Science.
Applied to Life.™



# Growing.

Bigger, bolder, smarter.

Annual Report 2014 - 2015

### **Contents**

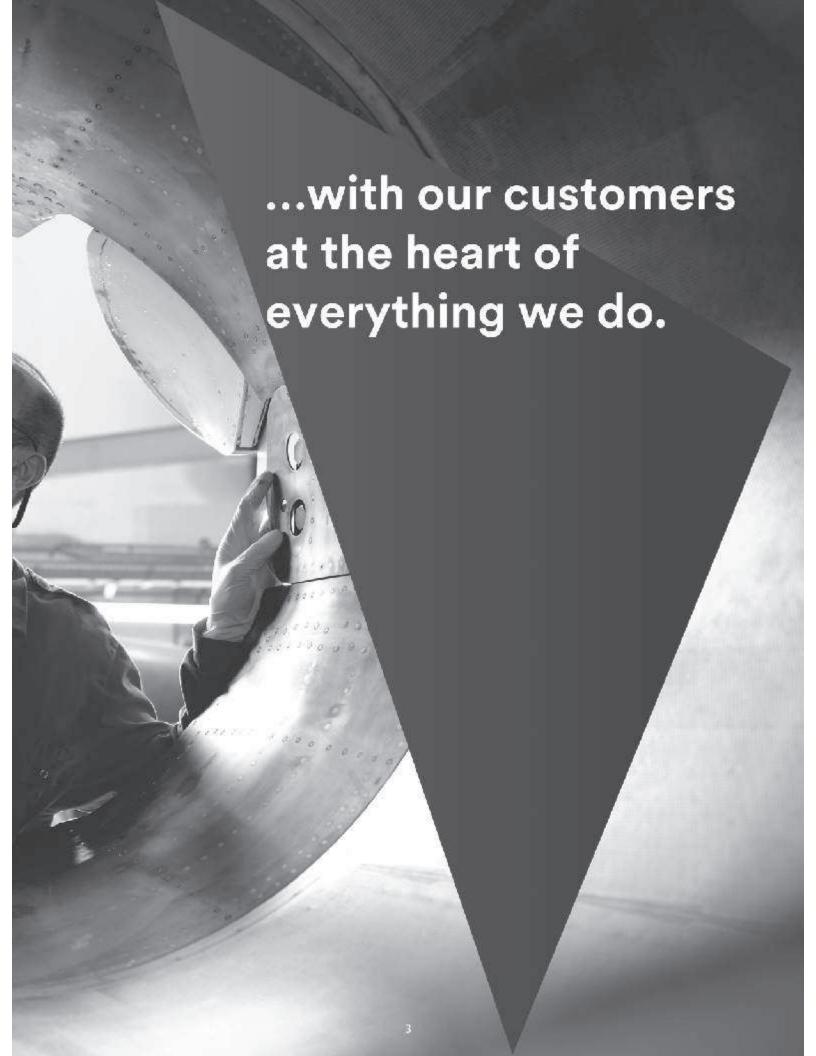
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Registered Office: Plot Nos. 48-51, Electronics City, Hosur Road, Bengaluru - 560100 • Tel: +91 80 2852 0203 • Fax: +91 80 2852 0576

Corporate Office: Concorde Block, UB City, 24, Vittal Mallya Road, Bengaluru - 560001 • Tel: +91 80 2223 1414 • Fax: +91 80 2223 1450

Growing by...
Market insights.
Local Innovation.
Energising people.
Embracing inclusion...





### Leadership Speak.

B. S. Iyer, Chairman



## A positive outlook.

### Improving economic environment.

India is witnessing an encouraging economic environment since the new leadership took over at the Centre. The Government's commitment to usher in a growth oriented

industrial policy to give a boost to India's economic development as well as reestablish India's rightful place at the global stage has brought about an overall positive outlook. Today, India's GDP is expected to touch a growth rate of 7.8% (source: Economic Survey of India) in the year ending March 2016, up from an estimated 7.4% (source: Economic Survey of India) growth in 2014-15, a clear improvement from the sub 5% performance during the FY 2013-14.

The steady improvement in our economic environment has reflected in the overall performance of your Company which registered an annual turnover growth of 5.25% accompanied by a substantial increase in profitability by 152% over the previous year. The operating margin for the current year was at 11.7% compared to 7.4% for the last year. Productivity-led growth was the main theme driving the initiatives of your Company in the year under review. 3M India's performance was marked by a shift in focus to high margin products with high profitability, the realignment of internal initiatives and businesses, the building of winning product portfolios, an improvement of sales and R&D productivity and an overall sharper execution discipline across the company.

The Government's national initiatives such as "Make in India" launched to boost manufacturing offers huge opportunities to grow in businesses such as industrial, automotive aftermarket and abrasives. Expanding geographical reach by focusing on customers in tier 2 and 3 cities has been driving your Company's key businesses such as safety and graphics and healthcare. Portfolios such as personal safety products were able to grow by capitalizing on the need for the small & medium industry to establish better safety standards in factories. Local manufacturing of our dressings and liquids portfolio at our medical factory in Ranjangaon enabled our health care business to address the needs of large and small hospitals in tier 2 and 3 cities and towns. Your Company is also leveraging current ecommerce platforms to make available products as diverse as cleaning tools and do-it-yourself car care products. In all these examples of success, your Company continues to draw from the strength of the 3M brand that promises to deliver quality and innovation to address diverse customer needs.

I would like to congratulate the employees of 3M India who have contributed to your Company's excellent performance during the FY 2014-15. Good potential for volume growth without sacrificing profitability augurs well for the coming years.

I am also happy to inform that your Company has embarked on its journey to give back to the community with a strong empathy driven approach that involves employees across the organization. In line with the core brand philosophy of innovation, 3M has identified three strategic pillars for its CSR work in India namely Education, Social Innovation and Women Empowerment.

As I complete a year of my tenure as the non-executive Chairman of your Company, I'm grateful for the opportunity to guide the 3M India leadership on its productivity-led growth path. I congratulate the entire 3M India team for delivering a superlative performance and wish them great success in their pursuit of excellence and in their journey to the next phase of growth.

Amit Laroya, Managing Director

# Productivity. Driving Growth.

### Towards a bigger, bolder, smarter future.

We live in a constantly changing and challenging economic environment and confronting this reality has encouraged us to adapt and find smarter ways to sustain and grow our business.

During the year under review, 3M India underwent a process of realignment with a focus on increasing its profitability. The measures and initiatives we put in place helped the company achieve a turnaround especially with respect to our profits. I'd like to share our growth story by highlighting a few themes that have not only determined our success but also put in place a cultural change in the way we will operate as a company going forward.

### Driving a productivity-led growth mindset

The company made concerted efforts to prioritize products by shifting to higher margin portfolios and exiting certain product lines which were no longer aligned to the goals of the company. The prioritization theme was also extended to the geographical areas we would sell to, our people resources, internal initiatives and the assets of the company to ensure that they were working towards reducing costs and raising the overall profitability of the company. We were able to see the results of some of the initiatives we had put in place such as centralizing our customer facing operations into the Business Services Group and the strengthening of our Lean Six Sigma organization to drive operational excellence and execution discipline.

### New business models and products to expand our relevance to our customers

Our business groups were able to adapt to the dynamic market environment and craft new business models to sell to our customers. For instance, our reflective product portfolio in conspiculty tapes achieved huge sales as we responded to the Government's mandate to equip vehicles with retro-reflective tapes. Similarly, our product portfolios in personal safety and industrial retail businesses were able to capture the untapped potential of the small and medium industry by helping raise safety and manufacturing standards with the 3M brand of innovation. The company continued to invest in building its innovation expertise and introduced solutions such as daylighting tubular guidance systems for facilities, coatings for water pipelines, noise reduction for vehicles and new cleaning tools for homes.

### Creating a new aspiration for the Company

To energize our workforce, we undertook a significant initiative to drive a mindset for growth in the organization over the next 5 years. Through a nationwide collaboration, the voices of our employees were collated to articulate a bold aspiration – to become a Bigger, Bolder, Smarter Company that inspires every 3Mer to place the customer at the heart of everything we do. This will offer direction to our 5 year strategic objective of driving volume growth by expanding our relevance to our end customers while keeping an eye on productivity.

### Harnessing new opportunities for growth

The new pro-growth policies of the Government such as the "100 Smart Cities" initiative and the growing ecommerce revolution we are witnessing in India today, offer tremendous opportunities for us to look at higger, bolder and smarter opportunities for our products and solutions. For instance, we were able to establish relationships with most of the big players in the ecommerce space to sell our consumer and retail range of products to ensure availability across the country. The "100 Smart Cities" initiative has prompted us to set up an internal task force to identify smart solutions from our diverse product portfolio that can make city life more comfortable and manageable.

### Driving a culture of excellence, diversity, inclusion and empathy

The company also introduced new initiatives to create a workplace with a strong performance culture that inspires courageous leadership. Our Women's Leadership Forum launched in the FY 2013-14, took significant strides in bringing about a culture of diversity and inclusion with gender-friendly policies and the strengthening of leadership skills among women in the organization. 3M India also launched its Corporate Social Responsibility (CSR) initiative under the brand name of Embrace to enable employees to contribute to the community. Our CSR initiative was developed around the three strategic pillars of Education, Social Innovation and Women Empowerment and through our initiatives we hope to ignite minds to take on new

To conclude, I'd like to congratulate and thank the employees of 3M India for their stellar performance during the year under review, which also included accolades and recognition from our customers, peers and our global 3M parent company.

I would also like to thank our numerous customers, vendors and suppliers who continue to contribute and be partners in our success.

I'd like to thank our Chairman, Mr. B. Silyer, for his leadership and guidance in taking the company forward.

Hook forward to leading your Company to the next phase of growth with a reinvigorated team.

Thank you.

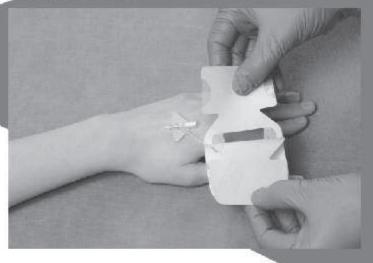
### Growing by market insights.

Decoding the market pulse by creating targeted solutions in the key areas of retail, construction, infrastructure, healthcare and manufacturing through portfolio prioritisation has been the key to converting emerging challenges and market driven trends to tangible growth.

3M's deep insight into skill based manufacturing and upcoming government mandates has paved the way for smarter opportunities towards growth.

### Healthcare

### Taking healthcare to the masses.



Growing a healthler nation meant digging deep into the healthcare system to promote patient safety and infection control practices at levels where it is needed most. Improving patient outcomes by providing better hygiene through our local products to primary, secondary and tertiary care centers and nursing homes has effectively enhanced patient safety and directed doctor and nursing time to key patient needs in growing towns and cities.

### Car Care

### Enabling the shift to a new culture, the D-I-Y way.



Enabling the massive mind set and cultural shift from driving down to the garage around the corner for everyday car care, was more than just re-engineering our institutional solutions for the key sesthetic areas of cleanliness and looks. It required 3M's home-grown insight to tap into the emotional quotient of the pride of car ownership. Our reach has been enhanced by using e-commerce platforms to engage aspiring customers in Tier 2 and 3 towns with products like car shampoos, waxes and polishes.

## A big basket catering to small needs

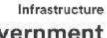
A fragmented, skill-based Small & Medium
Enterprise (SME) market made 3M
improvise and tap in to the big opportunity
at the bottom with industrial retail. This
new business model reaches out with a
huge basket of solutions to the
woodworking, paint and wall finish,
collision repair, two-wheeler repair and
maintenance and metal fabrication
segments among others. Smaller pack
offerings, wide product range and localised
availability have been enabling these
aspiring enterprises to upgrade their
processes, increase productivity and profit.

Manufacturing

### Enhancing personal safety and health in Indian industry



The manufacturing sector is poised to enhance its contribution to GDP with Small & Medium Enterprises (SMEs) leading the growth momentum. 3M's Personal Safety Division with its new aligned business unit and range of personal protective equipment is geared to provide safety products and solutions to enhance workplace productivity and output. Affordable and accessible solutions are being made readily available across industrial clusters.



### Government mandates given visibility.



Staying abreast of government policies and being a key part of the AOEM supply chain meant 3M's conspicuity tapes readily enabling regulation of India's dismal road safety as and when the laws kicked-in.

3M is making this mammoth mandate a reality by education of all stakeholders, active participation with AOEMs and market driven programs that drive deeper penetration.



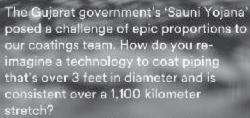
### Growing by local innovation.

Harnessing the power of local acumen and collaborative expertise to deliver solutions where none exist is another path 3M adopted to grow.

Leveraging nature's abundance, re-imagining existing technology and even redefining acoustic science are part of a day's job for curious 3Mers at our Innovation Center, so that the world is a better place.

# New challenges. Smart insights. Inspired innovation.

Fusion Bonded Epoxy Coating. Turning desert into fertile land.



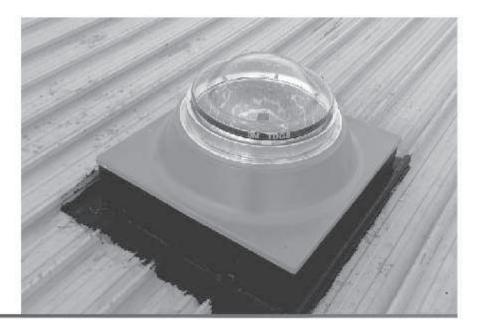
3M got down to the basics to invent an all new product with significantly longer gel time that enabled this specialty application.

Today, 3M's coating technology enables safe transport and delivery of destructive flood water. Water so precious, that communities who stood in queues to parch thirst, now have surplus.



## Reflectivity. Lighting spaces, greening the world and the bottomline.

Taking nature's blessing to light indoors was a special challenge for our technologists. The result is Tubular Daylight Guidance System (TDGS) a revolutionary lighting system that delivers total daylight without UV and zero power. TDGS is enabled by the patented roof mounting system working in tandem with 3M™ Enhanced Specular Reflective Film and 3M™ DRLP Film. At current costs, the system is designed to payback within 3 years of installation.



### Acoustics and Non-wovens Making silence golden.

Boldly treading into the unknown territory of accustics was enabled by our expertise in non-wovens and material sciences. When a homegrown Auto OEM came up with the challenge of controlling in-cabin noise without significantly increasing weight or reduction in mileage, our scientists created an all new accustic lab and virtual simulation models to bring to life SWISH.

SWISH is the patented Double Wall Decoupler Tunable Noise Treatment Solution barrier that goes closest to the source of noise to silence it.



### Bending market insight. So squeaky clean floors don't break your back.

Understanding uniquely Indian floor cleaning habits required breaking down market insight to the basics – from how homemakers perceive mopping, to gaps in crowded floor spaces. The result is Scotch-Brite\* Footlock Mop, a completely in-house designed, patented, made for India product that takes the sweat out of mopping.



### Growing by energising people.

Focusing on customer-centric growth meant empowering our people with the right attitude to transform 'me' to the power of "us".

This mantra drives a high performance culture that forms the launchpad for a new generation of 3M gogetters who believe in taking their world along.

Strategic growth, crowd-sourced from employees. Women leading tomorrow by standing up today.



A collective aspiration for the company was crowd-sourced from interaction with 3Mers across the country, wherein it emerged that the common cause was 'putting our customers at the heart of everything we do'.

The Aspiration: "We will create a BIGGER, BOLDER, SMARTER company that inspires every 3Mer to place our customers at the heart of everything we do.", has formed the direction for strategic growth over the next 5 years.

Cultivating leadership, stretching inclusion and breaking gender barriers, the 3M India Women's Leadership Forum (WLF) continues to sow the right spirit of inclusive growth at our workplace. WLF aims to create a corporate climate that harnesses the leadership qualities of the women's workforce to aid growth and has influenced policy changes and the hiring of more women into the organisation.

Meeting expectations by putting customers first.

### Cultural diversity that unites.



Putting the right tools in place, so we can meet and surpass customer expectations is facilitated by the 'Customer First' initiative. This confluence of in-depth customer knowledge, people, processes and systems enables a better business experience with 3M.



Celebrating diversity and spreading an inclusive culture in the organisation has been taken forward through the "I'm In" campaign. The aim is to be a collective of happy individuals that work together to further growth. A company where every employee is a proud part of the 3M family, where the individual is heard, respected and included.

### Growing by embracing inclusion.

3M embarked on a journey towards being a responsible corporate in India by sowing the seeds of social empathy that will impact inclusive growth. Making our people aware of the power of their individual empathy, understanding the context and the necessity for increased social responsibility defined what, how and where we begin making a difference to the world we call ours.



# Creating a better world.

The 'Embrace' platform unites the key building blocks of inclusive growth – Education, Social Innovation and Women's Empowerment under a single umbrella.



Pillars of Embrace.

### Education Initiative

Using innovation as the driver of creative teaching to inculcate scientific temper in young minds is the key step towards social transformation. This initiative uses 3M's innovation ecosystem to inspire the spirit of curiosity that will drive learning forward.

### Women's Empowerment Initiative

Inculcating leadership and a sense of pride by empowering women from vulnerable sections with the right skill sets gives the necessary impetus to social change. This initiative makes women the flag bearers of inclusive development through vocational training, basic computer training and self-defense by mentoring and association with NGOs.

### Social Innovation Initiative

Innovation that impacts society where it is most relevant is nurtured through incubation aided by the right corporate mentoring. 3M's spirit of innovation aims to drive the right ideas forward through technical guidance, commercial support and eventual execution.

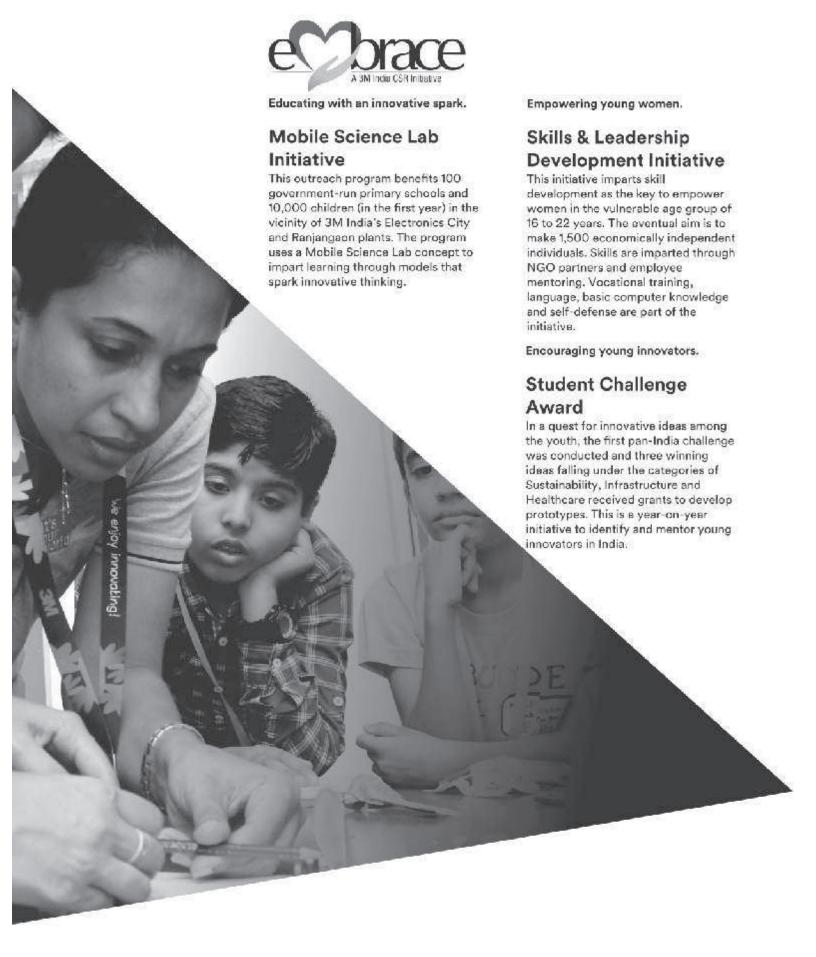


Leadership, compassion and the spirit of volunteering marks a year where 3Mers embarked on a journey within so we could empower others to forge ahead.

