice for approval by the members.

Item No. 7 – To consider the re-appointment of Mr. Uday Khanna (DIN: 00079129) as an Independent Director of the Company for a term of 5 (five) years effective 1 October 2019.

The Board of Directors of the Company at its meeting held on 29 July 2019, pursuant to the recommendation of the Nomination and Remuneration Committee had re-appointed Mr. Uday Khanna (DIN: 00079129) as an Independent Director of the Company for a term of 5 (five) years effective 1 October 2019.

Mr. Uday Khanna aged about 70 years is a Chartered Accountant, with a distinguished career spanning close to four decades with Hindustan Lever/Unilever and Lafarge India and has handled a variety of roles in finance, commercial and general management. Mr. Khanna was the Chairman of Lafarge India Private Limited and Bata India Limited. He was the President of the Indo-French Chamber of Commerce & Industry in 2008 and 2009 and was the President of the Bombay Chamber of Commerce & Industry in 2012 and 2013. He was appointed on the Board of Castrol India Limited on 3 January 2012.

The Company has received a declaration from Mr. Khanna confirming that he meets with the criteria of independence as provided under section 149 (6) of the Act and Regulation 16 of the SEBI Listing Regulations, 2015. Further, Mr. Khanna is not disqualified from being re-appointed as Director in terms of Section 164 of the Act. In terms of Section 149 read with Section 152 of the Act, Mr. Khanna shall hold office for a period up to 5 (five) years on the Board and is not liable to retire by rotation. None of the Directors or Key Managerial Personnel of the Company and their relatives other than Mr. Khanna are concerned or interested, financially or otherwise, in the resolution set out at Item No. 7. This statement may also be regarded as a disclosure under Regulation 36(3) of the SEBI Listing Regulations, 2015 and SS 2 - Secretarial Standard on General Meetings. Mr. Khanna is not related to any Director of the Company. The number of Board / Committee Meetings attended by Mr. Khanna during the year and other Directorships, Membership / Chairmanship of Committees are stated in the Corporate Governance Report.

Mr. Khanna holds 1600 shares in the Company. Mr. Khanna is not related to any Director of the Company. Mr. Khanna is the Chairman/Director of the following other public limited companies and chairman/member of following other Board Committees as on 31 December 2019:

Sr. No.	Name of the Company	Designation	Chairmanship / Membership of Audit Committee	Chairmanship / Membership of Stakeholders' Relationship Committee
1.	Pfizer Limited	Director	Member	Chairman
2.	Pidilite Industries Limited	Director	Member	-
3.	Kotak Mahindra Bank Limited	Director	Chairman	-

Mr. Khanna is also a Director on the Board of the following Companies as on 31 December 2019:

Sr. No.	Name of the Company	Designation
1.	DSP Investment Managers Private Limited	Director
2.	The Anglo Scottish Education Society	Director

The Board recommends the special resolution set out at Item No. 7 of the Notice for approval by the members.

Item No. 8 – To consider the appointment of Mr. Rakesh Makhija (DIN: 00117692) as an Independent Director of the Company for a term of 5 (five) years effective 1 October 2019.

The Board of Directors of the Company, pursuant to the recommendation of the Nomination and Remuneration Committee had appointed Mr. Rakesh Makhija (DIN: 00117692) as an Additional (Independent) Director of the

Company for a term of 5 (five) years effective 1 October 2019 in terms of Sections 149 and 161 of the Act, and Mr. Makhija shall hold office up to the date of this Annual General Meeting.

Mr. Rakesh Makhija aged about 68 years is an Engineer from the Indian Institute of Technology, New Delhi. He is an Independent Director on the Board of Axis Bank Limited since 27 October 2015. He took over as non-executive (part-time) Chairman of Axis Bank Limited with effect from 18 July 2019. He is also a Director on the Boards of Tata Technologies Limited, Tata Marcopolo Motors Limited and ATREDS Limited. During his career spanning over four decades, he has been an active contributor to the Industrial and Technology sectors, both internationally and in India. He has held a number of top management positions within the SKF Group. He won the President for the Industrial Market (Strategic Industries) and a member of the Group Executive Committee, based in Gothenburg, Sweden. Prior to this, he was President of SKF Asia with overall responsibility for China and India based in Shanghai. He was the Managing Director of SKF India from 2002 till 2009. He was recipient of the prestigious 'CNBC Business Leader Award for Talent Management' in 2007. Prior to joining SKF, he was the CEO and Managing Director of Tata Honeywell Limited. He was subsequently appointed as the Country Manager and Managing Director of Honeywell International, with responsibilities for company's business in South Asia. Prior to Honeywell, he worked with Kinetics Technology International BV (now Technip), a process engineering and contracting company in the Netherlands for over eight years.

