Castrol India Limited

44th Annual Report

January – December 2021

MAKING TOMORROW BIGGER

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

Castrol™

CORPORATE INFORMATION

BOARD OF DIRECTORS

R Gopalakrishnan
Independent Director & Chairman

Uday Khanna
Independent Director

Sangeeta Talwar
Independent Director

Rakesh Makhija
Independent Director

Sashi Mukundan
Nominee Director

A S Ramchander
Nominee Director

Udayan Sen
Nominee Director

Sandeep Sangwan
Managing Director

Deepesh Baxi
Chief Financial Officer & Wholetime Director

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

COMPANY SECRETARY & COMPLIANCE OFFICER

Hemangi Ghag

AUDITORS

Deloitte Haskins & Sells LLP.
Chartered Accountants

BANKERS

Deutsche Bank

HDFC Bank Ltd.

The Hongkong and Shanghai Banking Corporation Ltd.

State Bank of India

Citibank N.A.

DBS Bank Ltd.

J P Morgan Chase Bank N.A.

Standard Chartered Bank

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MESSAGE FROM THE MANAGING DIRECTOR

Dear Shareholders,

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

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

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

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

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

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

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

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

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

Sandeep Sangwan
Managing Director,
Castrol India Limited

BOARD OF DIRECTORS

R Gopalakrishnan
Chairman

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

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

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

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

Uday Khanna
Independent Director

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

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

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

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

BOARD OF DIRECTORS

Sangeeta Talwar
Independent Director

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

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

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

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

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

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

Rakesh Makhija
Independent Director

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

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

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

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

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

BOARD OF DIRECTORS

Sandeep Sangwan
Managing Director

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

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

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

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

Deepesh Baxi
Chief Financial Officer & Wholetime Director

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

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

Deepesh is a Chartered Accountant and was awarded 'CXO of the Year' in January 2020 by the Institute of Chartered Accountants of India (ICAI). He is also an alumnus of the Indian Institute of Management (IIM) Ahmedabad and a Certified Internal Auditor (CIA) from the Institute of Internal Auditors, USA.

Mayank Pandey
Wholetime Director

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

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

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

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

BOARD OF DIRECTORS

Sashi Mukundan
Nominee Director

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

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

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

A.S. Ramchander
Nominee Director

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

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

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

Udayan Sen
Nominee Director

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

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

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

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

LEADERSHIP TEAM

Sandeep Sangwan
Managing Director

Bhairavi Popat
Vice President - Customer Excellence & Operations

Deepesh Baxi
Chief Financial Officer

Maria P Valles
Vice President - People & Culture

Saugata Basuray
Vice President - B2C Sales

Rajeev Govil
Vice President - B2B Sales

Jaya Jamrani
Vice President - Marketing

Rajesh Madathingal
Head - Technology

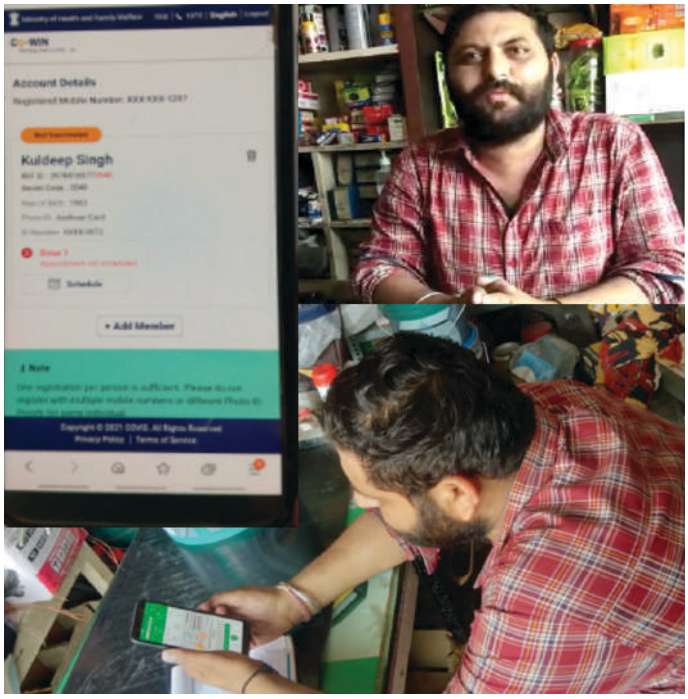
Saswati Panigrahi
Head - Communications

Mayank Pandey
Vice President - Supply Chain

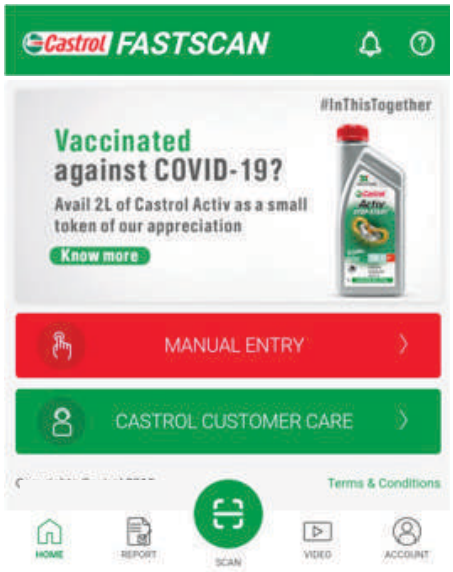
Siddharth Shetty
Managing Counsel

Sagar Vira
Vice President - Industrial Sales

#INTHISTOGETHER - OUR RESPONSE TO THE COVID-19 PANDEMIC



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



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

#INTHISTOGETHER - OUR RESPONSE TO THE COVID-19 PANDEMIC

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

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