Embrace - 3M's CSR initiative in India actively engages employees to contribute to the betterment of our world and enables them to do so with 2 working days of CSR volunteering time.

Whether it is volunteering technical expertise, knowledge or leadership - each of these roles make 3Mers stand up, stand out and grow as we strive for the development of the world outside.





### **Ten Year Financial Highlights**

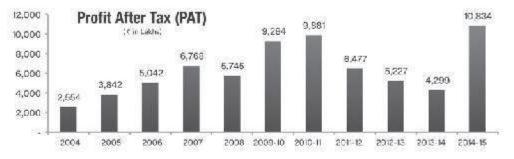
		12 months e	nded (Janua	ry to Decer	mber)	"5 months ended (Jen to Merch)	3	12 month
Particulars	2004	2005	2006	2007	2008	2009-10	2010-11	2011-12
Gross Sales*	27,123	40,295	54,049	64,670	78,008	1,11,740	1,23,489	1,47,123
Total Income	25,974	38,306	51,058	61,905	75,240	1,10,679	1,20,241	1,41,037
Profit Before Depreciation, Interest & Tax (PBITDA)	4,653	6,746	8,471	11,280	9,862	15,825	16,644	12,632
Profit Before Tax (PBT)	4,104	6,058	7,797	10,663	9,102	14,087	14,806	9,611
Profit After Tax (PAT)	2,554	3,842	5,042	6,768	5,745	9,284	9,881	6,477
Net Fixed Assets	3,213	2,933	4,432	9,742	14,332	18,102	25,952	31,067
Share Capital	1,127	1,127	1,127	1,127	1,127	1,127	1,127	1,127
Reserves & Surplus	12,372	16,214	21,256	27,904	33,649	42,933	52,813	59,291
Net Worth	13,499	17,341	22,383	29,030	34,776	44,059	53,940	60,417
Retained Earnings	2,554	3,842	5,042	6,768	5,745	9,284	9,881	6,477
Employee cost to sales	12.65	12.03	12.13	12.38	12.74	11.75	12.68	13.16
Net Deferred Tax Asset	(29)	125	304	433	512	827	640	440
Capital Investment	1,131	393	2,145	5,957	5,416	5,473	10,293	9,668
Ratio Analysis								
PBT to Total Income (%)	15.80	15.81	15.27	17.22	12.10	12.73	12.31	6.81
PAT to Total Income (%)	9.83	10.03	9.88	10.93	7.64	8.39	8.22	4.59
Return on Networth (RONW)(%)	18.92	22.16	22.53	23.31	16.52	21.07	18.32	10.72
Return on Capital Employed (%)	30.40	34.94	34.83	36.73	26.17	31.97	27.45	15.91
Return on Equity(%)	18.92	22.16	22.53	23.31	16.52	21.07	18.32	10.72
EPS	22.67	34.10	44.76	60.08	51.00	82.41	87.71	57.50
No. of shareholders	8,772	8,636	8,375	8,548	8,710	9,171	9,145	9,490

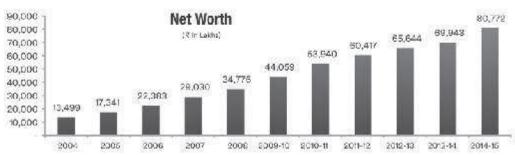
### Notes/Glossary:

Previous year/period's figures have been regrouped/ reclassified wherever necessary to ensure uniformity.

Net worth=Share Capital+ Reserves & Surplus

### RONW=PAT/ Networth Return on Capital Employed(%)=PBT/Capital employed Return on Equity=PAT/Networth



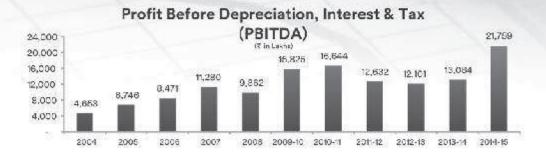


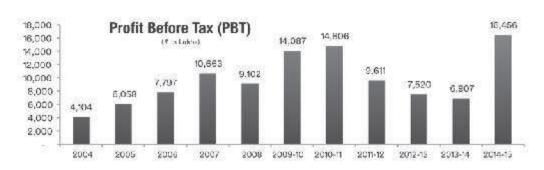
<sup>\*</sup> Sales before Excise duty charged.

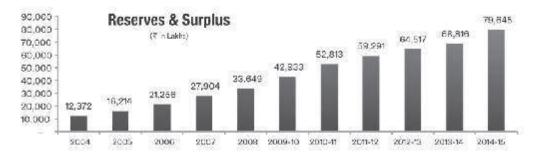
		To the Court (of
nded (April	to March)	
2012-13	2013-14	2014-15
1,65,250	1,81,809	1,92,790
1,58,463	1,76,229	1,85,478
12,101	13,084	21,759
7,520	6,907	16,456
5,227	4,299	10,834
42,040	42,530	38,905
1,127	1,127	1,127
64,517	68,816	79,645
65,644	69,943	80,772
5,227	4,299	10,834
13.52	13.79	13.27
906	1,289	966
12,899	4,759	1,472
4.75	3.92	8.87
3.30	2.44	5.84
7.96	6.15	13.41
11.46	9.88	20.37
7.96	6.15	13.41
46.40	38.16	96.17
9,432	9,225	10,723

(₹ in Lakhs)









### **Board of Directors**

### Key Managerial Personnel

Mr. Sameer Agarwal Chief Financial Officer (from April 1, 2014)
Mr. V. Srinivasan Company Secretary & Compliance Officer

### **Audit Committee**

Mr. B. S. Iyer Chairman (up to August 4, 2014)
Mr. Biren Gabhawala Chairman (from August 5, 2014)
Mr. D.J. Balaji Rao Member (up to August 4, 2014)
Mr. B.C. Prabhakar Member (up to March 27, 2015)
Mr. Ippocratis Vrohidis Member (up to August 1, 2014)
Mr. Bharat D Shah Member (from March 28, 2015)
Mr. Manuel B Pardo Member (from March 28, 2015)

### Shareholders'/Investors' Grievance Committee

(up to May 29, 2014) (dissolved)

Mr. D.J. Balaji Rao Chairman Mr. B. S. Iyer Member Mr. B.C. Prabhakar Member Mr. Amit Laroya Member

### Stakeholders Relationship Committee

(from May 30, 2014)

Mr. D.J. Balaji Rao Chairman (up to August 4, 2014)
Mr. B. S. Iyer Chairman (from August 5, 2014)
Mr. B.C. Prabhakar Member (up to March 27, 2015)
Mr. Biren Gabhawala Member (from August 5, 2014)
Mr. Bharat D Shah Member (from March 28, 2015)
Mr. Amit Laroya Member

### Corporate Social Responsibility Committee

(from April 18, 2014)

Mr. B.C. Prabhakar Chairman (up to March 27, 2015)
Mr. Bharat D Shah Chairman (from March 28, 2015)
Mr. Amit Larova Member

Mr. Amit Laroya Member Mr. B.V. Shankaranarayana Rao Member

Mr. Ramesh Ramadurai Member (from March 28, 2015)

### Nomination and Remuneration Committee

(from May 29, 2014)

Mr. B.C. Prabhakar Chairman (up to March 27, 2015)
Mr. Bharat D Shah Chairman (from March 28, 2015)
Mr. D.J. Balaji Rao Member (up to August 4, 2014)
Mr. Birin Galdin Member (from August 5, 2014)

Mr. Albert C Wang Member

Mr. Ippocratis Vrohidis Member (up to August 1, 2014)
Mrs. Sadhana Kaul Member (from August 5, 2014)



B. S. Iyer (from August 5, 2014) Chairman, Non-Executive and Independent Director



Biren Gabhawala (from August 5, 2014) Non-Executive and Independent Director



Albert C. Wang Non-Executive Director



Ramesh Ramadurai (from March 27, 2015) Non-Executive Director





Amit Laroya Managing Director



Bharat D Shah (from March 27, 2015) Non-Executive and Independent Director



Sadhana Kaul Non-Executive Director



Manuel B Pardo (from March 27, 2015) Non-Executive Director



B. V. Shankaranarayana Rao Whole-time Director

### **Bankers**

BNP Paribas Citibank N.A Deutsche Bank AG HDFC Bank Limited ICICI Bank Limited State Bank of India The Hong Kong and Shanghai Banking Corporation Limited

### **Auditors**

Messrs. Lovelock & Lewes Chartered Accountants 5th Floor, Tower "D", The Millenia, 1 & 2 Murphy Road, Ulsoor, Bengaluru - 560008

### Registrar & Transfer Agent

Karvy Computershare Private Limited Karvy Selenium Tower-B, Plot Nos. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad - 500008

### Listing on Stock Exchanges

National Stock Exchange of India Limited (NSE) (Code +3MINDIA) BSE Limited (BSE) (Code + 523395)

International Securities Identification Number (ISIN):

INE470A01017

Corporate Identification Number (CIN):

L31300KA1987PLC013543

Website:

www.3m.com/in

Address for correspondence:

Corporate Office, Concorde Block, UB City, 24, Vittal Mallya Road, Bengaluru - 560001

# Together. Towards g

### Our Vision

3M Technology Advancing Every Company 3M Products Enhancing Every Home 3M Innovation Improving Every Life

3M

### Our Strategies

Expand Relevance to our Sustamors and our Presence in the Marketalace.

- Cein Profitacte Market Share and Addelers a Market Penetral on Everywhere

Invest in Indevention Invigorate Existing Market Opport Indies and Focus on Enterging Magattende

Intensity Capabilities to Achieve Hogicnal Solf Solf comoy

- Build High Performing and Diverse Global Talent

Drive Consistant Superior Levels of Operational Excellence

31/1





### The Fundamentals

Be Loyal: Project I Wo into esta assets, and Mormation

Keep complete and accurate business records

Be Respectful: Fespective another and our excurate physical and broad around the work

3M's Code of Conduct





# Science. Applied to Life.™

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### 3M INDIA LIMITED

CIN: L31300KA1987PLC013543

Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100 Phone: 080-22231414, Fax: 080-2223 1450, email id: <a href="mailto:3mindia.investorshelpdesk@mmm.com">amindia.investorshelpdesk@mmm.com</a>, website: <a href="mailto:www.3m.com/in">www.3m.com/in</a>

### NOTICE TO THE MEMBERS

NOTICE is hereby given that the Twenty Eighth (28<sup>th</sup>) Annual General Meeting of the Company will be held at 11.00 A.M. on Tuesday, the 4<sup>th</sup> August 2015 at The Grand Ball Room, Hotel Chancery Pavilion, 135, Residency Road, Bengaluru – 560 025, to transact the following business:

### **ORDINARY BUSINESS:**

- 1. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:
  - "RESOLVED that the Financial Statements of the Company including Audited Balance Sheet as at March 31, 2015, the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors' Report thereon and the Report of the Board of Directors including Secretarial Audit Report covering the same period be are hereby received, considered and adopted."
- 2. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:
  - "RESOLVED that Mr. Albert C Wang (DIN-05234667), a Director, who retires by rotation at this Annual General Meeting, and being eligible for re-appointment, be and is hereby re-appointed as a Director of the Company."
- 3. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:
  - "RESOLVED that pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment thereof), Messrs. Lovelock & Lewes., Chartered Accountants, Bengaluru, holding ICAI Firm Registration No.301056E, who have offered themselves for re-appointment and have confirmed their eligibility to be appointed as Auditors, in terms of provisions of Section 141 of the Companies Act, 2013 and Rule 4 of the Companies (Audit and Auditors) Rules, 2014, be and are hereby appointed as Auditors of the Company for the financial year ending March 31, 2016 and for the financial year ending March 31, 2017 and to hold office from the conclusion of this(28th)Annual General Meeting(AGM)till the conclusion of the 30th Annual General Meeting of the Company to be held in the year 2017, subject to ratification of their appointments by the Members at every Annual General Meeting held after this Annual General Meeting on such remuneration as may be agreed upon by the Board of Directors and Auditors, in addition to service tax and reimbursement of out of pocket expenses incurred by them in connection with the audit of Accounts of the Company."

### **SPECIAL BUSINESS:**

- 4. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

  "RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. B.S. lyer (DIN-00138425), Director of the Company, in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office from March 27, 2015 to March 31, 2016."
- 5. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

  "RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Biren Gabhawala( DIN-03091772), Director of the Company, in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office from August 5, 2014 to August 4, 2019."

6. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED that pursuant to the provisions of Sections 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013 and Clause 49 of the Listing Agreement, Mr. Bharat D Shah (DIN-00136969), Director of the Company, in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office from March 27, 2015 to March 26, 2020."

7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED that in accordance with applicable provisions of the Companies Act ,2013 and the Rules made there under(including any statutory modification(s) or re-enactment thereof), Mr. Ramesh Ramadurai, (DIN-02589934), who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on March 27, 2015, effective from March 27, 2015, in terms of Section 161(1) of the Companies Act, 2013 and Article 115 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED that in accordance with applicable provisions of the Companies Act ,2013 and the Rules made there under(including any statutory modification(s) or re-enactment thereof), Mr. Manuel D Pardo, (DIN-07125832), who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on March 27, 2015, effective from March 27, 2015, in terms of Section 161(1) of the Companies Act, 2013 and Article 115 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing pursuant to Section 160 of the Companies Act, 2013 from a member proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation."

9. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an ordinary resolution:

"RESOLVED that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof for the time being in force), the remuneration payable during the Financial Year 2015-16 to Messrs. Rao, Murthy & Associates, Bengaluru (holding ICAI Registration No. 000065), Cost Auditors, appointed by the Board of Directors of the Company to conduct the audit of the cost records of the Company for the Financial year 2015-16 amounting to Rs. 400,000/-(Rupees Four Lakhs) as also the payment of service tax as applicable and re-imbursement of out of pocket expenses incurred by them in connection with the audit of cost records for the products covered as per the Companies (Cost Records and Audit) Rules, 2014, dated December 31, 2014 issued by the Ministry of Corporate Affairs be and is hereby ratified and confirmed."

10. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

"RESOLVED that pursuant to provisions of Revised Clause 49(VII) of the Listing Agreement, entered into with the Stock Exchanges (including any statutory modification(s) or amendments or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded to the Material Related Party transactions entered into and carried out in ordinary course of business and at arm's length price with 3M Company, USA(Parent Company), a 'Related party' as defined under Section 2(76) of the Companies Act, 2013 and Clause 49(VII) of the Listing Agreement:

Rs. in crores

SI. No.	Nature of Transactions	Actual value of Transactions for the Financial Year 2014-15
	INCOME	
1.	Income from Contract Research	21.42
2.	Sale of Goods	2.55
3.	Re-charge of expenses received	4.21
	Total	28.18
	EXPENDITURE	
1.	Purchases of Materials	264.51
2.	Royalty	19.70
3.	Re-charge of expenses paid	0.36
4.	Corporate Management Fee	57.73
	Total	342.30

RESOLVED further that the Board of Directors be and are hereby authorized to do all such acts, deeds or things, as may be necessary and expedient, to give effect to the aforesaid resolutions."

11. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a special resolution:

"RESOLVED that pursuant to provisions of Revised Clause 49(VII) of the Listing Agreement, entered into with the Stock Exchanges (including any statutory modification(s) or amendments or re-enactment thereof for the time being in force), approval of the members be and is hereby accorded to the Material Related Party transactions estimated / to be entered into and to be carried out in ordinary course of business and at arm's length price with 3M Company, USA (Parent Company), a 'Related party' as defined under Section 2(76) of the Companies Act, 2013 and Clause 49(VII) of the Listing Agreement:

Rs. in crores

SI. No.	Nature of Transactions	Estimated value of Transactions for the Financial Year 2015-16
	INCOME	
1.	Income from Contract Research	31.69
2.	Sale of Goods	1.72
3.	Re-charge of expenses received	21.00
	Total	54.41
	EXPENDITURE	
1.	Purchases of Materials	390.37
2.	Royalty	22.25
3.	Re-charge of expenses paid	0.90
4.	Corporate Management Fee	66.36
	Total	479.88

By Order of the Board

V. Srinivasan Company Secretary ACS-16430

Place: Bengaluru Date: May 29, 2015 NOTES:

- (1) A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED/LODGED AT THE REGISTERED / CORPORATE OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING. A PROXY FORM IS SENT HEREWITH. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE.
- (2) Explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.
- (3) The Register of Members and the share transfer books of the Company will remain closed from July 29, 2015 (Wednesday) to August4, 2015 (Tuesday), both days inclusive.
- (4) The shares of the Company are mandated by the Securities and Exchange Board of India for trading in dematerialized form by all investors. Members holding shares in physical form are advised to dematerialize their shares to avoid the risks associated with the physical holding of such share certificates. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant insecurities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.
- (5) The Registrar and Transfer Agent; Karvy Computer Share Private Limited, Karvy Selenium Tower-B, Plot Nos. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad- 500 008 is handling registry work in respect of shares held both in physical form and in electronic/demat form.
- (6) Members are requested to bring their copy of the Annual Report and the Attendance Slip to the Annual General Meeting. ONLY MEMBERS/ PROXIES WILL BE ADMITTED INTO THE HALL FOR THE MEETING.
- (7) Members may refer Additional Information on Directors recommended for appointment / re-appointment under clause 49 of the Listing Agreement.
- (8) Members holding shares in electronic form are requested to register their e-mail address with their respective depository participants and members holding shares in Physical form are requested to register their e-mail address with the Company's Registrar and Transfer Agents and participate in the "Green initiative" launched by the Ministry of Corporate Affairs in future. As per rule 3 of Companies (Management & Administration) Rules, 2014, Register of Members of all the Company's now should have additional details pertaining to e-mail, PAN / CIN, UID, Occupation, Status, Nationality. We request all the Members of the Company to update their details with their respective depository participants in case of shares held in electronic form and with the Company's Registrar and Transfer Agents in the case of physical holding immediately.
- (9) Members holding shares in physical form are requested to notify to the Company's Registrar and Transfer Agent of any change in their address and update their Bank account details. Members holding shares in electronic form are requested to notify any change of address and update bank account details to their respective depository participants directly.
- (10) Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.
- (11) Electronic copy of the Notice of the 28th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 28th Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection during normal business hours on all working days except Saturdays, up to and including the date of the Meeting.

### (12) VOTING THROUGH ELECTRONIC VOTING SYSTEM(REMOTE E-VOTING):

Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on July 28, 2015 (Tuesday) i.e. the date prior to the commencement of Book closure date are entitled to vote on the Resolution set forth in this Notice. The remote e-voting period will commence at 9 A.M. on July 31, 2015(Friday) to 5.00 P.M. on August 3, 2015 (Monday). It is hereby clarified that it is not mandatory for a member to vote using the remote e-voting facility, and a member may avail of the facility at his/her/it discretion, subject to compliance with the instructions prescribed below. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating remote e-voting for the Annual General Meeting. The Members desiring to vote through remote e-voting mode may refer to the detailed procedure on e-voting given hereinafter.