The Company has received a declaration from Mr. Makhija confirming that he meets with the criteria of independence as provided under section 149 (6) of the Act and Regulation 16 of the SEBI Listing Regulations, 2015. Further, Mr. Makhija is not disqualified from being appointed as Director in terms of Section 164 of the Act. In terms of Section 149 read with Section 152 of the Act, Mr. Makhija shall hold office for a period up to 5 (five) years on the Board and is not liable to retire by rotation. The Company has received a notice in writing from a member under section 160 of the Act proposing the candidature of Mr. Rakesh Makhija for the office of the Director.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than Mr. Makhija are concerned or interested, financially or otherwise, in the resolution set out at Item No. 8. This statement may also be regarded as a disclosure under Regulation 36(3) of the SEBI Listing Regulations, 2015 and SS 2 - Secretarial Standard on General Meetings. Mr. Makhija is not related to any Director of the Company. The number of Board / Committee Meetings attended by Mr. Makhija during the year and other Directorships, Membership / Chairmanship of Committees are stated in the Corporate Governance Report.

Mr. Makhija does not hold any shares in the Company. Mr. Makhija is not related to any Director of the Company. Mr. Makhija is the Chairman/Director of the following other public limited companies and chairman/member of following other Board Committees as on 31 December 2019:

Sr. No.	Name of the Company	Designation	Chairmanship / Membership of Audit Committee	Chairmanship / Membership of Stakeholders' Relationship Committee
1.	Axis Bank Limited	Director	Member	-

Mr. Makhija is also a Director on the Board of the following Companies as on 31 December 2019:

Sr. No.	Name of the Company	Designation
1.	A. TREDIS Limited	Director
2.	Tata Technologies Limited	Director
3.	Tata Macropolo Motors Limited	Director

The Board recommends the ordinary resolution set out at Item No.8 of the Notice for approval by the members.

Items No. 9&10-To consider the appointment of Mr. Sandeep Sangwan (DIN:08617717) as an Additional Director of the Company and to consider the appointment of Mr. Sandeep Sangwan as Managing Director of the Company for the period of 5 (five) years effective from 1 January 2020.

The Board of Directors of the Company at its meeting held on 23 October 2019 pursuant to the recommendation of the Nomination and Remuneration Committee had appointed Mr. Sandeep Sangwan (DIN: 08617717) as an Additional Director of the Company for a term of 5 (five) years effective 1 January 2020 in terms of Section 161 of the Companies Act, 2013 and the Article of Association of the Company and that Mr. Sangwan shall hold office up to the date of this Annual General Meeting.

The Board of Directors of the Company at their meeting held on 23 October 2019, pursuant to the recommendation of the Nomination and Remuneration Committee, had appointed Mr. Sandeep Sangwan (DIN: 08617717) as the Managing Director of the Company for a term of 5 (five) years effective 1 January 2020 in terms of Sections 196, 197, 203 of the Act,

Mr. Sandeep Sangwan has had a successful career extending over 29 years and brings extensive business, sales and marketing expertise with him. He is currently based in the UK as Programme Director leading a major transformation programme in BP Lubricants and has been instrumental in embedding the new Lubricants operating model across the business. Mr. Sandeep Sangwan joined BP in 2012 as part of the Castrol innoVentures team and subsequently worked in Europe & Africa as the Regional Marketing Director and as the North Europe Sales Director. Mr. Sangwan has held several leadership roles of increasing responsibility in Sales, Marketing and P&L delivery having worked with Gillette and P&G for over 20 years prior to joining BP. Mr. Sandeep brings diverse international experience having worked in emerging and mature markets across India, Middle East, China and Europe. He is an alumnus of Indian Institute of Management, Lucknow and Regional Engineering College (NIT), Kurukshetra, India.

Mr. Sangwan does not hold any shares in the Company. He is not related to any Director of the Company. He is not a Director in any other Company. He is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has received a notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Sangwan for the office of Director of the Company.

The material terms of appointment and remuneration (subject to review and approval of the Nomination and Remuneration Committee and the Board of Directors every year) as contained in the Board resolution dated 23 October 2019 are given below:

Reward Element	Amount per Annum (in INR)
Basic Salary	90,00,000
Flexible Compensation Plan	90,00,000
City Compensatory Allowance	24,30,000
Annual Cash Bonus (Performance Linked Variable)	as per company policy and subject to approvals from Nomination and Remuneration Committee and the Board
Equity	as per company policy
Retirals (Provident Fund, Superannuation and Gratuity)	contributions as per company policy
Top up for Housing	as per company policy
Medical Reimbursement	as per company policy
Leave and Leave Travel Concession	as per company policy
Club Fees	fees for one club will be paid by company
Company Car	one company car along with driver
Personal Accident & Life Insurance	as per company policy

The total gross monthly remuneration for the Managing Director will be INR 19,68,000/- and apart from the monthly remuneration, the Managing Director will be eligible for performance linked bonus, allowances and perquisites as per applicable rules of the Company, which will bring the total Cost to Company to an amount not exceeding INR 6.5 Crores per annum

Responsibilities: Subject to the supervision and control of the Board of Directors of the Company, the Managing Director shall have substantial powers of management and shall perform such duties and exercise such powers, authorities and discretions as the Board shall from time to time delegate to him.