### INSTRUCTION FOR REMOTE E-VOTING

- (a) To use the following URL for remote e-voting: From Karvy website: https://evoting.karvy.com
- (b) Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically.
- (c) Enter the login credentials [i.e., user id and password mentioned in the Notice of the AGM]. The Event No+ Folio No/DP ID-Client ID will be your user ID.
- (d) After entering the details appropriately, click on LOGIN.
- (e) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (e-z), one numeric value (0-9) and a special character(@,#,\$). The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (f) You need to login again with the new credentials.
- (g) On successful login, the system will prompt you to select the EVENT i.e., 3M India Limited and click on SUBMIT.
- (h) Now you are ready for e-voting as "Cast Vote" page opens. On the voting page, the number of shares as held by the shareholder as on July 28, 2015, (Tuesday) will appear. If you desire to cast all the votes assenting/dissenting to the Resolution, then enter all shares and click FOR / AGAINST as the case may be. You are not required to cast all your votes in the same manner. You may also choose the option ABSTAIN in case you wish to abstain from voting
- (i) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.
- (j) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.
- (k) Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.
- (I) The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of the AGM. Accordingly the Portal will be open for voting from: 9 A.M. on July 31, 2015 (Friday) to 5.00P.M. on August 3, 2015 (Monday). The e-voting module shall be disabled by Karvy at 5.00 p.m on the same day. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 28, 2015(Tuesday), may cast their vote electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (m) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of https://evoting.karvy.com or contact Mr. Varghese P.A of Karvy Computershare Pvt. Ltd. at 040-67161503 OR at Tel No. 1800 345 4001 (toll free).
- (n) The Company has appointed Mr.Vijayakrishna K.T, Practicing Company Secretary, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner: provided that the scrutinizer so appointed may take assistance of a person who is not in employment of the Company and who is well-versed with the electronic voting system.

- (o) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of July 28, 2015, (Tuesday).
- (p) The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Tuesday, July 28, 2015, are entitled to vote on the Resolutions set forth in this Notice.
- (q) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Annual Report and holding shares as of the cut-off date i.e. July 28, 2015 may obtain the login ID and password by sending an email to evoting@karvy.com/rajeev.kr@karvy.com, by mentioning their Folio No./DP ID and Client ID No. Else, if your Mobile number is registered against Folio No./DP ID-Client ID, the member may send SMS:MYEPWD <space> Event Number + Folio or DP ID Client ID to +91 9212993399.

Example for NSDL: MYEPWD < SPACE > IN12345612345678

Example for CDSL:MYEPWD <SPACE> 1402345612345678

Example for PHYSICAL : MYEPWD < SPACE > XXX1234567

However, if you are already registered with Karvy for remote e-voting then you can use your existing user ID and password for casting your vote. If e-mail or mobile number of the member is registered against Folio No./DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate as password.

- (r) A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not allowed to vote again at the meeting.
  - (s) <u>Voting at AGM</u>: The members who have not cast their vote by remote e-voting can exercise their voting rights at the AGM. The Company will make arrangements of ballot papers in this regards at the AGM Venue.
  - (t) The scrutinizer shall, immediately after the conclusion of voting at the General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two(2) witnesses not in the employment of the Company and make not later than three(3) days of conclusion of the meeting a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.
  - (u) The results declared along with the report of the scrutinizer shall be placed on the website of the Company www.3m.com/in and on https://evoting.karvy.com immediately after the result is declared by the Chairman. The Company shall, simultaneously, forward the results to the stock exchanges where the shares are listed.
  - (v) In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
  - (w) Institutional members (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc., to the Scrutinizer through e-mail at vijaykt@vjkt.in, with a copy marked to varghese@karvy.com . File naming convention should be 'Corporate Name EVENT NO.' The documents should reach the Scrutinizer on or before the close of working hours on August 3, 2015 (Monday).
  - (x) In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy) in the permitted mode:
    - (i) Initial password as below is given in the attendance slip for the AGM

EVEN (Electronic Voting Sequence Number)	USER ID	PASSWORD
xxxxxxx	xxxxxx	xxxxxxxx

(ii) Please follow all steps from Sl. No. (12)(c) to (12)(j) above to cast your vote.

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT UNDER CLAUSE 49 OF THE LISTING AGREEMENT:

### Item No.2

In terms of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013, for the purpose of determining the Directors liable to retire by rotation, the Independent Directors shall not be included in the total number of Directors of the Company. Mr. Albert C Wang, Non-Executive Director, shall accordingly retire at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment. A Brief profile of Mr. Albert C Wang, nature of his expertise in specific functional areas, names of companies in which he hold directorships, memberships of the Board's Committees, shareholding in the Company and relationships between Directors inter-se, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s), are exhibited below.

3M India Limited

### NOTICE TO THE MEMBERS

Mr. Albert C Wang (DIN-05234667): Mr. Albert Wang, 47, joined 3M Company in January 2012 as General Counsel, Asia Pacific and is based out of Shanghai, China. Prior to joining 3M, Mr. Albert Wang was Legal Director for Dell Inc. from 2001-2012 leading their legal affairs efforts for Greater China as well as regionally (Asia Pacific) for their Public & Large Enterprise business unit. He began practicing law with the New York-based international law firm of Coudert Brothers, with postings in Hong Kong (1993-1998) and Shanghai (1998-2001). There, his practice was focused on foreign direct investment and mergers and acquisitions, representing a wide array of multinational corporations and global financial institutions across a broad range of industry sectors. Mr. Albert Wang graduated in 1990 from Colgate University with a Bachelor of Arts degree in Political Science. He earned his Juris Doctor degree from The George Washington University National Law Center in 1993. He is a member of the New York State Bar, the American Chamber of Commerce in Shanghai and the U.S. China Business Council. He was appointed as a Non-Executive Director of the Company from March 12, 2012. He is a Member of the Nomination and Remuneration Committee of the Company.

Mr. Albert is not related to any other Directors of the Company.

Mr. Albert Wang is not a Director in any other Company in India /outside India. He does not hold by himself or for any other person on a beneficial basis, any shares in the Company. Accordingly, the Board recommends his re-appointment.

Except Mr. Albert Wang, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in Item No. 2.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

### Appointment of other Directors (Item Nos. 4 to 8)

For the details pertaining to Mr. B.S. Iyer, Mr. Biren Gabhawala, Mr. Bharat D Shah, Mr. Ramesh Ramadurai and Mr. Manuel B Pardo, please refer to the below Explanatory Statement in respect of the Special Business set out at Item Nos. 4 to 8 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

Following Explanatory Statements are furnished in respect of Special Business:

### Item 4

Mr. B.S. Iyer is a Non-Executive Independent Director and has held position from December 26, 2001. His period in office was liable to determination by retirement of Directors by rotation under the erstwhile applicable provisions of the Companies Act, 1956.

Section 149 (10) of the Companies Act, 2013 provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board. Further, Section 149 (13) of the Companies Act, 2013 states that the provisions relating to retirement of directors by rotation shall not apply to the appointment of Independent Directors. Further, the Ministry of Corporate Affairs, Government of India, by a notification, has clarified that if a company intends to appoint existing Independent Directors as Independent Directors under the Act, such appointment must be made expressly within one year from 1st April, 2014. The Company has complied with the provisions of the Companies Act, 2013 and the notification of the Ministry of Corporate Affairs by appointing Mr. B.S. Iyer as an Independent Director under Section 149 of the Companies Act, 2013, subject to approval of the Members.

In view of the above, it is now placed before the Members for the approval to appoint Mr. B.S. Iyer as an Independent Director under Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under read with Clause 49 of the Listing Agreement.

The Nomination & Remuneration Committee of the Company at its meeting held on March 27, 2015 has recommended the appointment of Mr. B.S. Iyer as an Independent Director under Section 149 of the Companies Act, 2013 from March 27, 2015 to March 31, 2016. The Company has received notice in writing from a Member along with the deposit of Rs. 1,00,000/- proposing the candidature of Mr. B.S. Iyer for the office of Director of the Company. The Company has received from Mr. B.S. Iyer

- (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014,
- (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, confirming his eligibility for such appointment, and
- (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

In the opinion of the Board, Mr. B.S. Iyer fulfills the conditions of his appointment as Independent Director as specified in the Companies Act, 2013, Rules made there under and the Listing Agreement and is Independent of the Management.

### NOTICE TO THE MEMBERS

A Brief profile of Mr. B.S. Iyer, nature of his expertise in specific functional areas, names of companies in which he hold directorships, memberships of the Board's Committees, shareholding in the Company and relationships between directors interse, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s), is given below. Copy of the draft letters of appointment of the proposed Director as Independent Director setting out the terms and conditions are available for inspection by Members at the Corporate Office of the Company and the same has been disclosed in the website of the Company.

Mr. B.S. Iyer (DIN-00138425): Mr. B.S. Iyer, 65, is a Post Graduate in Commerce and Post Graduate in Law from the University of Bombay, holds a Diploma in Management Accounting, Member of the All India Management Association and is a Fellow Member of the Institute of Company Secretaries of India. Mr. Iyer held senior positions, responsible for Corporate Legal affairs for over 30 years. He retired as Vice President -Legal and Company Secretary of Bosch Limited. He is a Corporate Legal Resource person for several MNCs and Indian companies. He was appointed as a Director of the Company from December 26, 2001 and as Chairman of the Board from the conclusion of the Annual General Meeting held on August 4, 2014.

Names of other companies/firms in which Mr. B.S. Iyer hold/held office as Director/Partner: Nil

Names of Committees/Chairmanships held details of Mr. Iyer is given below (as per Clause 49(II) (D) (2):

Name of the Company	Membership	of Committee	Chairmanship of Committees		
Name of the company	Audit	Stakeholder's Relationship	Audit	Stakeholder's Relationship	
3M India Limited	<b>✓</b>	<b>✓</b>		<b>✓</b>	

He holds 35 shares in the Company as a second shareholder (first shareholder being his wife). He is not related to any other Directors of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. B.S. Iyer as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. B.S. Iyer as an Independent Director, for the approval by the members of the Company.

Except Mr. B.S. Iyer, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 4.

This Explanatory Statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange. Item 5

Mr. Biren Gabhawala is a Non-Executive Independent Director of the Company. He was appointed as an Additional Director of the Company by the Board of Directors with effect from August 5, 2014, pursuant to provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and holds office up to the date of ensuing Annual General Meeting.

Section 149 (10) of the Companies Act, 2013 provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board. Further, Section 149 (13) of the Companies Act, 2013 states that the provisions relating to retirement of Directors by rotation shall not apply to the appointment of Independent Directors.

Further, in view of the above, it is proposed to appoint Mr. Biren Gabhawala as an Independent Director under Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under read with Clause 49 of the Listing Agreement.

The Nomination & Remuneration Committee of the Company at its meeting held on August 1, 2014 has recommended the appointment of Mr. Biren Gabhawala as an Independent Director under Section 149 of the Companies Act, 2013 from August 5, 2014 to August 4, 2019.

The Company has received notice in writing from a Member along with the deposit of Rs. 1,00,000/- proposing the candidature of Mr. Biren Gabhawala for the office of Director of the Company. The Company has received from Mr. Biren Gabhawala –

- (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014,
- (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, confirming his eligibility for such appointment, and
- (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

### NOTICE TO THE MEMBERS

In the opinion of the Board, Mr. Biren Gabhawala fulfills the conditions of his appointment as Independent Director as specified in the Companies Act, 2013, Rules made there under and the Listing Agreement and is Independent of the Management.

A Brief profile of Mr.Biren Gabhawala, nature of his expertise in specific functional areas, names of companies in which he hold directorships, memberships of the Board's Committees, shareholding in the Company and relationships between directors interse, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s), is given below. Copy of the draft letters of appointment of the proposed Director as Independent Director setting out the terms and conditions are available for inspection by Members at the Corporate Office of the Company and the same has been disclosed in the website of the Company.

Mr. Biren Gabhawala, (DIN- 03091772): Mr. Biren Gabhawala, 50, was appointed to the Board of the company as an Additional Director from August 5, 2014. He holds a Bachelor's degree in Commerce from University of Mumbai and is a qualified Chartered Accountant and fellow member of Institute of Chartered Accountants of India. He is into practice for last 26 years. He is a Senior Partner of Messrs. C. M. Gabhawala & Co. Chartered Accountants and specializes in Direct and Indirect Taxation, FEMA, International Taxation, Mergers, and Acquisitions.

Names of other companies/firms in which Mr. Biren Gabhawala hold/held office as Director/Partner is given below:

- eClerx Services Limited, Director

Names of Committees/Chairmanships held by Mr. Biren Gabhawala is given below (as per Clause 49(II) (D) (2):

Name of the Company	Membership	of Committee	Chairmanship of Committees		
Name of the Company	Audit	Stakeholder's Relationship	Audit	Stakeholder's Relationship	
3M India Limited	<b>√</b>	<b>√</b>	<b>√</b>		
eClerx Services Limited	<b>√</b>	<b>√</b>	<b>√</b>		

Mr. Biren Gabhawala does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related to any other Directors of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Biren Gabhawala as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Biren Gabhawala as an Independent Director, for the approval by the members of the Company. Except Mr. Biren Gabhawala, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5. This Explanatory Statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange. Item 6

Mr. Bharat D Shah is a Non-Executive Independent Director of the Company. He was appointed as an Additional Director of the Company by the Board of Directors with effect from March 27, 2015, pursuant to provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and holds office up to the date of ensuing Annual General Meeting. Section 149 (10) of the Companies Act, 2013 provides that an Independent Director shall hold office for a term of up to five consecutive years on theBoard. Further, Section 149 (13) of the Companies Act, 2013 states that the provisions relating to retirement of Directors by rotation shall not apply to the appointment of Independent Directors.

Further, in view of the above, it is proposed to appoint Mr. Bharat D Shah as an Independent Director under Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under read with Clause 49 of the Listing Agreement. The Nomination & Remuneration Committee of the Company at its meeting held on March 27, 2015 has recommended the appointment of Mr. Bharat Shah as an Independent Director under Section 149 of the Companies Act, 2013 from March 27, 2015 to March 26, 2020.

The Company has received notice in writing from a Member along with the deposit of Rs. 1,00,000/- proposing the candidature of Mr. Shah for the office of Director of the Company. The Company has received from Mr. Bharat Shah –

- (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules, 2014,
- (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, confirming his eligibility for such appointment, and
- (iii) a declaration to the effect that he meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.

### NOTICE TO THE MEMBERS

A Brief profile of Mr. Bharat Shah, nature of his expertise in specific functional areas, names of companies in which he hold directorships, memberships of the Board's Committees, shareholding in the Company and relationships between directors interse, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchange(s), is given below. Copy of the draft letters of appointment of the proposed Director as Independent Director setting out the terms and conditions are available for inspection by Members at the Corporate Office of the Company and the same has been disclosed in the website of the Company.

Mr. Bharat D Shah, (DIN-00136969): Mr. Bharat D Shah, 68, was appointed to the Board of the Company as an Additional Director from March 27, 2015. Mr. Bharat Shah has extensive experience and expertise in the field of banking, finance and securities market. He has been one of the founder members of HDFC Bank Limited and has played a key role in the establishment and consistent growth of the Bank. He is also on the Board of various prominent companies. Before joining the Financial Sector, he worked with Technova, Bradma and Pyrene in London. He has also worked with Leading MNCs viz., Thomas Cook, Citibank and with UBS. Mr. Bharat Shah is the Chairman of HDFC Securities Limited. He has his Bachelor's in Science Degree from the University of Mumbai and also holds a Degree in Applied Chemistry with special reference to metal finishing from Borough Polytechnic, London

Names of other companies/firms in which Mr. Bharat Shah hold/held office as Director/Partner is given below:

- Atlas Documentary Facilitators Company Private Limited, Director
- Faering Capital Trustee Company Private Limited, Director
- HDFC Securities Limited, Chairman
- Hexaware Technologies Limited, Director
- Hill Properties Limited, Director
- IDFC Alternatives Limited, Director
- Salisbury Investments Private Limited, Director
- Strides Arcolab Limited, Director
- AGS Transact Technologies Limited, Director
- India Transact Services Limited, Director

Names of Committees/Chairmanships held by Mr. Bharat Shah is given below (as per Clause 49(II) (D) (2):

Name of the Company	Membership of Committee		Chairmanship of Committees		
Name of the company	Audit	Stakeholder's Relationship	Audit	Stakeholder's Relationship	
3M India Limited	$\checkmark$	$\checkmark$			
eClerx Services Limited	$\checkmark$				
IDFC Alternatives Limited	<b>√</b>				

Mr. Bharat Shah does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related to any other Directors of the Company.

The Board considers that his continued association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Bharat Shah as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Bharat Shah as an Independent Director, for the approval by the members of the Company. Except Mr. Bharat D Shah, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

This Explanatory Statement may be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange. Item 7

Mr. Ramesh Ramadurai is a Non-Executive Director of the Company. Based on the nomination from 3M Company, USA, the Nomination & Remuneration Committee of the Company at its meeting held on March 27, 2015 has recommended the appointment of Mr. Ramesh Ramadurai as a Director of the Company. The Board of Directors at their meeting held on March 27, 2015, appointed Mr. Ramesh Ramadurai as a Non-Executive Director of the Company from March 27, 2015, pursuant to provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and holds office up to the date of ensuing Annual General Meeting.

The Company has received notice in writing from a Member along with the deposit of Rs. 1,00,000/- proposing the candidature of Mr. Ramesh Ramadurai for the office of Director of the Company.

3M India Limited

## NOTICE TO THE MEMBERS

Mr. Ramesh Ramadurai does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related to any other Directors of the Company.

He is neither a director nor a member in any other company registered in India/ outside India. He was appointed as a member of the CSR Committee of the Company from March 28, 2015. A Brief profile of Mr. Ramesh Ramadurai, nature of his expertise in specific functional areas is given below:

Mr. Ramesh Ramadurai, (DIN- 07109252): Mr.Ramesh Ramadurai, 53, was appointed as Business Director for 3M Industrial Business in July 2014 and is based out of Shanghai responsible for the entire Asia Pacific Area. Prior to this role, Mr. Ramesh Ramadurai served as Managing Director of 3M Philippines from August 2011 until June 2014, based in Manila. He Joined 3M India in 1989 as Sales Engineer and held positions as Country Business Leader in Industrial Business and Electro & Telecommunications. He was seconded to Global Headquarters in St Paul, USA, and worked as Market Segment Manager in Industrial Business, as Global Business Manager for a line of Industrial Tapes, and as International Business Manager for 3M's Packaging, Masking and Specialty Tapes businesses. Prior to 3M, Mr. Ramesh Ramadurai worked for a year as a Production Engineer at an Offshore Oil Production facility, and for about 3 years in a business planning and development role at an automotive parts and motorcycle manufacturer. Mr. Ramesh Ramadurai holds MBA from the Indian Institute of Management in Calcutta and is a Bachelor of Technology in Chemical Engineering from the Indian Institute of Technology, Kanpur. He was appointed as a Non-Executive Director of the Company from March 27, 2015.

The Board considers that the appointment of Mr. Ramesh Ramadurai as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation.

Except Mr. Ramesh Ramadurai, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.7.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

#### Item 8

Mr. Manuel B Pardo is a Non-Executive Director of the Company. Based on the nomination from 3M Company, USA, the Nomination & Remuneration Committee of the Company at its meeting held on March 27, 2015 has recommended the appointment of Mr. Manuel Pardo as a Director of the Company. The Board of Directors at their meeting held on March 27, 2015, appointed Mr. Manuel Pardo as a Non-Executive Director of the Company from March 27, 2015, pursuant to provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and holds office up to the date of ensuing Annual General Meeting.

The Company has received notice in writing from a Member along with the deposit of Rs. 1,00,000/- proposing the candidature of Mr. Manuel Pardo for the office of Director of the Company.

Mr. Manuel Pardo does not hold by himself or for any other person on a beneficial basis, any shares in the Company. He is not related to any other Directors of the Company.

He is neither a director nor a member in any other company registered in India/ outside India. He was appointed as a member of the Audit Committee of the Company from March 28, 2015. A Brief profile of Mr. Manuel Pardo, nature of his expertise in specific functional areas is given below:

Mr. Manuel B Pardo, (DIN- 07125832): Mr. Manuel B. Pardo, 53, was named Finance Director - Asia based out of Hong Kong in August 2014. A 15-year veteran of 3M, he served as Industrial Adhesives and Tapes Division Finance Manager of 3M U.S, since 2009. Mr. Manuel Pardo joined 3M in 2000, worked in Business Finance, IT, Sourcing and also as Legal Manager in 3M Colombia. He has worked with various 3M divisions and lead Latin America Finance division. He is a certified Six Sigma Master Black Belt - Finance for Latin America and Canada. A native of Colombia, Mr. Manuel Pardo had first-hand experience with economies in various stages of development. Throughout his career he developed practical expertise with managing successfully operations during currency fluctuations and devaluations. Prior to joining 3M, Mr. Manuel Pardo had broad experience in the Oil Industry, Agribusiness, Pension Funds and Banking. Mr. Manuel Pardo earned a Master Degree in International Management, University of St. Thomas, St. Paul, Minnesota in 1991, and has a Bachelor degree in Business with finance concentration from a very well known Colombian University. He was appointed as a Non-Executive Director of the Company from March 27, 2015.

The Board considers that the appointment of Mr. Manuel Pardo as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends his appointment as a Director of the Company whose period of office is liable to determination by retirement of Directors by rotation.

3M India Limited

## NOTICE TO THE MEMBERS

Except Mr. Manuel B Pardo, being an appointee, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.8.

This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing Agreement with the Stock Exchange.

Item 9

The Board of Directors of the Company at its meeting held on May 29, 2015 had on the recommendation of the Audit Committee, approved the re-appointment and remuneration of Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (holding Registration No. 000065), to the products covered as per the Companies (Cost Records and Audit) Rules, 2014, dated December 31, 2014 issued by the Ministry of Corporate Affairs on an remuneration of Rs. 400,000/- plus service tax as applicable and out of pocket expenses at actuals.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the Members of the Company. Accordingly, the Members are requested to ratify the remuneration payable to the Cost Auditors during the year 2015-16 as set out in the Resolution for the aforesaid services to be rendered by them.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested or otherwise, in the resolution set out at Item No.9.

Item 10

The Company is the flagship listed Company of 3M Company, USA in India. 3M Company, USA holds 75% equity stake in the Company.

3M Company, USA is a diversified technology company with a global presence in the following businesses: Industrial; Safety and Graphics; Electronics and Energy; Health Care; and Consumer. 3M is among the leading manufacturers of products for many of the markets it serves. Most 3M products involve expertise in product development, manufacturing and marketing, and are subject to competition from products manufactured and sold by other technologically oriented companies.

3M India Limited manages its operations in five (5) operating business segments: Industrial; Safety and Graphics; Energy; Health Care; and Consumer. 3M's five business segments bring together common or related 3M technologies, enhancing the development of innovative products and services and providing for efficient sharing of business resources. These segments have worldwide responsibility for virtually all 3M product lines. The Company has three Manufacturing Plants and a nationwide sales and branch network in India.

The Company being a part of 3M conglomerate, has exclusive / sole rights to carry out the Group's business within India and accordingly, has access to Group's synergies, state of art products and technologies, competencies and "3M" brand name which are very critical and essential to carry out its business operations more efficiently in an increasingly globalized and competitive scenario. As a part of its regular business, the Company purchases, avails/renders services from/to 3M Company, USA at arm's length basis.

The Audit Committee at the meeting held on May 29, 2014 has reviewed and after due consideration, accorded omnibus approval for the transactions mentioned in the Item No. 10 of the Notice for the year 2014-15. An analysis of all the Related Party Transactions (RPTs) entered into/by the Company during the year 2014-15 and the basis of charge was undertaken through a third party professional firm. The Audit Committee upon review of such analysis, is of the view that all these RPTs by the Company are at Arm's Length basis.

3M Company, USA is a Holding Company(Promoter) of the Company and is a "Related Party" as per the definition under Section 2(76) of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the stock exchanges.

The Securities and Exchange Board of India (SEBI) vide Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 has amended Clause 49 (VII) of the Equity Listing Agreement with effect from October 1, 2014. Under the said amendment, all Related Party Transactions (RPTs) shall require approval of the shareholders by a special resolution. The said amendment further provides definition of the term "Material" as follows:

"A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual turnover as per the last audited financial statements of the company."

As per the said provisions of Clause 49, based on past trend, the transactions as described hereunder are likely to exceed 10% of

## NOTICE TO THE MEMBERS

the annual turnover of the Company (2013-14) as per the last audited financial statements of the Company and exceed the materiality threshold as prescribed under Clause 49. Thus, in terms of Clause 49, these transactions would require the approval of the members by way of a Special Resolution.

As per Clause 49(VII) of the Listing Agreement, all entities falling under the definition of related parties shall abstain from voting on the resolution and accordingly, the promoters will not vote on Item No. 10.

Particulars	Information
Name of the Related party	3M Company, USA
Nature of relationship	Holding Company (Parent)of the Company
Name of Director(s) or key Managerial personnel who is	None except Mr. Albert C Wang, Mrs. Sadhana Kaul, Mr.
related, if any,	Manuel B Pardo, Mr. Ramesh Ramadurai, Mr. Amit Laroya and
	Mr. B.V. Shankaranarayana Rao (being Nominees of 3M
	Company, USA on the Board of the Company)
Nature and Particulars of transactions with 3M Company,	Income from Contract Research, Sale of Goods, Purchases of
USA ("RPTs")	Materials, Royalty, Re-charge of expenses paid and received
	and Corporate Management Fee. These transactions are in the
	ordinary course of business and are on an arm's length basis.
Material terms of the contracts/arrangements/	Terms and Conditions for the transaction are in ordinary course
transactions	of business and on arm's length basis, which is same for the
	entire 3M Companies throughout the world. Details are given in Annexure G to the Report of the Directors.
Duration of these RPTs have been continued from	These transactions have been undertaken since inception of
the past	the Company from time to time depending on needs of
	business.
The value of each type of RPTs in the last two years	This information forms part of the notes to the audited
5	financial statements for the FY 2014 -15
Estimated Monetary value of such RPTs	For the FY 2014-15, the value of such RPTs are provided in the
	Notice at item No.10 and in the notes to the audited financial
	statements for the FY 2014-15
Whether the transactions have been approved by the	Yes, the proposed RPTs are in accordance with the RPTs Policy
Audit Committee	of the Company.
Any other Information relevant or important for the	None.
Members to make a decision on the proposed transactions.	

The proposed RPTs are in ordinary and normal course of business and on Arms' Length basis and play a significant role in the Company's business operations and accordingly the Board recommends the Special resolution set forth in item No.10 of the Notice for the approval of the Members in terms of Clause 49(VII)(E) of the Listing Agreement.

None of the Directors or Key managerial Personnel of the Company except Mr. Albert C Wang, Mrs. Sadhana Kaul, Mr. Manuel B Pardo, Mr. Ramesh Ramadurai, Mr. Amit Laroya and Mr. B.V. Shankaranarayana Rao (being Nominees of 3M Company, USA on the Board of the Company) and their relatives may be deemed to be concerned or interested, directly or indirectly, in this Resolution. The Members' approval is solicited for the resolution at Item No.10 of the accompanying Notice as Special Resolution. Your Board recommends the Resolution for your approval.

## Item 11

The Company is the flagship listed Company of 3M Company, USA in India. 3M Company, USA holds 75% equity stake in the Company.

3M Company, USA is a diversified technology company with a global presence in the following businesses: Industrial; Safety and Graphics; Electronics and Energy; Health Care; and Consumer. 3M is among the leading manufacturers of products for many of the markets it serves. Most 3M products involve expertise in product development, manufacturing and marketing and are subject to competition from products manufactured and sold by other technologically oriented companies.

3M India Limited manages its operations in five (5) operating business segments: Industrial; Safety and Graphics; Energy; Health Care; and Consumer. 3M's five business segments bring together common or related 3M technologies, enhancing the development of innovative products and services and providing for efficient sharing of business resources. These segments have worldwide responsibility for virtually all 3M product lines. The Company has three Manufacturing Plants and a nationwide sales and branch network in India.

## NOTICE TO THE MEMBERS

The Company being a part of 3M conglomerate, has exclusive / sole rights to carry out the Group's business within India and accordingly, has access to Group's synergies, state of art products and technologies, competencies and "3M" brand name which are very critical and essential to carry out its business operations more efficiently in an increasingly globalized and competitive scenario. As a part of its regular business, the Company purchases, avails/renders services from/to 3M Company, USA at arm's length basis.

The Audit Committee at the meeting held on March 27, 2015 has reviewed and after due consideration, accorded omnibus approval for the estimated value transactions mentioned in the Item No. 11 of the Notice for the year 2015-16 (estimated). An analysis of all the Related Party Transactions(RPTs) estimated / to be entered into by the Company during the year for the year 2015-16(estimated) and the basis of charge was undertaken through a third party professional firm. The Audit Committee upon review of such analysis, is of the view that all these RPTs by the Company are at Arm's Length basis.

3M Company, USA is a Holding Company (Promoter) of the Company and is a "Related Party" as per the definition under Section 2(76) of the Companies Act, 2013 and Clause 49 of the Listing Agreement entered into with the stock exchanges.

The Securities and Exchange Board of India (SEBI) vide Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 has amended Clause 49 (VII) of the Equity Listing Agreement with effect from October 1, 2014. Under the said amendment, all Related Party Transactions (RPTs) shall require approval of the shareholders by a special resolution. The said amendment further provides definition of the term "Material" as follows:

"A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual turnover as per the last audited financial statements of the company."

As per the said provisions of Clause 49, based on past trend, the transactions as described hereunder are likely to exceed 10% of the annual turnover of the Company as per the last audited financial statements of the Company(2014-15) and may exceed the materiality threshold as prescribed under Clause 49. Thus, in terms of Clause 49, these transactions would require the approval of the members by way of a Special Resolution.

As per Clause 49(VII) of the Listing Agreement, all entities falling under the definition of related parties shall abstain from voting on the resolution and accordingly, the promoters will not vote on Item No.10.

Particulars	Information
Name of the Related party	3M Company, USA
Nature ofrelationship	Holding Company (Parent)of the Company
Name of Director(s) or key Managerial personnel who is related, if any,	None except Mr. Albert C Wang, Mrs. Sadhana Kaul, Mr. Manuel B Pardo, Mr. Ramesh Ramadurai, Mr. Amit Laroya and Mr. B.V. Shankaranarayana Rao (being Nominees of 3M Company, USA on the Board of the Company)
Nature and Particulars of transactions with 3M Company, USA ("RPTs")	Income from Contract Research, Sale of Goods, Purchases of Materials, Royalty, Re-charge of expenses paid and received and Corporate Management Fee. These transactions are in the ordinary course of business and are on an arm's length basis.
Material terms of the contracts/arrangements /transactions	Terms and Conditions for the transaction are in ordinary course of business and on arm's length basis, which is same for the entire 3M Companies throughout the world. Details are given in Annexure G to the Report of the Directors.
Duration of these RPTs have been continued from the past	These transactions have been undertaken since inception of the Company from time to time depending on needs of business.
The value of each type of RPTs in the last two years	This information forms part of the notes to the audited financial statements for the FY 2014-15
Estimated Monetary value of such RPTs	The Company adopts April-March as its financial year. Accordingly, the current financial year FY 2015-16 has just begun for the Company. Considering the business phenomenon being dynamic, and given the fact that the Company is seeking the approval of the Members in midst of the current financial year, the Company expects the level of transactions for the year 2015-16 with 3M Company, USA to be above the Materiality threshold as prescribed under Clause 49 of the Listing Agreement.

Particulars	Information	
Whether the transactions have been approved by the Audit Committee	Yes, the proposed RPTs are in accordance with the RPTs Policy of the Company.	
Any other Information relevant or important for the Members to make a decision on the proposed transactions.	None.	

The proposed RPTs are in ordinary and normal course of business and on Arms' Length basis and play a significant role in the Company's business operations and accordingly the Board recommends the Special resolution set forth in item No.11 of the Notice for the approval of the Members in terms of Clause 49(VII)(E) of the Listing Agreement.

None of the Directors or Key Managerial Personnel of the Company except Mr. Albert C Wang, Mrs. Sadhana Kaul, Mr. Manuel B Pardo, Mr. Ramesh Ramadurai, Mr. Amit Laroya and Mr. B.V. Shankaranarayana Rao (being Nominees of 3M Company, USA on the Board of the Company) and their relatives may be deemed to be concerned or interested, directly or indirectly, in this Resolution.

The Members' approval is solicited for the resolution at Item No.11 of the accompanying Notice as Special Resolution. Your Board recommends the Resolution for your approval.

Place: Bengaluru Date: May 29, 2015

By Order of the Board

V. Srinivasan Company Secretary ACS-16430 To the Members of 3M India Limited,

Your Directors have pleasure in presenting to you their 28<sup>th</sup> Annual Report of the Company with the Audited Accounts for the year ended March 31, 2015. Your Company is presenting the Report for the year 2014-15 as prescribed under Section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, with provisions relating to, and matters to be contained in the Board's Report.

#### FINANCIAL RESULTS / PERFORMANCE AND STATE OF AFFAIRS

Following are the working results:(Rs. in Lakhs)

	For the year ended March 31,2015	For the year ended March 31,2014	%age Increase(+)/
Particulars	(12 Months)	(12 Months)	Decrease(-)
	(Audited)	(Audited)	
Total Income(excluding excise duty)	185,477.60	176,228.57	+5.25
Of which - Export Sales	3,942.92	2,902.31	+35.85
- Other Income	1,447.84	1,994.29	27.40
Less : Expenditure	163,718.62	163,144.31	+0.35
Profit before Interest and Depreciation	21,758.98	13,084.26	+66.30
Less : Interest	342.27	1,417.17	-75.85
Less : Depreciation	4,960.49	4,760.40	+4.20
Profit before Taxation	16,456.22	6,906.69	+138.26
Less: Provision for Taxation	5,622.06	2,607.67	+115.60
Profit after Taxation	10,834.16	4,299.02	+152.01

Your Company commenced the year 2014 with prudence and caution, realigning initiatives and businesses to adapt to the reduced vibrancy of the Indian economy. Your Company continues to repose faith in the fundamentals and strong potential of the economy. Close monitoring by the Reserve Bank of India, softening of commodity prices and new initiatives by the Government seem to have helped in mitigating general inflation though food inflation remained at higher levels. For most part of the year the external environment continued to lack buoyancy while manufacturing sector recovery was at a modest pace.

The Company continues to make active efforts to reach its products to consumers. The focus during the year was to improve availability in a sustained manner in the secondary and tertiary towns. During the year, your Company continued to improve the planning process and the productivity of the sales force.

Your Company is optimistic that the economy will recover and return to a higher growth trajectory that is in keeping with its true potential. All initiatives from the new Government indicate increased focus on reviving economic growth by redefining policies, "Make in India" to revive Manufacturing sector along with attracting Foreign investment, improving administration and infusing investments to create a robust infrastructure for economic activity. The political stability, the increased engagement with other countries, FDI liberalization in Railways and Defence and reform oriented initiatives in mining and Direct Benefit Transfer reflect the change underway.

Your Directors' are satisfied that in the economic environment that prevailed during the year, your Company has kept its sight on the strategy to consistently deliver long term sustainable, productivity led profitable growth. Your Company has a strong leadership team which continues to focus on reinforcing the fundamentals of growth drivers and further improve operational efficiencies and rationalization of products portfolio.

In 2014, the Company focused on building winning portfolios, improving Sales and R&D productivity, reducing material cost and an overall sharper execution discipline. This resulted in a substantial increase in profitability.

The Business Services group took over key customer facing activities that led to overall superior service standards. The Supply Chain of your Company continued leveraging economies of scale and ensured supply of quality materials and services at competitive prices. During the year, your Company also continued to develop local raw materials for business and continues to work to develop alternate vendors to reduce risks and deliver savings. Your Company created an empowered Lean Six Sigma (LSS) team which executed high impact growth, cost and cash programs to improve the overall efficiency of our core processes. The Company continues to benefit from its access to the 3M Group Research and Development and technical expertise, as well as the best practices available from the global network.

Your Company achieved the following impactful business wins during the year under reference:

#### INDUSTRIAL-

- (i) Industrial Retail business reached out to 10000 retailers selling our core industrial products,
- (ii) Industrial Adhesives and Tapes Division won an initial order of Fire Protection Products (FPP) for a high rise under construction building by a leading builder,
- (iii) Won Paint Replacement Film business at leading Original Equipment Manufacturers (OEMs) in Automotive Division,
- (iv) Won tenders from leading public sector oil companies in Advanced Materials Division.

#### HEALTHCARE -

- (i) Won share for dressing products in leading corporate hospitals,
- (ii) Successfully renewed large contracts for locally manufactured products across the country,
- (iii) Successfully expanded e-commerce business including large number of orders from dentists,
- (iv) Improved direct presence in 200 small cities by expanding hospital coverage.

#### CONSUMER -

- (i) Initiated product availability through e-commerce in the Home care division,
- (ii) Successfully placed high end mops at leading modern trade accounts.

## SAFETY & GRAPHICS -

- (i) Won tenders for matting from metro rail corporations,
- (ii) Expanded our direct reach to more than 3000 Small, Medium Enterprises (SMEs) in prioritized clusters,
- (iii) Continued to win business from Banking Financial Services Industry (BFSI) sector for signage and branding programs.

#### ENERGY -

- (i) New win in large diameter pipeline coating opportunity with Scotchkote™ Fusion Bonded Epoxy powder,
- (ii) Won an order for locaters and markers from a major defence contractor.

The Company registered an overall turnover growth of 5.25% at Rs. 185,477.60 Lakhs for the financial year ended March 31, 2015 compared to Rs. 176,228.57 Lakhs in the previous year. The Profit before Interest and Depreciation was at Rs. 21,758.98 Lakhs compared to Rs. 13,084.26 Lakhs for the previous year. The operating margin for the current year was at 11.73% compared to 7.42% for the last year. Profit before Tax was at Rs. 16,456.22 Lakhs compared to Rs. 6,906.69 Lakhs for the previous year. Profit after taxation was at Rs. 10,834.16 Lakhs compared to Rs. 4,299.02 Lakhs for the previous year. Lower material cost and interest, portfolio prioritization and expense productivity increased the profitability at all levels for the year under review. Export Sales was at Rs. 3,942.92 Lakhs for the year ended March 31, 2015 compared to Rs. 2,902.31 Lakhs in the previous year, an increase of 35.85%.

The Industrial business grew by 6.69%; Health Care business grew by 16.69%: Safety and Graphics business grew by 8.13%; Consumer business grew by 8.26% and Energy business de-grew by 35.73%.