Minimum Remuneration: Notwithstanding anything contained above, wherein any financial year during his tenure as Managing Director, the Company has no profits or its profits are inadequate, the remuneration payable to Mr. Sangwan shall be subject to Section 197 of the Act, and provisions of Section II of Part II of Schedule V to the Act, or any other law or enactment for the time being in force.

None of the Directors or Key Managerial Personnel of the Company and their relatives other than Mr. Sangwan are concerned or interested, financially or otherwise, in the Resolution set out at Items No. 9 & 10. This statement may also be regarded as a disclosure under Regulation 36(3) of the SEBI Listing Regulations, 2015 and SS 2 - Secretarial Standard on General Meetings.

The Number of Board / Committee Meetings attended during the year and other Directorships, Membership / Chairmanship of Committees are stated in the Corporate Governance Report.

The Board recommends the ordinary resolution set out at Items No. 9 and 10 of the Notice for approval by the members.

Item No. 11 - Approval for remuneration (other than sitting fees) payable to Non-Executive Directors of the Company.

The members of the Company at their 37th Annual General Meeting held on 14 May 2015 had approved the payment of remuneration by way of commission to the Non-Executive Directors of the Company, of a sum not exceeding one percent per annum of the net profits of the Company, calculated in accordance with the provisions of the Act, for a period of five years commencing 1 January 2015. It is proposed to extend the approval for further period of five years commencing from 1 January 2020, provided that the remuneration in the form of commission shall not exceed one percent per annum of the net profits of the Company computed in accordance with the provisions of the Act. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Act. None of the Directors shall receive individually a sum as may be decided by the Board from time to time subject however to the limit of INR20,00,000/- (Rupees Twenty lakhs only) per director per financial year. This remuneration shall be in addition to fee payable to the Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meetings.

Accordingly, a fresh approval of the members is sought by way of an Ordinary Resolution under the applicable provisions of the Act, and SEBI Listing Regulations, 2015, for payment of remuneration by way of commission to the Directors of the Company, other than Managing Director and Whole-time Directors, for a period of five years commencing from 1 January 2020 as set out in the Resolution at Item No. 11 of the Notice.

All Directors other than the Managing Director and the Whole-time Directors of the Company are deemed to be concerned or interested in the resolution set out at Item No. 11 of the Notice to the extent of the remuneration that may be received by them.

On behalf of the Board of Directors

Chandana Dhar
Company Secretary and Compliance Officer
ACS: 17891

Place: Mumbai

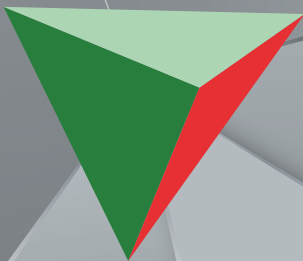
Date: 17 June 2020

Registered Office:

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

DETAILS OF DIRECTOR SEEKING RE-APPOINTMENT AT THE 42nd ANNUAL GENERAL MEETING (PURSUANT TO REGULATION 36(3) OF THE SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECRETARIAL STANDARD ON GENERAL MEETINGS (SS-2)

Name of Director	Ms. Rashmi Joshi
Director Identification Number (DIN)	06641898
Date of Appointment	1 August 2013
Date of Birth	30 July 1966
Expertise in specific functional areas	With more than 25 years of experience in finance function working for FMCG, pharmaceuticals, consumer durables and lubricants business at Castrol India Limited, Ms. Rashmi Joshi has been responsible for leading India finance team, transformation of finance processes, business partnering by actively contributing in delivery of plans, improving key performance ratios, shaping country strategy and risk management for India and South Asia.
Qualifications	Chartered Accountant and Company Secretary
Directorship as on 31 December 2019	<ul style="list-style-type: none"> • Thirdware Solutions Limited • Godrej Industries Limited
Committee Membership in Castrol India Limited as on 31 December 2019	<ul style="list-style-type: none"> • Corporate Social Responsibility Committee • Stakeholders Relationship Committee • Risk Management Committee
Shareholding in Castrol India Limited	NIL



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