The EPS (Basic and Diluted) of the Company for the year 2014-15 was Rs. 96.17 per share as compared to Rs. 38.16 per share in the previous year 2013-14. Detailed analysis of the performance has been discussed in the Management's Discussion and Analysis Section of the Annual Report.

#### MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments which occurred, affecting the financial position of the Company between March 31, 2015 and the date on which this report has been signed.

#### **CHANGE IN THE NATURE OF BUSINESS**

There were no changes in the nature of business during the year under review as prescribed in Rule 8(ii) of the Companies (Accounts) Rules, 2014.

#### **DIVIDEND AND TRANSFER TO RESERVES**

While significant progress has been made in driving profitability improvement in 2014 through portfolio actions, sustainable profitable volume growth remains an area of concern. This would need focused investment in improving our go to market models, enhanced branding as well as expenditure on consumer insights to drive new profitable products. As a result, it has been decided to conserve and retain the earnings and, therefore will not propose to carry to any Reserves during the year under review.

#### **CAPITAL INVESTMENTS**

Capital Investments during the year 2014-15 was at Rs. 1,471.70 Lakhs (Net of capital work-in-progress and capital advances) (2013-14: Rs. 4,758.98 Lakhs).

#### MANAGEMENT DISCUSSION AND ANALYSIS

A Management Discussion and Analysis Report is annexed herewith as "Annexure A".

#### CORPORATE GOVERNANCE AND SHAREHOLDER INFORMATION

A separate report on Corporate Governance along with a Certificate from a Practising Company Secretary regarding compliance to the Conditions stipulated under Clause 49 of the Listing agreement is annexed as "Annexure B".

#### **DETAILS OF BOARD MEETINGS DURING THE YEAR 2014-15**

During the financial year April 01, 2014 to March 31, 2015, six (6) Meetings of the Board were held; on April 18, 2014, May 29, 2014, August 01, 2014, November 13, 2014, January 29, 2015 and March 27, 2015.

The details of other committee meetings during the year 2014-15 are given in the Corporate Governance Report.

#### **DIRECTORS AND KEY MANAGERIAL PERSONNEL**

- Mr. Ippocratis Vrohidis and Mr. Ashish Khandpur resigned with effect from August 1, 2014 as Non- Executive Directors' consequent upon taking up higher responsibilities within 3M Global.
- The Board of Directors at its meeting held on August 1, 2014 appointed Mr. Biren Gabhawala as an Additional Director categorized as Independent Director of the Company effective from August 5, 2014 for a period of five consecutive years, subject to the approval of the Members of the Company at the ensuing Annual General Meeting.
- As stated in the last year report, Mr. D.J. Balaji Rao, Chairman, Non-Executive Independent Director of the Company did not to seek re-appointment owing to his other commitments and retired as a Director at the conclusion of the General Meeting of the Company held on August 4, 2014. The Board elected Mr. B.S. Iyer, Non-Executive Independent Director as Chairman of the Board with effect from the conclusion of the Annual General Meeting of the Company held on August 4, 2014. The Board of Directors welcomes Mr. B.S. Iyer as new Chairman of the Board.
- Section 149 (10) of the Companies Act, 2013 provides that an Independent Director shall hold office for a term of up to five consecutive years on the Board. Further, Section 149 (13) of the Companies Act, 2013 states that the provisions relating to retirement of Directors by rotation shall not apply to the appointment of Independent Directors. Further, the Ministry of Corporate Affairs, Government of India, by a notification, has clarified that if a Company intends to appoint existing Independent Directors as Independent Directors under the Act, such appointment must be made expressly within one year from 1st April, 2014. At the Meeting held on March 27, 2015, the Company has complied with the provisions of the Companies Act, 2013 and the notification of the Ministry of Corporate Affairs, by appointing Mr. B.S. Iyer as an Independent Director under Section 149 of the Companies Act, 2013, from March 27, 2015 to March 31, 2016, subject to approval of the Members at this ensuing General Meeting of the Company.
- Mr. B.C. Prabhakar, Non-Executive, Independent Director of the Company, after serving the Board of the Company for more than eight (8) years, resigned with effect from the closing hours of March 27, 2015 due to his pre-occupation and other commitments.
- The Board of Directors at its meeting held on March 27, 2015:
  - (i) Appointed Mr. Bharat D Shah as an Additional Director categorized as Independent Director of the Company effective from March 27, 2015 for a period of five (5) consecutive years, subject to the approval of the Members of the Company at the ensuing Annual General Meeting.

(ii) Appointed Mr. Ramesh Ramadurai and Mr. Manuel B Pardo as Additional Directors categorized as Non-Executive Directors of the Company effective from March 27, 2015 and they hold office up to the date of the ensuing Annual General Meeting of the Company and are eligible for re-appointment.

The Board expresses its appreciation for the contributions and services rendered by Mr. Ippocratis Vrohidis and Mr. As his h Khandpur during their tenure as Directors of the Company. The Board expresses its deep appreciation for the valuable contributions and services made by Mr. B.C. Prabhakar during his tenure as Director from December 2006 and as Chairman/Member of Committees of the Board to the progress of the Company. The Board of Directors welcomes Mr. Biren Gabhawala, Mr. Bharat D Shah, Mr. Ramesh Ramadurai and Mr. Manuel B Pardo to the Board.

With effect from April 01, 2014, inter-alia, provisions of section 149 of Companies Act, 2013, has been brought into force. In terms of the said section read with section 152(6) of the Act, the provisions of retirement by rotation are not applicable to Independent Directors. Therefore, the Directors to retire by rotation have been ascertained on the date of this Notice and accordingly, Mr. Albert C Wang, Non-Independent Non-Executive Director will retire at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The details of Mr. Albert C Wang are given in the Explanatory Statement set out at Item No. 2 of the Notice to the Annual General Meeting. The Board of Directors recommends his re-appointment.

The details of Mr. B.S. Iyer, Mr. Biren Gabhawala, Mr. Bharat D Shah, Mr. Ramesh Ramadurai and Mr. Manuel B Pardo are given in the Explanatory Statement in respect of the Special Business set out at Item Nos. 4 to 8 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013. The Board of Directors recommends their respective Appointments.

Mr. Amit Laroya, Managing Director, Mr. B.V. Shankaranarayana Rao, Whole-time Director, Mr. Sameer Agarwal, Chief Financial Officer and Mr. V. Srinivasan, Company Secretary & Compliance Officer and Treasurer are Key Managerial Personnels of the Company during the period under report.

## **COMPOSITION OF AUDIT COMMITTEE**

As on March 31, 2015, the Audit Committee of the Company consists of three (3) Non-Executive Independent Directors and one (1) Non-Executive Director and all of them have financial and accounting knowledge. The members of the Committee are Mr. Biren Gabhawala, Mr. B. S. Iyer (Chairman up to August 4, 2014), Mr. Bharat Shah and Mr. Manuel B Pardo. Mr. Biren Gabhawala is the Chairman of the Audit Committee from August 5, 2014. The Board has accepted the recommendations of the Audit Committee during the year under review.

## NOMINATION AND REMUNERATION COMMITTEE POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and for other employees and their remuneration. The same has been disclosed in the website at <a href="http://solutions.3mindia.co.in/wps/portal/3M/en\_IN/about-3M/information/corporate/financial-facts/summary/.The Composition, criterial for selection of Directors and the Terms of Reference of the Nomination and Remuneration Committee is stated in the Corporate Governance Report.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has also established an effective vigil mechanism by way of this Business Conduct Concern Reporting Policy (Whistle blower Policy) for upholding 3M's Code of Conduct The details of the Policy is stated in the Corporate Governance Report and also posted on the website of the Company http://solutions.3mindia.co.in/wps/portal/3M/en\_IN/about-3M/information/corporate/financial-facts/summary/.

## INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company's management is responsible for establishing and maintaining an adequate system of internal control over financial reporting. 3M globally is aligned to Company's internal control over financial reporting based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission(COSO) in Internal Control — Integrated Framework (2013).

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. The Company, through its own Corporate Internal Audit Department, carries out periodic audits to cover all the offices, factories and key areas of business segments based on the plan approved by the Audit Committee and bring out any deviation to internal control procedures. The Internal Auditor functionally reports to the Audit Committee and administratively to the Managing Director. The observations arising out of audit

are periodically reviewed and compliance ensured. The summary of the Internal Audit observations and status of the implementation is submitted to the Audit Committee of the Board of Directors. The status of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any, are reported to the Board.

## **DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- (a) that in the preparation of the annual financial statements for the year ended March 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) that such accounting policies as mentioned in Notes to the Financial Statements have been selected and applied consistently and judgement and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 and of the profit of the Company for the year ended on that date;
- (c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) that the annual financial statements have been prepared on a going concern basis;
- (e) that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- (f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## INFORMATION ON THE FINANCIAL PERFORMANCE / FINANCIAL POSITION OF THE SUBSIDIARIES / ASSOCIATES/ JOINT VENTURE:

The Company does not have any Subsidiaries/Associates/Joint Venture.

#### **EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in form MGT9 is annexed herewith as "Annexure C".

#### **SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Vijayakrishna K.T, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as "Annexure D". There were no qualifications by the Company Secretary in Practice in his Secretarial Audit report for the year ended March 31, 2015.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Information on Conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo stipulated under Section 134 (3) (m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014 is annexed herewith as "Annexure E".

## **DEPOSITS**

During the year under review, the Company has neither accepted nor renewed any deposits from public within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

#### SIGNIFICANT MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any Loan, Guarantees or made Investments within the meaning of Section 186 of the Companies Act, 2013.

#### RISK MANAGEMENT POLICY

The Company has framed a Risk management Policy which was approved by the Board pursuant to the requirement of Clause 49 of the Listing Agreement. The details of Committee and its terms of reference are set out in the Corporate Governance Report forming part of the Board's Report.

#### CORPORATE SOCIAL RESPONSIBILITY

As part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken projects in the areas of Education, Innovation and Women Empowerment. These projects are in accordance with Schedule VII of the Companies Act, 2013.

The Annual Report on CSR activities is annexed herewith as "Annexure F" including the reasons for not spending the full amount for the year 2014-15.

#### **RELATED PARTY TRANSACTIONS (RPTs)**

All Related Party Transactions (RPTs) that were entered into during the financial year were on an Arm's Length Basis and were in the Ordinary Course of Business. All RPTs are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are of a foreseen and repetitive nature. A statement giving details of all RPTs is placed before the Audit Committee and the Board of Directors for their approval on a quarterly basis. The policy on RPTs as approved by the Board is uploaded on the Company's website at http://solutions.3mindia.co.in/wps/portal/3M/en\_IN/about-3M/information/corporate/financial-facts/summary/.

The Company being a part of 3M conglomerate, has exclusive / sole rights to carry out the Group's business within India and accordingly, has access to Group's synergies, state of art products and technologies, competencies and "3M" brand name which are very critical and essential to carry out its business operations more efficiently in an increasingly globalized and competitive scenario. As a part of its regular business, the Company purchases, avails/renders services from/to 3M Company, USA at arm's length basis.

The Securities and Exchange Board of India (SEBI) vide Circular No. CIR/CFD/POLICY CELL/2/2014 dated April 17, 2014 and CIR/CFD/POLICY CELL/7/2014 dated September 15, 2014 has amended Clause 49 (VII) of the Equity Listing Agreement with effect from October 1, 2014. Under the said amendment, all RPTs shall require approval of the shareholders by a special resolution. The said amendment further provides definition of the term "Material" as follows:

"A transaction with a related party shall be considered material if the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual turnover as per the last audited financial statements of the company."

As per the said provisions of Clause 49, based on past trend, the transactions with 3M Company, USA(Holding Company) are likely to exceed 10% of the annual turnover of the Company as per the last audited financial statements of the Company and may exceed the materiality threshold as prescribed under Clause 49. Thus, in terms of Clause 49, these transactions would require the approval of the members.

The RPTs are necessary, normal to business, plays a significant role in the Company's business operations and also forms integral part of the Company's business. An analysis of all the RPTs entered into / by the Company and the basis of charge was undertaken through a third party professional firm. Accordingly, the Board recommends for the approval of the Members in terms of Clause 49(VII) (E) of the Listing Agreement. The Form No. AOC-2 is annexed herewith as "Annexure G".

## ANNUAL BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out an annual performance evaluation of its own performance, its Committee's and the Directors individually. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

## **EMPLOYEE REMUNERATION AND DETAILS OF CERTAIN EMPLOYEES**

Pursuant to Section 197(12) of the Companies Act, 2013 and Rule 5(1)(2)&(3) of the Companies (Appointment & Remuneration) Rules, 2014, details / disclosures of Ratio of Remuneration to each Director to the median employee's remuneration is annexed herewith as "Annexure H".

As at March 31, 2015, the Company had employee strength of 1,461 personnel. Pursuant to section 197(12) of the Companies Act, 2013 and Rule 5(1) (2)&(3) of the Companies (Appointment & Remuneration) Rules, 2014, the Statement showing details of employees of the Company throughout the year and employees employed for part of the year who were in receipt of remuneration of Rs. 60 Lakhs or more per annum / Rs. 5 Lakhs or more per month is annexed herewith as "Annexure I."

#### **DECLARATION FROM INDEPENDENT DIRECTORS**

The Company has received necessary declaration from each Independent Director of the Company viz., from Mr. B.S. Iyer, Mr. Biren Gabhawala and Mr. Bharat D Shah under Section 149(7) of the Companies Act, 2013, that they meet the criteria of their Independence laid down in Section 149(6) of the Companies Act, 2013. The same is annexed herewith as "Annexure J".

#### STATUTORY AUDITORS

Messrs. Lovelock & Lewes, Chartered Accountants, Statutory Auditors of the Company, Bengaluru, having Registration No. 301056E retire at the ensuing Annual General Meeting and are eligible for re-appointment. They have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as Auditors of the Company. As required under Clause 49 of the Listing Agreement, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

#### **COST AUDIT**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, dated December 31, 2014 issued by Ministry of Corporate Affairs (MCA), the cost audit records maintained by the Company in respect of the products covered as per the above dated notification issued by MCA is required to be audited by an Cost Accountant. Accordingly, the Board of Directors of the Company at its meeting held on May 29, 2015 had on the recommendation of the Audit Committee, approved the re-appointment and remuneration of Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (holding Registration No. 000065), to conduct the audit of the cost records of the Company for the financial year ended March 31, 2016 on an remuneration of Rs. 400,000/- plus service tax as applicable and out of pocket expenses at actuals.

As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a resolution seeking Member's ratification for the remuneration payable to Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru is included in the Notice convening the Annual General Meeting.

<u>Disclosure on cost audit:</u> For the financial year ending March 31, 2014, the due date of filing the Cost Audit Report submitted by Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, was September 27, 2014 and the same was filed with the Ministry of Corporate Affairs on September 26, 2014.

#### OTHER DISCLOSURES

- The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment.
  - The following is a summary of sexual harassment complaints received and disposed off during the year 2014-2015:
  - No of complaints received: NIL
  - No of complaints disposed off: NIL
- ∞ There were no qualifications by the Auditors in their report forming part of this financials for the year ended March 31, 2015.
- During the year under review, the Company has not bought its own shares nor has given any loan to the employees (including KMPs) of the Company for purchase of the Company shares.
- During the year under review, no Commission or Remuneration was paid to the Executive Directors from Holding / Subsidiary Companies.
- During July 2012 the Company had obtained recognition for its R&D Lab facility in Bengaluru from Department of Scientific Research (DSIR) which was valid till March 31, 2015. In the light of no major Capex plan for this R&D lab facility in the coming years coupled with no significant tax benefits that can be availed by the company by renewing the recognition for further period, the Company has opted not to renew the DSIR recognition beyond March 31, 2015.

## LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the year 2015-2016 to NSE and BSE where the Company's Shares are listed.

## **EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS**

The Company has only one class of share, i.e. equity share with a face value of Rs. 10 each. The Authorized/Issued/Subscribed and fully paid-up Capital as at March 31, 2015 was Rs. 11,26,50,700 (divided into 1,12,65,070 equity shares of Rs. 10 each). During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

#### **ENVIRONMENT, HEALTH AND SAFETY**

Compliance with relevant regulations and 3M Global Environmental, Health and Safety policies is an integral part of the Company's operating philosophy and the company stands committed to continually improve on these objectives. There was a considerable focus on improving Environment, Health and Safety during the period under review by the Company.

Environment: The Company has three (3) Manufacturing Plants in operation in India. All three (3) plants have environmental management systems certified to ISO 14001: 2004. The Company continuously endeavors to improve on environmental management to minimize the environmental impacts. All plants have sewage / waste water treatment plants and the treated water is recycled for horticulture with in the facilities. The plants have set up various measures to reduce and reuse water where ever possible. The plants have also installed rain water harvesting systems to divert the rain water for ground water recharging. With the approval from local Pollution Control Boards, the plants have now started sending industrial waste to local cement companies to generate energy instead of in-house incineration and thereby reducing overall carbon foot prints by saving the part of the coal consumption of cement plants. Every year, as part of World Environmental day initiative, the plants take up various environmental awareness programs including tree plantation in plants as well as public places.

Health and Safety: All three (3) manufacturing plants have health and safety management systems certified to OHSAS 18001: 2007. All plants have dedicated safety officers. Plant Safety committees, which include shop floor employees and chaired by Plant managers, are also in place and meet regularly to review issues impacting plant safety and employees health. High risk operations are controlled through the hierarchy of controls identified through 3M's risk prioritization matrix initiative. Key measures like conducting training programs on various health and safety issues including dealing with epidemics, ergonomics, industrial hygiene, process safety management, machine guarding, work safety, road safety, first-aid, manual handling etc. have been implemented. Regular health checkup of the plant employees is carried out. Every year plants celebrate safety month in March and conduct various safety awareness programs like safety quiz, drawing competition, slogan and hazard identification competition. All plants have full-fledged emergency communication and management systems including fire alarms, fire hydrants and fire sprinklers. Regular mock drills are conducted to check the adequacy and preparedness of these systems. The plants have a well-equipped first aid rooms to attend to immediate medical needs. In Sept 2014, Electronic city, Bengaluru and Ahmedabad plants received certificate of appreciation from National Safety Council of India for the strong safety record.

#### **AWARDS AND RECOGNITION**

- 3M India's Infection Prevention Division was awarded the prestigious Sterilization Services Business Leadership Award at the Hospital Management Conference & CIMS Healthcare Awards instituted by UBM Medica at Mumbai. The award re-iterates. 3M Healthcare leadership in the Sterilization Assurance and Monitoring segment and recognizes the efforts 3M has invested in training & educating customers and upgrading healthcare practices across the country.
- The Company's Electronics City plant received the 2014 Supplier Quality Excellence award from General Motors. This global award from General Motors recognizes the best suppliers around the world who fulfill the company's most stringent quality requirements. This is another feather in the cap for 3M India's manufacturing capability & quality with recognition from one of the top automotive companies in the world.
- Two 3M products for the retail market 'Scotch® Magic Tape Donut dispenser pack' and '3M Auto Speciality products DIY' recently won the Indiastar 2014 award instituted by Indian Institute of Packaging for excellence in packaging design. The Indiastar win qualifies these products for entry into the Asiastar and Worldstar packaging design awards. This is the second time that 3M India has participated and won such an award. Our packaging designs competed with a record 552 entries that were received this year.
- The Company's'Bengaluru and Ahmedabad Plants received the "Certificate of Appreciation" from the National Safety Council of India for demonstrating consistent safety performance during the period 2010 to 2012.
- Honda Motorcycle & Scooter India Pvt. Ltd. (HMSI) recognized 3M India as one of its top 6 suppliers who have helped the
  automotive company succeed in 2014-15. The certificate of appreciation from Honda acknowledged 3M India's excellent
  performance in meeting delivery targets during the year 2014-15. In addition recognition also came from Honda Cars India for
  100% delivery performance during the period December 2014-March 2015.
- 3M India's Commercial Graphics Division won "Emerging Partner of the Year Award 2014" from top restaurant franchisee Company Yum Brands.
- 3M India's plant in Ahmedabad received prestigious recognition from the CEO of 3M Corporation, USA for completing 730 days consecutively without a lost time injury or illness incident.

#### **ACKNOWLEDGEMENT**

The Board wishes to place on record its appreciation to all employees in the Company, for their sustained efforts and immense contributions to the good levels of performance and growth that your Company has achieved during the year. The Board also acknowledges the continued support and co-operation received from 3M Company, USA.

The Directors express their gratitude to the Central Government and the State Governments of Karnataka, Maharashtra and Gujarat for the support given to the Company. The Directors also thank all customers, dealers, suppliers, banks, members and others connected with the business of the Company for their co-operation.

On behalf of the Board of Directors

Place: Bengaluru Date: May 29, 2015 Amit Laroya Managing Director DIN:00098933 B.V. Shankaranarayana Rao Whole-time Director DIN: 00044840

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Cautionary Statement:

Members and Investors are cautioned that the discussion in this section of the Annual Report may contain statements that involve risks and uncertainties. Forward-looking statements mentioned may involve risks and uncertainties that could cause results to differ materially from those projected. Consequently, actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements. The Company cannot guarantee that these assumptions and expectations are accurate or will be realized. The Company assumes no obligation to update or revise any forward-looking statements. Forward-looking statements are based on certain assumptions and expectations of future events and trends that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results or those reflected in any such forward-looking statements depending on a variety of factors.

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#### THE COMPANY

The Company is the flagship listed Company of 3M Company, USA in India. 3M Company, USA holds 75% equity stake in the Company and is a diversified technology and science company with a global presence in the following businesses: Industrial; Health Care; Consumer; Safety and Graphics; and Energy and is among the leading manufacturers of products for many of the markets it serves. Most of its products involve expertise in product development, manufacturing and marketing, and are subject to competition from products manufactured and sold by other technologically oriented companies.

The Company has manufacturing facilities in India at Ahmedabad, Bengaluru, Pune and has a R&D Center in Bengaluru. As at March 31, 2015, the Company had employee strength of 1,461 personnel. The Company managed its operations in five (5) operating business segments: Industrial; Health Care; Consumer; Safety and Graphics; and Energy. The Company's five business segments bring together common or related 3M technologies, enhancing the development of innovative products and services and providing for efficient sharing of business resources. These segments have worldwide responsibility for virtually all 3M product lines.

3M products are sold through numerous distribution channels, including directly to users and through numerous wholesalers, retailers, converters, distributors and dealers in a wide variety of trades in many countries around the world. The Management of the Company believes that the confidence of wholesalers, retailers, converters, distributors and dealers in 3M and its products is a confidence developed through long association with skilled marketing and sales representatives and has contributed significantly to 3M India's growth and its position in the marketplace.

#### **GLOBAL ECONOMIC OVERVIEW**

Global growth is projected to reach 3.5% in 2015, compared to 3.4% in 2014. There is a divergence in the composition of growth, with advanced economies growing at 2.4% in 2015 versus 1.8% in 2014, and emerging market and developing economies growing at 4.3% in 2015 versus 4.6% in 2014. The growth is moderate and uneven, owing to complex forces shaping the world economy as explained ahead.

The legacies from both the financial crisis and the Euro crisis are still highly visible across several countries leading to high debt and slowdown in spending. Potential growth is declining in both advanced and developing economies. Decline in oil prices is leading to a large reallocation of real income from net oil exporters to net oil importers. This is leading to an increase in spending in oil importing countries, while for oil exporters, this is leading to declining financial resources. The exchange rate movements, including the appreciation of dollar and the depreciation of Yen and Euro are also effecting exports and imports across countries.

## INDIA ECONOMIC OVERVIEW

India has emerged with an encouraging economic outlook, amidst the mood of pessimism and uncertainties that overcome a number of advanced and emerging economies. India's GDP growth is expected to touch 7.8% in the year ending March 2016, up from the estimated 7.4% growth in 2014-15. Going ahead, it is slated to average 8% growth year on year. Notwithstanding the revised GDP estimates, the balance of evidence counsels in favour of viewing India as a recovering rather than surging economy.

India's IIP is currently seeing low growth. In March, Industrial production grew 2.1% year on year, the weakest in five months, as consumer goods output contracted again after a short-lived recovery in February. On a positive side, investment goods output continues to expand, as businesses are scaling up production on anticipation of stronger demand as the economy gathers pace. The improving investment sentiment along with lower inflation should help rebound investment activity, likely pushing India's overall growth. Rupee depreciation continues, but is slower compared to peers.

The Government is driving several big reforms to boost the economy:

- (i) Make in India: Aimed at building best in class manufacturing infrastructure through investment, coupled with skill development.
- (ii) 100 Smart City Initiative: Smart physical, social, institutional and economic infrastructure to improve public services and for sustainable development
- (iii) E-auction of Coal Blocks: Boosting of the coal sector through privatization
- (iv) Labour Sector reforms: Simplified registration, online return filing, transparent labour inspection schemes boosting the MSME sector.

However, roll out of investments in infrastructure continue to be a matter of concern given the inadequate domestic liquidity in the market. The government will have to break the cycle of poor liquidity in order to execute these reforms.

The government is also targeting structural supply and demand side imbalances which should help sustainably reduce inflation over time. (Data Source: Global Insights / IMF / Economic Survey of India)

## **RESULTS OF THE OPERATIONS OF THE COMPANY**

The Company registered an overall turnover growth of 5.25% at Rs. 185,477.60 Lakhs for the financial year ended March 31, 2015 compared to Rs. 176,228.57 Lakhs in the previous year. The Profit before Interest and Depreciation was at Rs. 21,758.98 Lakhs compared to Rs. 13,084.26 Lakhs for the previous year. The operating margin for the current year was at 11.73% compared to 7.42% for the last year. Profit before Tax was at Rs. 16,456.22 Lakhs compared to Rs. 6,906.69 Lakhs for the previous year. Profit after taxation was at Rs. 10,834.16 Lakhs compared to Rs. 4,299.02 Lakhs for the previous year. Lower material cost and interest, portfolio prioritization and expense productivity increased the profitability at all levels for the year under review. Export Sales was at Rs. 3,942.92 Lakhs for the year ended March 31, 2015 compared to Rs. 2,902.31 Lakhs in the previous year, an increase of 35.85%.

#### Other Operating Income:

The other income was at Rs. 1,447.84 Lakhs for the year 2014-15 when compared to Rs. 1,994.29 Lakhs for the previous year 2013-14.

## Cost of Goods sold:

The % of cost of raw material consumed as against sales for the year 2014-15 has gone down to 59.32% as against 61.75% for the previous year 2013-14 mainly on account of increase in productivity, portfolio prioritization etc.,

## Employee Benefits Expense:

Employee cost as a % of sales for the year 2014-15 stood at 13.27% (previous year 14.05%) at Rs. 24,616.49 Lakhs (previous year: Rs. 24,305.86 Lakhs), lower by 5.55%. Sales per employee have improved by 14.33% to Rs. 126.95 Lakhs (no. of employee's 1,461) in the current year 2014-15 from Rs. 108.58 Lakhs (no. of employees 1,623) for the previous year 2013-14.

#### Finance Cost:

The interest cost for the year 2014-15 was at Rs. 342.27 Lakhs compared to Rs. 1,417.17 Lakhs in the previous year 2013-14. The decrease is due to repayment of all borrowing during September 2014.

## Interest earned:

The Company earned Rs. 66.59 Lakhs on the surplus during the year 2014-15 by keeping the funds in flexi deposits with the Bank.

#### Earnings per Share (EPS):

The EPS (Basic and Diluted) of the Company for the year 2014-15 was Rs. 96.17 per share as compared to Rs. 38.16 per share in the previous year 2013-14.

#### Share Capital:

The Company has only one class of share, i.e. equity share with a face value of Rs. 10 each. The Authorized/Issued/Subscribed and fully paid-up Capital as at March 31, 2015 was Rs. 11,26,50,700 (divided into 1,12,65,070 equity shares of Rs. 10 each). During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

## Reserves & Surplus:

Entire profit of Rs. 10,834.16 Lakhs is retained in profit and loss account for the year ended March 31, 2015. The Reserves & Surplus was at Rs. 79,644.84 Lakhs including the current year retained profit.

#### Shareholder's Fund:

The total shareholder funds increased to Rs. 80,771.35 Lakhs as at March 31, 2015 from Rs. 69,942.66 Lakhs as of the previous financial year 2013-14 end, representing a growth of 15.48% mainly on account of retained profits of the current year.

#### Depreciation:

The depreciation charge for the current year is higher at Rs. 4,960.49 Lakhs as against a charge of Rs. 4,760.40 Lakhs of previous year 2013-14 due to Glue Stick Capitalization during the year 2014-15 at Ranjangaon Plant.

Consequent to Schedule II to the Companies Act, 2013, becoming effective April 1, 2014, depreciation for the year ended March 31, 2015 has been provided on the basis of useful lives as prescribed in Schedule II. As a result, Depreciation is higher by Rs. 75.68 lakhs for the year ended March 31, 2015.

#### Fixed Assets-Capital Expenditure:

The gross Fixed Assets as at March 31, 2015 was Rs. 58,712.71 Lakhs as compared to Rs. 58,798.31 Lakhs of previous financial year 2013-14. The Company has incurred a capital expenditure of Rs. 1,471.70 Lakhs (Net of capital work-in progress and capital advances) during the year 2014-15 (previous year: Rs. 4,758.98 Lakhs), a decrease of 69.08% year on year.

#### Inventories:

Inventory as at March 31, 2015 amounted to Rs. 29,556.55 Lakhs as against Rs. 25,823.79 Lakhs of previous financial year 2013-14. The inventory ratio has increased to 98 days as at March 31, 2015 from 87 days of previous year 2013-14.

#### Trade Receivables:

Trade Receivables as at March 31, 2015 amounted to Rs. 24,912.02 Lakhs as against Rs. 26,517.73 Lakhs of previous year 2013-14. The debtor's turnover ratio was at 49 days (previous year: 56 days).

#### Cash and Bank balances:

The total balance of cash and bank balances as at March 31, 2015 was Rs. 11,390.95 Lakhs as compared to Rs. 5,970.18 Lakhs as at March 31, 2014.

## Overall analysis of the financial statements:

Year Ended March 31, 2015		Year Ended March 31, 2014	
Rs. in Lakhs	%	Rs. in Lakhs	%
184,029.76	99.22	174,234.28	98.87
1,447.84	0.78	1,994.29	1.13
185,477.60	100.00	176,228.57	100.00
60,892.42	32.83	65,154.19	36.97
52,314.30	28.21	44,171.35	25.06
(3,187.45)	(1.72)	(505.85)	(0.28)
24,616.49	13.27	24,758.15	14.05
29,082.86	15.68	29,566.47	16.78
21,758.98	11.73	13,084.26	7.42
342.27	0.18	1,417.17	0.80
4,960.49	2.67	4,760.40	2.70
169,021.38	91.13	169,321.88	96.08
16,456.22	8.87	6,906.69	3.92
5,622.06	3.03	2,607.67	1.48
10,834.16	5.84	4,299.02	2.44
	Rs. in Lakhs 184,029.76 1,447.84 185,477.60 60,892.42 52,314.30 (3,187.45) 24,616.49 29,082.86 21,758.98 342.27 4,960.49 169,021.38 16,456.22 5,622.06	Rs. in Lakhs	Rs. in Lakhs       %       Rs. in Lakhs         184,029.76       99.22       174,234.28         1,447.84       0.78       1,994.29         185,477.60       100.00       176,228.57         60,892.42       32.83       65,154.19         52,314.30       28.21       44,171.35         (3,187.45)       (1.72)       (505.85)         24,616.49       13.27       24,758.15         29,082.86       15.68       29,566.47         21,758.98       11.73       13,084.26         342.27       0.18       1,417.17         4,960.49       2.67       4,760.40         169,021.38       91.13       169,321.88         16,456.22       8.87       6,906.69         5,622.06       3.03       2,607.67

## Segment wise performance:

The Industrial business grew by 6.69%; Health Care business grew by 16.69%: Safety and Graphics business grew by 8.13%; Consumer business grew by 8.26% and Energy business de-grew by 35.73%.

#### (A) INDUSTRIAL BUSINESS:

The Industrial segment serves a broad range of markets, such as automotive original equipment manufacturer (OEM) and automotive aftermarket (auto body shops and retail), electronics, appliance, paper and printing, packaging, food and beverage, and construction. Industrial products include tapes, a wide variety of coated, non-woven and bonded abrasives, adhesives, advanced ceramics, sealants, specialty materials, closure systems for personal hygiene products, acoustic systems products, and components and products that are used in the manufacture, repair and maintenance of automotive, marine, aircraft and specialty vehicles. Major industrial products include vinyl, polyester, foil and specialty industrial tapes and adhesives; Scotch® Masking Tape, Scotch® Filament Tape and Scotch® Packaging Tape; packaging equipment; 3M™ VHB™ Bonding Tapes; conductive, low surface energy, sealants, hot melt, spray and structural adhesives; reclosable fasteners; label materials for durable goods; and coated, nonwoven and microstructured surface finishing and grinding abrasives for the industrial market. Other industrial products include fluoroelastomers for seals, tubes and gaskets in engines.

Major transportation products include insulation components, including Thinsulate™ Acoustic Insulation and components for catalytic converters; functional and decorative graphics; abrasion-resistant films; adhesives; sealants; masking tapes; fasteners and tapes for attaching nameplates, trim, moldings, interior panels and carpeting; coated, nonwoven and micro structured finishing and grinding abrasives; structural adhesives; and other specialty materials. In addition, 3M provides paint finishing and detailing products, including a complete system of cleaners, dressings, polishes, waxes and other products.

			Rs. in lakhs
		12 Months	12 Months
		Ended	Ended
		31.03.15	31.03.14
Financial Highlights	Segment Revenue	80,005.78	74,988.95
	Profit before Interest & Tax	9,117.03	4,441.46
	Capital Employed	32,083.27	30,124.35
Highlights	<ul> <li>Industrial Business continued to focus on high gros rationalization low profitable ones helped stabilize</li> <li>Consolidating our leadership position in the Abrasi the launch of patented 'Precision Shaped Grains abrasives.</li> <li>Dedicated teams focusing on Industrial Retail working, decorative &amp; auto refinish helped penetr market.</li> <li>Expansion of the 3M Car Care Center initiative help 3M brand and reinforced 3M as the leading name in in 2015 will be to increase the online presence of the through large online retailers.</li> <li>Increased penetration into the growing Paint qualification of three specialty products by India's lafter an impactful entry by The Advanced Materials</li> <li>The second half of the Financial Year saw an improcountry. Manufacturing and specifically growth in improving the growth rate of the business this Final</li> <li>Currency stability helped the business in making to improve the operating margins.</li> <li>During the year, the company commenced the prowoven abrasive hand pads from its Ranjangaon plan</li> <li>The company's new technology acoustic insulation newly launched models of a leading Automotive Company</li> </ul>	profits.  ves category across  continuous category across  continuous category across  business spanning ation into lower tie  ped in enhancing on this new business s ne 'Do It Yourself' ca  s & Coating segn eading decorative p company category continuous category actegory be necessary portform duction and sale of ont. In solutions were us	segments with ives & Flexible across Wood rs of the Indian visibility for the segment. Focus in care products the paints Company all growth in the ction helped in polio corrections industrial non-

#### (B) HEALTH CARE BUSINESS:

Our Health Care business segment serves markets that include large multi-specialty hospitals and small clinics, dental and orthodontic practitioners, processed food manufacturers and pharmaceutical companies. Our offerings include medical and surgical supplies, medical devices, skin & wound care and infection prevention products & solutions, drug delivery systems, dental

and orthodontic products and food safety products.

			Rs. in lakhs
		12 Months	12Months
		Ended	Ended
		31.03.15	31.03.14
Financial Highlights	Segment Revenue	27,217.41	23,325.25
	Profit before Interest & Tax	1,709.71	564.37
	Capital Employed	12,521.68	10,959.35
Highlights	<ul> <li>3M Healthcare was awarded the "CIMS Healt Sterilization services". This award bears test continuous efforts in partnering with hospit sterilization assurance and monitoring.</li> <li>The business has successfully executed Go-to reach into smaller cities through the extermodel.</li> <li>3M Healthcare has established its platform in expanded its reach to customers through expanded its reach to customers through expanded its reach to customer education.</li> <li>3M Healthcare continued its focus on strong had launched a number of customer education.</li> <li>Business has also launched the "Healthcare offers basic and premium on line courses for been done to improve patient care through expending the market and ensured continued leadership.</li> </ul>	timony to 3M lals in ensuring lals in ensuring lals in ensuring lals repended sales repended sales repended sales repended sales relations initiatives.  Learning Acador our customed lucation of care reated significations	Healthcare's high quality gy to expand presentative face and has both medical donships and emy" which ers. This has givers.

#### (C) SAFETY AND GRAPHICS BUSINESS:

The Safety & Graphics business serves a broad range of markets that serve to increase the safety, security & productivity of people & improves facility design, aesthetics, hygiene, etc. Major product offerings include personal protection products; traffic safety & security products, border security solutions; public safety & identity management solutions; commercial graphics sheeting & systems; architectural surface & lighting solutions; cleaning & protection products for commercial establishments, etc

Personal protection products include maintenance-free & reusable respirators, personal protective equipment, head & face protection, body protection, hearing protection & protective eyewear. In traffic safety & security, 3M provides reflective sheeting used on highway signs, vehicle license plates, construction work-zone devices, pavement marking systems, electronic surveillance products, films that protect against counterfeiting & reflective materials that are widely used on apparel, footwear & accessories, enhancing visibility in low-light situations. Traffic safety & security also provides remote people-monitoring technologies used for offender-monitoring applications. The portfolio also includes RFID tracking technologies & Automatic Number Plate Recognition (ANPR). Major commercial graphics products include films, inks, digital signage systems & related products used to produce graphics for vehicles, signs & interior surfaces. Other products include spill-control sorbents; nonwoven abrasive materials for floor maintenance & commercial cleaning; floor matting, housekeeping chemicals, etc.

			Rs. in lakhs
		12 Months	12 Months
		Ended	Ended
		31.03.15	31.03.14
Financial Highlights	Segment Revenue	45,118.03	41,726.59
	Profit before Interest & Tax	1,366.62	639.44
	Capital Employed	15,993.55	10,786.19
Highlights	<ul> <li>Launched cleaning University program fo Trained 500+ cleaning professionals through 20</li> <li>Commercial solutions division was instrum illuminated sign material for a leading Global To</li> <li>Launched 3M Tubular Daylighting Guidin sunlight in Buildings and Factories.</li> </ul>	0+ programs. nental in specifying echnology Company	g premium 3M

Highlights	3M Traffic Safety Division continues their good work in the Road Safety Market with launch of new products like Solar RPMs, and continued to educate the market with programs like Contractor Programs, night demo's, seminars etc.
	3M introduced Radio Frequency Identification Tags (RFID) based e-tolling readers, access control, Automatic Number Plate Recognition (ANPR) based traffic monitoring system as part of the smart city / intelligent transportation systems (ITS) offerings.
	<ul> <li>Personal Safety Division extensively invested and participated in enhancing safety awareness, increasing safety compliance and enforcement through 30000 customer points - SME awareness program, Factory Inspectorate training programs, Customer Training Schools and End-user trainings at the shop floor.</li> </ul>

## (D) CONSUMER BUSINESS:

The Consumer segment serves markets that include consumer retail, modern trade, office retail, and the pharmacy channel. The products in this segment include office supply products, stationery products, home care products, protective material products, and consumer health care products. Major consumer products include Scotch® brand products, such as Scotch® Magic™ Tape and Scotch® Glue Stick; Post-it® Products, such as Post-it® Flags, Post-it® Note Pads and Dispensers; home care products, including Scotch-Brite® Scour Pads, Scotch-Brite® Scrub Sponges, Scotch-Brite™ Microfiber Cloth products; for the pharmacy channel - Nexcare™ Adhesive Bandages; and Nexcare® branded first aid product lines.

			Rs. in lakhs
		12 Months	12Months
		Ended	Ended
		31.03.15	31.03.14
Financial Highlights	Segment Revenue	18,788.94	17,355.75
	Profit before Interest & Tax	972.79	(245.70)
	Capital Employed	12,071.67	10,821.13
Highlights	<ul> <li>In the year, re-launched Scotch-Brite® scrub pad with new packaging an television commercial.</li> </ul>		
	• Continued with distribution expansion programs to increase the availability of Home care range in town class B & C.		
	<ul> <li>Re-launched Scotch-brite scrub sponge with new packaging and television commercial focused towards metro markets and Tier "A" consumers.</li> </ul>		
	<ul> <li>Continuing investments in the 'Scotch-brite'® brand to build consum pull on television &amp; trade, especially in the utensil cleaning tools at wipes portfolio.</li> </ul>		
	<ul> <li>In the stationary business, both the Pos introduced new &amp; exciting products as line to the student segments.</li> </ul>		

## (E) ENERGY BUSINESS:

Infrastructure Protection Products Division of 3M offers a comprehensive array of products that ensure effective protection against corrosion for a variety of installations and structures. While  $3M^{\text{TM}}$  Scotchkote<sup>TM</sup> Fusion Bonded Epoxy Powders and Scotchkote<sup>TM</sup> Liquid Epoxy Coatings offer protection for steel pipelines, associated fittings and structures used in the oil, gas, water,

industrial and construction markets, the range of  $3M^m$  Scotchcast<sup>m</sup> Powder Resins are ideal for OEM electrical insulation applications. 3M Dynatel Locators combine simple interfaces, large backlit high-resolution graphics, excellent balance and ergonomics with precision locating capabilities to quickly and accurately identify underground assets.

In Renewable Energy 3M is helping to transform the fields of Generation & Conservation of Energy. 3M supports solar & wind energy initiatives through product solutions such as films, tapes, coatings, encapsulants and adhesives that help reduce the cost of energy generation. For energy conservation and management needs of customers we provide affordable window film technology that ensures effective health and environment protection.

			Rs. in lakhs
		12 Months	12Months
		Ended	Ended
		31.03.15	31.03.14
Financial Highlights	Segment Revenue	8,956.68	13,935.43
	Profit before Interest & Tax	1,444.98	309.15
	Capital Employed	6,280.35	8,826.40
Highlights	<ul> <li>Election Year coupled with incumbent Govern effect, lead to delays affecting some sectors, specially in Telecom, Oil &amp; Gas sector help positive signal for infrastructure protection pr</li> <li>For the First Time, Water Pipelines with Larg with Scothkote Fusion Bonded Epoxy powder.</li> <li>For Renewable energy business, the usage of safety films showed positive trends due to it efficiency &amp; green buildings, higher security increased usage of glass in commercial and res</li> </ul>	slew of domes ed reverse the oducts. ge diameter wh Energy Manag ncreased focus concerns and	tic projects trend & a tere coated gement and to on energy the shift to

## **ACTION PLANS:**

Following are some of the action plans initiated by the Company in driving productivity led growth plan:

#### Growth

- Follow a portfolio driven approach repurpose resources to deliver profitable growth,
- Understand our competitors and take actions to gain market share,
- Enhance channel understanding to drive effectiveness,
- Focus on growth at top key accounts through R&D driven collaboration.

#### **Profitability**

- Improve efficiency at all factory locations asset utilization and manufacturing productivity,
- Add rigor to Lean Six Sigma in Plants for significant improvement in Factory Cost,
- Drive profitable product mix and align sales incentive structure,
- Create a centralized business services group.

## Innovation effectiveness

- Innovation through deep customer insight,
- Prioritize projects and align lab resources,
- Improve commercialization process to deliver more profitable new products.

#### Operational excellence

- Drive Business Execution Process (BEP) culture for execution discipline,
- Improve compliance culture in the organization.

#### **OPPORTUNITIES AND THREATS**

3M's globally competitive cost positions and well crafted business strategies have enabled it to retain its leading market positions. Your Company strongly believes in the 3M™ brand equity and its ability to provide its customers with innovative solutions.

The company is operating in a highly competitive market which may exert pressure both on the top line as well as the bottom line of the company. As the Company's products involve expertise in product development, manufacturing and marketing, are subject to competition from products manufactured and sold by other technologically oriented companies both within India and outside India. In addition, Inflation, rupee depreciation, high commodity prices and hardening interest rates remain key challenges needing focused attention.

#### RISKS AND CONCERNS

Provided below are cautionary statements of what we believe to be the most important risk factors applicable to the Company. The impact of increase in duties on the products of the Company and consequent increase in the cost of goods sold.

- The Company's results are affected by competitive conditions and customer preferences.
- The Company's growth objectives are largely dependent on the timing and market acceptance of its new product offerings, including its ability to continually renew its pipeline of new products and to bring those products to market.
- Prices of inputs are expected to rise significantly. Whilst the Company continues to pursue cost reduction initiatives, increase
  in price of input materials and rupee depreciation could impact the Company's profitability to the extent that the same are not
  absorbed by the market through price increases and/or could have a negative impact on the demand in the domestic market.
- The operations are subject to risk arising from fluctuations in exchange rates with reference to currencies in which the company transacts.
- The Company's future results may be affected if the Company generates fewer productivity improvements than estimated. The outcome of contingencies, such as legal and regulatory proceedings.
- The effects of changes in tax, and other laws and regulations.

## **OUTLOOK**

Your Company is optimistic that the economy will recover and return to a higher growth trajectory that is in keeping with its true potential. All initiatives from the new Government indicate increased focus on reviving economic growth by redefining policies, "Make in India" to revive Manufacturing sector along with attracting Foreign investment, improving administration and infusing investments to create a robust infrastructure for economic activity. The political stability, the increased engagement with other countries, FDI liberalization in Railways and Defence and reform oriented initiatives in mining and Direct Benefit Transfer reflect the change underway. We expect faster recovery in construction, real estate, transportation and manufacturing which are key sector for growth in the Company. Higher discretionary spending, growing aspirations of the Indian middle class, and growth of retail credit will drive the consumer retail and healthcare businesses in India.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

All key functions and divisions of the Company are independently responsible to monitor risks associated with in their respective areas of operations such as production, supply chain, marketing, finance, accounting, treasury, legal and others areas like health, safety and environment. The Company has identified various risks through an internal self-assessment compliance checklist and has laid out necessary procedures to mitigate the same.

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies. The Company, through its own Corporate Internal Audit Department, carries out periodic audits to cover all the offices, factories and key areas of business segments based on the plan approved by the Audit Committee and bring out any deviation to internal control procedures. The Internal Auditor functionally reports to the Audit Committee and administratively to the Managing Director. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations and status of the implementation is submitted to the Audit Committee of the Board of Directors. The status of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any, are reported to the Board.

## **DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS**

The Company's strategy for 2014 was articulated clearly to all employees. They included focus on Winning portfolio prioritization, expense productivity, R&D productivity, Execution discipline and Change Management. From a HR perspective the biggest challenge was Change management. There was a fundamental shift that the Company was making and that was to move from Investment led growth to Productivity led growth. It was critical that the entire Company bought into this change and took ownership in their respective functions and businesses. From an Organizational wide level, it was critical that support was provided in terms of direction, guidance and inputs.

The interventions include reinvigorating the 3M Business Execution Process (BEP), Communication initiatives and customizing the multiple levels of Leadership Academy programs to incorporate change management and productivity themes.

The year continued to be extremely challenging in view of the economy. There was a positive sentiment and mood, which did not actually materialize on the ground. Despite that, the employees took complete ownership and delivered exemplary results in the areas that we had identified in the beginning of the year. This truly reflected the caliber and confidence of our Supervisors and leaders. They were able to inspire and motivate our employees to deliver.

The year also witnessed the HR function initiating several large initiatives incl. the Development month, HR Business acceleration and the Women's leadership forum (WLF) to name a few. These were quite monumental and by the end of the year, were spoken of as Best practices in 3M internationally.

The Development month plan involved the leaders rallying the entire organization during the month of July across Corporate office, the branch offices and the Plants with a focus on creating the Individual Development Plans for all Staff employees. There were several awareness programs, employee focus groups, external & internal 3M international speaker series and one on one discussions which took place.

The HR Business acceleration was a unique initiative wherein HR met the Business Heads & HR Heads of key Customers to share HR Best practices. They also followed this up with several workshops and Seminars to help Customers build some of their critical people practices. This initiative enhanced the credibility of 3M's people practices and the quality of our people, products and services in the minds of the Customers.

The Women's leadership Forum was an initiative which focused on Diversity & Inclusion. This group consisted of both women and men representatives. They got together under various platforms, incl. Reflections workshops which were half a day workshops focusing on individuals careers, Diversity dialogues which were Speaker panels (consisting of diverse perspectives from outside and within 3M). They also conducted a survey to understand diversity issues better and to help the Organization put together a corrective action plan. The WLF forum also helped create awareness on diversity and inclusivity in general across the Company.

Through all this, the Company continued enhancing its discipline on Operational excellence. The robustness of the performance management system and compliance was tested for yet another year and the results speaks for itself.

Towards the end of the year, we embarked on an ambitious project, where we planned to get the entire organization together to create our 'Aspiration' for 3M India. This saw the birth of the "We Will" initiative which got 1300 plus employees together voicing their aspiration for a Bigger, Bolder and Smarter 3M in India.

On behalf of the Board of Directors

Amit Laroya

Place: Bengaluru Managing Director
Date: May 29, 2015 DIN: 00098933

B.V. Shankaranarayana Rao Whole-time Director DIN: 00044840

#### REPORT ON CORPORATE GOVERNANCE

## THE COMPANY'S GOVERNANCE PHILOSOPHY

3M's Corporate Governance principles govern how the Company does business on a daily basis, enabling the Company to outperform and lead the way to sustainable growth. The governance principles provide a framework that defines the roles, rights, and responsibilities of different groups within the organization. The Board of Directors oversees the Executive Directors and Senior Management viz., the Leadership Team and ensures that appropriate procedures and controls are in place covering Managements activities in operating the Company on ethical grounds on a day-to-day basis.

#### **BOARD OF DIRECTORS**

#### Composition:

The Board comprises of Executive and Non-Executive Directors, who are persons of vast and varied experience and with professional background and experience in Business, Industry, Finance and Law. The Board of Directors of the Company is headed by a Non-Executive and Independent Director.

As on March 31, 2015, the Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors including a Woman Director and not less than fifty percent (50%) of the Board of Directors comprises Non-Executive Directors and is in conformity with Clause 49 (II) (A) of the Listing agreement. None of the Directors of the Company is related to each other.

Brief Profile of the Directors of the Company:

Mr. B.S. Iyer, Independent Director (DIN-00138425): Mr. B.S. Iyer, 65, is a Post Graduate in Commerce and Post Graduate in Law from the University of Bombay, holds a Diploma in Management Accounting, Member of the All India Management Association and is a Fellow Member of the Institute of Company Secretaries of India. Mr. Iyer held senior positions, responsible for Corporate Legal affairs for over 30 years. He retired as Vice President – Legal and Company Secretary of Bosch Limited. He is a Corporate Legal Resource person for several MNCs and Indian companies. He was appointed as a Director of the Company from December 26, 2001 and as Chairman of the Board from the conclusion of the Annual General Meeting held on August 4, 2014.

Mr. Albert C Wang, Non-Executive Director (DIN-05234667): Mr. Albert Wang, 47, joined 3M Company in January 2012 as General Counsel, Asia Pacific and is based out of Shanghai, China. Prior to joining 3M, Mr. Albert Wang was Legal Director for Dell Inc. from 2001-2012 leading their legal affairs efforts for Greater China as well as regionally (Asia Pacific) for their Public & Large Enterprise business unit. He began practicing law with the New York-based international law firm of Coudert Brothers, with postings in Hong Kong (1993-1998) and Shanghai (1998-2001). There, his practice was focused on foreign direct investment and mergers and acquisitions, representing a wide array of multinational corporations and global financial institutions across a broad range of industry sectors. Mr. Albert Wang graduated in 1990 from Colgate University with a Bachelor of Arts degree in Political Science. He earned his Juris Doctor degree from The George Washington University National Law Center in 1993. He is a member of the New York State Bar, the American Chamber of Commerce in Shanghai and the U.S. China Business Council. He was appointed as a Non-Executive Director of the Company from March 12, 2012.

Mr. Amit Laroya, Executive Director (DIN-00098933): Mr. Amit Laroya, 50, started his career at Asian Paints and moved to 3M India in 1990 as the Division Head of Traffic, safety and Security. He has held positions in 3M India as the Country Business Leader in Safety & Graphics, Industrial, Electro & Telecommunication in addition to being the first Master Black Belt for India region. He has also held positions as the M&A Manager for India region and General Manager of 3M Lanka. His assignment as the Managing Director of 3M Indonesia makes him well suited to understanding emerging market needs. He also has a good understanding of global corporate strategies at 3M having recently worked in St Paul, USA, as the Global Director-for 3M Strategy & Corporate Development & the Director of International Strategic Planning & M&A . Mr. Amit Laroya is an Economics Honors graduate from the University of Delhi with an MBA in marketing and finance from XLRI in India. He was appointed as Managing Director of the Company from October 1, 2013.

Mr. B.V. Shankaranarayana Rao, Executive Director (DIN-00044840): Mr. B.V. Shankaranarayana Rao, 55, holds a Bachelor Degree in Commerce and a Master's Degree in Business Administration from Bengaluru University. He has been with the Company since 1990. He has over 30 years of experience in Finance and Corporate Management. He has held various positions during his tenure in 3M India. He has also worked in 3M Asia Pacific, Singapore, prior to heading the Finance Department in 3M India Limited. He was appointed as a Whole-time Director of the Company from July 24, 2002. Mr. Shankar Rao heads the Business Services Group, Business Transformation and Information Technology.

Mrs. Sadhana Kaul, Non-Executive Director (DIN- 02589934): Mrs. Sadhana Kaul, 51, joined the Company in 2005 and has over 21 years of experience in the legal field, having worked in different capacities in law firms in the US and in India. Prior to joining the Company, she was with GE Medical Systems as Senior Legal Counsel based in Bengaluru. She holds a Bachelor's Degree in Law from Trinity College Cambridge, UK and a Masters Degree in International and Comparative Law from Georgetown University Law Center, Washington D.C. She was appointed as a Whole-time Director of the Company from October 09, 2009 and was the General Counsel of the Company till November 1, 2013. She resigned as Director and Whole-time Director with effect from November 1, 2013 consequent upon her appointment as General Counsel for South East Asia Region, Singapore. In addition to her current role, she also acts as Asia Pacific Area Counsel for the Industrial and Transportation Business. She leads the planning, development and execution of strategic legal initiatives whilst managing the legal risks. She was appointed as a Non-Executive Director of the Company from February 10, 2014.

Mr. Biren Gabhawala, Independent Director (DIN- 03091772): Mr. Biren Gabhawala, 50, was appointed to the Board of the company as an Additional Director from August 5, 2014. He holds a Bachelor's degree in Commerce from University of Mumbai and is a qualified Chartered Accountant and fellow member of Institute of Chartered Accountants of India. He is into practice for last 26 years. He is a Senior Partner of Messrs. C. M. Gabhawala & Co. Chartered Accountants and specializes in Direct and Indirect Taxation, FEMA, International Taxation, Mergers, and Acquisitions.

Mr. Bharat D Shah, Independent Director (DIN-00136969): Mr. Bharat D Shah, 68, was appointed to the Board of the Company as an Additional Director from March 27, 2015. Mr. Bharat Shah has extensive experience and expertise in the field of banking, finance and securities market. He has been one of the founder members of HDFC Bank Limited and has played a key role in the establishment and consistent growth of the Bank. He is also on the Board of various prominent companies. Before joining the Financial Sector, he worked with Technova, Bradma and Pyrene in London. He has also worked with Leading MNCs viz., Thomas Cook, Citibank and with UBS. Mr. Bharat Shah is the Chairman of HDFC Securities Limited. He has his Bachelor's in Science Degree from the University of Mumbai and also holds a Degree in Applied Chemistry with special reference to metal finishing from Borough Polytechnic, London.

Mr. Ramesh Ramadurai, Non-Executive Director (DIN- 07109252): Mr. Ramesh Ramadurai, 53, was appointed as Business Director for 3M Industrial Business in July 2014 and is based out of Shanghai responsible for the entire Asia Pacific Area. Prior to this role, Mr. Ramesh Ramadurai served as Managing Director of 3M Philippines from August 2011 until June 2014, based in Manila. He Joined 3M India in 1989 as Sales Engineer and held positions as Country Business Leader in Industrial Business and Electro & Telecommunications. He was seconded to Global Headquarters in St Paul, USA, and worked as Market Segment Manager in Industrial Business, as Global Business Manager for a line of Industrial Tapes, and as International Business Manager for 3M's Packaging, Masking and Specialty Tapes businesses. Prior to 3M, Mr. Ramesh Ramadurai worked for a year as a Production Engineer at an Offshore Oil Production facility, and for about 3 years in a business planning and development role at an automotive parts and motorcycle manufacturer. Mr. Ramesh Ramadurai holds MBA from the Indian Institute of Management in Calcutta and is a Bachelor of Technology in Chemical Engineering from the Indian Institute of Technology, Kanpur. He was appointed as a Non-Executive Director of the Company from March 27, 2015.

Mr. Manuel B Pardo, Non-Executive Director (DIN-07125832): Mr. Manuel B. Pardo, 53, was named Finance Director - Asia based out of Hong Kong in August 2014. A 15-year veteran of 3M, he served as Industrial Adhesives and Tapes Division Finance Manager of 3M U.S, since 2009. Mr. Manuel Pardo joined 3M in 2000, worked in Business Finance, IT, Sourcing and also as Legal Manager in 3M Colombia. He has worked with various 3M divisions and lead Latin America Finance division. He is a certified Six Sigma Master Black Belt - Finance for Latin America and Canada. A native of Colombia, Mr. Manuel Pardo had first-hand experience with economies in various stages of development. Throughout his career he developed practical expertise with managing successfully operations during currency fluctuations and devaluations. Prior to joining 3M, Mr. Manuel Pardo had broad experience in the Oil Industry, Agribusiness, Pension Funds and Banking. Mr. Manuel Pardo earned a Master Degree in International Management, University of St. Thomas, St. Paul, Minnesota in 1991, and has a Bachelor degree in Business with finance concentration from a very well know Colombian University. He was appointed as a Non-Executive Director of the Company from March 27, 2015.

Names of other companies/firms in which Directors of the Company hold/held office as Director/Partner are given below:

Mr. B. S. Iyer

- Nil

Mr. Albert C Wang

- Nil

Mr. Ramesh Ramadurai (from March 27, 2015)

- Nil

Mr. B.V. Shankaranarayana Rao

- 3M Lanka (Private)Limited, Sri Lanka, Director

Mrs. Sadhana Kaul

- 3M Lanka (Private) Limited, Sri Lanka, Director

Mr. Amit Laroya

- 3M Lanka (Private )Limited, Sri Lanka, Managing Director

Mr. Biren Gabhawala (from August 5, 2014)

- eClerx Services Limited, Director

Mr. Bharat D Shah (from March 27, 2015)

- Atlas Documentary Facilitators Company Private Limited, Director
- Faering Capital Trustee Company Private Limited, Director
- HDFC Securities Limited, Chairman
- Hexaware Technologies Limited, Director
- Hill Properties Limited, Director
- IDFC Alternatives Limited, Director
- Salisbury Investments Private Limited, Director
- Strides Arcolab Limited, Director
- AGS Transact Technologies Limited, Director
- India Transact Services Limited, Director

Names of Committees/Chairmanships held details of the Directors are given below (as per Clause 49(II) (D) (2):

Name of the Discrete	Name of the	Membership of Committee		Chairmanship of Committees	
Name of the Director	Company	Audit	Stakeholder's Relationship	Audit	Stakeholder's Relationship
Mr. B.S. lyer	3M India Limited	$\checkmark$	✓		$\checkmark$
Mr. Albert C Wang	Nil				
Mr. Ramesh Ramadurai	Nil				
Mr. Manuel B Pardo	3M India Limited	<b>✓</b>			
Mr. B.V.	Nil	·			
Shankaranarayana Rao					
Mrs. Sadhana Kaul	Nil				
Mr. Amit Laroya	3M India Limited		<b>√</b>		
Mr. Biren Gabhawala	? 3M India Limited	✓	✓	✓	
	? eClerx Services Limited	✓	✓	✓	
Mr. Bharat D Shah	? 3M India Limited ? Hexaware	✓	✓		
	Technologies Limited	✓			
	? IDFC Alternatives Limited	✓			

#### Meetings:

The meetings of the Board of Directors are normally held at the Company's Corporate Office in Bengaluru. Meetings are generally scheduled well in advance and the notice of each Board Meeting is given in writing to each Director. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company. The Board is provided with the relevant information as stipulated in Clause 49 of the Listing Agreement. The Meetings are governed by a structured agenda. The Board papers, agenda and other explanatory notes are circulated to the Directors well in advance. The Minutes of the Committee Meetings are sent to all Directors individually and tabled at the Board Meetings.

All the Independent Directors of the Company are in compliance with clause 49 (II) (B) of the Listing Agreement.

Details of Board Meetings during the financial year:

During the financial year April 01, 2014 to March 31, 2015, six (6) Meetings of the Board were held; on April 18, 2014, May 29, 2014, August 01, 2014, November 13, 2014, January 29, 2015 and March 27, 2015. The last Annual General Meeting (AGM) was held on August 4, 2014.

Particulars of the directorship of Board, membership and office of the Chairman of Board Committees across all Companies as on March 31, 2015 and attendance at the Board Meetings of the Company are exhibited below:

Name & Designation of		No. of M	leetings	No. of Directors	ships and Committe / Chairmanships	ee Memberships	Whether
the Director Category		Held	Atten ded	Directorships held@	Committee Memberships #	Committee Chairmanships #	attended last AGM
Mr. D.J. Balaji Rao (Chairman) ( <i>up</i> to August 4, 2014)	Non- Executive & Independent Director	6	3	9	4	4	Yes
Mr. B.S. Iyer (Chairman) (Director)	Non- Executive & Independent Director	6	6	1	2	1	Yes
Mr. B. C. Prabhakar (Director) (up to March 27, 2015)	Non- Executive & Independent Director	6	6	3	5	Nil	Yes
Mr. Albert C Wang (Director)	Non- Executive Director (Promoter Group)	6	3	1	Nil	Nil	Yes
Mr. Biren Gabhawala (Director) (from August 5, 2014)	Non- Executive & Independent Director	6	3	2	4	2	NA
Mr. Bharat D Shah (Director) (from March 27, 2015)	Non- Executive & Independent Director	6	Nil	8	4	Nil	NA
Mr. Ramesh Ramadurai (Director)( <i>from</i> <i>March 27, 2015</i> )	Non- Executive Director (Promoter Group)	6	Nil	1	Nil	Nil	NA
Mr. B. V. Shankaranaraya na Rao (Whole-time Director)	Executive Director (Promoter Group)	6	6	2@@	Nil	Nil	Yes

Name & Designation of		No. of Meetings		No. of Directorships and Committee Memberships / Chairmanships			Whether
the Director	_	Held	Atten ded	Directorships held@	Committee Memberships #	Committee Chairmanships #	attended last AGM
Mrs. Sadhana Kaul (Director)	Non- Executive Director (Promoter Group)	6	3	2@@	Nil	Nil	No
Mr. Amit Laroya (Managing Director)	Executive Director (Promoter Group)	6	6	2@@	1	Nil	Yes
Mr. Ippocratis Vrohidis (Director) (up to August 1, 2014)	Non- Executive Director	6	1	1	1	Nil	NA
Mr. Manuel B Pardo (Director) (from March 27, 2015)	Non- Executive Director (Promoter Group)	6	Nil	1	1	Nil	NA
Mr. Ashish Khandpur (Director) ( up to August 1, 2014)	Non- Executive Director (Promoter Group)	6	Nil	Nil	Nil	Nil	NA

<sup>@</sup> excludes directorship in private companies and includes directorship in 3M India Limited.

@@includes directorship in one foreign Body Corporate

# excludes committees other than Audit Committee and Shareholders'/Investors' Grievance Committee / Stakeholders' Relationship Committee

## Committee of the Board:

With a view to have a more focused attention on business and for better governance and accountability, the Board has constituted the following mandatory committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time.

#### **Board Training and Induction**

At the time of appointing a Director, a familiarization programme for Directors of the Company brochure is given which inter alia explains the history of the Company, products / divisions of the Company in which it operates, performance of the Company during the last quarter/year, other Directors' profile, Leadership Team details, situation of factories and branch offices etc., role, function, duties and responsibilities expected as a Director of the Company. In the same document, the Director is also explained in detail the compliances required from him under the Companies Act, Clause 49 of the Listing Agreement and other relevant regulations. The Managing Director of the Company also has a one-to-one discussion with the newly appointed Director. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfill his role as a Director of the Company. Apart from the above, business heads also makes presentations on their respective business and updates the Board. The familiarization document is also disclosed on the website of the Company at http://solutions.3mindia.co.in/wps/portal/3M/en\_IN/about-3M/information/corporate/financial-facts/summary.

The Company has issued a formal letter of appointment to all the Independent Directors of the Company in the manner as provided in the Companies Act, 2013 including the tenure of appointment. The terms of appointment has also been disclosed on the website of the Company at http://solutions.3mindia.co.in/wps/portal/3M/en\_IN/about-3M/information/corporate/financial-facts/summary/.

#### **CODE OF CONDUCT**

The Company's Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The code of conduct is available on the website of the Company: http://solutions.3mindia.co.in/wps/portal/3M/en\_IN/about-3M/information/corporate/financial-facts/summary/. Requisite annual affirmations of compliance with respective codes have been made by the Directors and Senior Management of the Company for the period April 01, 2014 to March 31, 2015.

The Certificate by the CEO of the Company concerning compliance with the Code of Conduct for Directors and Senior Management is given below:

## Code of Conduct for Directors and Senior Management

## **CEO Confirmation**

#### I hereby confirm that:

The Company has obtained from the Directors and Senior Management personnel affirmation that they have complied with the above code for, and in respect of, the year ended March 31, 2015.

Place: Bengaluru Date: May 14, 2015

# (Amit Laroya) Managing Director DIN: 00098933

## **AUDIT COMMITTEE**

The Board at its meeting held on April 18, 2014 had noted the requirements of the new terms of reference as per Section 177 of the Companies Act, 2013 notified with effect from April 1, 2014 and the revised clause 49 of the Listing Agreement notified with effect from October 1, 2014.

The Audit Committee of the Company functions in accordance with the requirements of Section 177 of the Companies Act, 2013 and the revised clause 49 (III) of the Listing Agreement.

## Terms of Reference of Audit Committee

The terms of reference of the Audit Committee as per guidelines set out under Clause 49(III) of the Listing Agreement with the Stock Exchanges read with Section 177 of the Companies Act, 2013, is set out below:

- 1. The Audit Committee shall have minimum three (3) directors as members. Two-thirds (2/3) of the members of Audit Committee shall be Independent Directors.
- 2. All members of Audit Committee shall be financially literate and at least one (1) member shall have accounting or related financial management expertise.
- 3. Chairman of the Audit Committee shall be an Independent Director.
- 4. The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries.
- 5. The Audit Committee may invite such executives of the Company as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the Committee, but on occasions it may also meet without the presence of any of the executives of the Company. The CFO, Internal Auditor and a representative of the Statutory Auditor may be present as invitees for the meetings of the Audit Committee.
- 6. The Company Secretary shall act as Secretary of the Audit Committee.
- 7. The Audit Committee shall meet at least four (4) times in a year and not more than four (4) months shall elapse between two meetings. The quorum shall be either two (2) members or one-third (1/3) of the members of the Audit Committee, whichever is higher but there shall be a minimum of two (2) independent members present.

## Powers of Audit Committee

The Audit Committee has the following powers:

- 1. To investigate any activity within its terms of reference.
- 2. To seek information from any employee.
- 3. To obtain outside legal or other professional advice.
- 4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Role of Audit Committee

The role of the Audit Committee shall include the following:

- 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. Recommendation for appointment, remuneration and terms of appointment of statutory auditors and cost auditors of the company;
- 3. Approval of payment to statutory auditors and cost auditors and for any other services rendered by the statutory auditors;
- 4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  - (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013.
  - (b) Changes, if any, in accounting policies and practices and reasons for the same.
  - (c) Major accounting entries involving estimates based on the exercise of judgment by management.
  - (d) Significant adjustments made in the financial statements arising out of audit findings.
  - (e) Compliance with listing and other legal requirements relating to financial statements.
  - (f) Disclosure of any related party transactions.
  - (g) Qualifications in the draft audit report.
- 5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- 6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- 7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- 8. Approval or any subsequent modification of transactions of the company with related parties;
- 9. Scrutiny of inter-corporate loans and investments;
- 10. Valuation of undertakings or assets of the company, wherever it is necessary;
- 11. Evaluation of internal financial controls and risk management systems;
- 12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- 13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit:
- 14. Discussion with internal auditors of any significant findings and follow up there on;
- 15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- 16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- 17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- 18. To review the functioning of the Whistle Blower mechanism;
- 19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- 20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
- 21. To grant omnibus approval for related party transactions which are in the ordinary course of business and on an arm's length pricing basis.

Review of information by Audit Committee

The Audit Committee reviews the following information:

- 1. Management discussion and analysis of financial condition and results of operations;
- 2. Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;
- 3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- 4. Internal audit reports relating to internal control weaknesses; and
- 5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

Composition and details of Audit Committee Meetings during the financial year

As on March 31, 2015, the Audit Committee of the Company consists of three (3) Non-Executive Independent Directors and one (1) Non-Executive Director and all of them have financial and accounting knowledge. The members of the Committee are Mr. Biren Gabhawala, Mr. B. S. Iyer, Mr. Bharat D Shah and Mr. Manuel B Pardo. With effect from March 28, 2015, Mr. Bharat D Shah, Independent Director and Mr. Manuel B Pardo, Non-Executive Director have been appointed as members of the Committee.

Mr. B.S. Iyer was the Chairman of the Audit Committee up to August 4, 2014. Mr. Biren Gabhawala is the Chairman of the Audit Committee from August 5, 2014. The Company Secretary is the Secretary to the Committee. At the invitation of the Committee, the Managing Director and Whole-time Director, the Internal Auditor, the CFO, Head of Legal Department and Statutory Auditors attend the Audit Committee meetings.

During the financial year April 01, 2014 to March 31, 2015, six (6) Meetings of the Audit Committee were held; on April 18, 2014, May 29, 2014, August 01, 2014, November 13, 2014, January 29, 2015 and March 27, 2015. The numbers of meetings attended during the year under review are as under:

Name of the Committee Member	No. of Meetings held during the year under review	No. of Meetings attended
MrB.S. Iyer (Chairman) (up to August 4, 2014)	6	6
Mr. D.J. Balaji Rao (up to August 4, 2014)	6	3
Mr. B. C. Prabhakar (up to March 27, 2015)	6	6
Mr. Biren Gabhawala (Chairman) (from August 5, 2014)	6	3
Mr. Ippocratis Vrohidis (up to August 1, 2014)	6	Nil
Mr. Bharat D Shah (from March 28, 2015)	6	NA
Mr. Manuel B Pardo (from March 28 , 2015)	6	NA

#### NOMINATION AND REMUNERATION COMMITTEE (NRC)

In compliance with Section 178 of the Companies Act, 2013 and Clause 49 (IV) of the Listing Agreement the Board has formed the "Nomination and Remuneration Committee" from May 29, 2014. The terms of reference of the Committee inter alia, the following:

- (a) Chairperson: Chairperson of the Committee shall be an Independent Director as may be elected by the members of the Committee.
- (b) Quorum: Quorum for meeting of the Committee shall be a minimum of two (2) members provided one (1) of them shall always be an Independent Director.
- (c) Frequency of meetings: The Committee may meet at such times and at such intervals as it may deem necessary.
- (d) Role: The Role of the Committee shall include inter-alia the following:
  - Formulation of criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

- Formulation of criteria for evaluation of Independent Directors and the Board including carrying out evaluation of every director's performance;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Such other matters as may be prescribed under the Companies Act, 2013, listing agreement and by the Board of Directors of the Company from time to time.
- (e) Invitees: The Committee may invite such executives of the Company and such other persons as it may consider appropriate.
- (f) Secretary to the Committee: The Company Secretary shall be the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.

At the Meeting of the Directors held on November 13, 2014, the Board approved the Remuneration Policy for Directors, Key Managerial Personnel and for other employees. The Policy has been disclosed in the website of the Company at http://solutions.3mindia.co.in/wps/portal/3M/en IN/about-3M/information/corporate/financial-facts/summary/.

Criteria of selection of Non-Executive Independent Directors

The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management. The NRC shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively. The NRC shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013. The NRC shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.

- i. Qualification, expertise and experience of the Directors in their respective fields;
- ii. Personal, Professional or business standing;
- iii. Diversity of the Board.

In case of re-appointment of Non-Executive Directors, the Board shall take into consideration the performance evaluation of the Director and his engagement level.

Criteria of selection of Non-Executive and Executive Directors

For the purpose of selection of the Non-Executive and Executive Directors, the Parent Company (Holding Company) will identify and nominate persons from within 3M, who shall possess relevant expertise, experience and leadership qualities required for that position. The NRC will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013.

Criteria of selection of Senior Management personnel (including KMPs)

For the purpose of selection (including internal selection) of the senior management personnel (including KMPs), criteria such as relevant expertise, experience, qualifications are taken into consideration.

## Remuneration policy of the Company

Every year, the Company's Compensation & Benefit (C&B) team works closely with reputed Compensation Consultants to determine the worth of each job by doing a market benchmark study. As a process, the Company conducts job evaluation and job matching process with the help of Compensation Consultant(s) appointed by the organization. The C&B team and the Compensation Consultant (s) work closely first to understand all the roles in the organization and map the roles to their frame work. The Company Benchmarks and compares itself with Total Cash which includes Fixed pay and Variable pay. C& B team creates the comparator basket/peer companies list based on the companies 3M recruit and lose talent. These companies becomes the comparator list to determine the compensation rates. Compensation consultants after finalization of peer companies from 3M India list, go to the shortlisted companies (Peer companies) to understand their roles and map them to their frame work. Post which, they compare the roles and compensation as per the mapping exercise. Upon this exercise, Consultants, based on the mapping provide compensation rates for each level. C & B team based on the market median, draws Market Reference point (MRP). Based on the above guidelines, each level, starting from the entry to the head of the organization the pay range is determined. The determined pay ranges are shared with the Managing Director and Business/ Functional leaders to

understand the salary movements and obtain approval on the MRP for the year. The approved MRP is used for the merit increase exercise along with the employee performance rating. The C & B team culls out the Compensation ratio (Distance from the new mid point) and the proposed increase for each employee and the organization, as a whole. Post completion of this exercise, the increase is discussed with the CFO to find out the affordability and the impact on the Company's Profit and Loss account. Based on the company's objectives and affordability, the overall company increase rates are determined. The calibrated increment value, if any, is taken as the approved increase at a company level. C&B reworks the entire compensation increases by employee-wise based on the available budget. Else, the company will go as per the increase proposed based on compensation ratio, performance rating, salary movements etc. The final employee wise increases are broken into department/ business wise budget for annual Increases. C & B team annually reviews the compensation structure, to ensure that the appropriate mix of fixed and variable pay is considered and also ensures that the compensation structure is in line with the Income tax rules, as applicable.

The above process is followed for all employees in the Company including the Managing Director, Wholetime Director, and Key Management Personnel.

The Company pays Rs. 20,000 per Board /Committee meeting as sitting fees and a fixed Commission not exceeding Rs. 15,00,000 P.A. to each of the Independent Directors. The Maximum amount payable to all Independent Directors is restricted to one percent (1%) of the net profit of the Company computed as per Section 198 of the Companies Act, 2013.

The remuneration by way of commission paid to Independent Directors is commensurate with the activities of the Company, the responsibilities of the Independent Directors under the listing agreement with the stock exchanges and under the Companies Act, 2013, and the responsibilities as member/chairman of the Board and member/chairman of committee/s of Board and all other relevant factors.

Composition and details of Nomination and Remuneration Committee meetings during the financial year:

As on March 31, 2015, the Nomination and Remuneration Committee of the Company consists of two (2) Non-Executive Independent Directors Viz., Mr. Bharat D Shah, Mr. Biren Gabhawala and two (2) Non-Executive Directors viz., Mr. Albert C Wang and Mrs. Sadhana Kaul. Mr. B.C. Prabhakar was the Chairman of the Committee up to March 27, 2015 and with effect from March 28, 2015, Mr. Bharat D Shah was appointed as the Chairman of the Committee. The Company Secretary is the Secretary to the Committee.

During the financial year April 01, 2014 to March 31, 2015, four (4) Meetings of the Audit Committee were held; on August 01, 2014, November 13, 2014, January 29, 2015 and March 27, 2015. The numbers of meetings attended during the year under review are as under:

Name of the Committee Member	No. of Meetings held during the year under review	No. of Meetings attended
Mr. B.C. Prabhakar (Chairman) (up to March 27, 2015)	4	4
Mr. Bharat D Shah (Chairman)(from March 28, 2015)	4	NA
Mr. D.J. Balaji Rao (up to August 4, 2014)	4	1
Mr. Biren Gabhawala (from August 5, 2014)	4	3
Mr. Albert C Wang	4	2
Mrs. Sadhana Kaul (from August 4, 2014)	4	2

## Remuneration to Directors:

As on March 31, 2015, the Company has two (2) Executive Directors, Mr. Amit Laroya, Managing Director and Mr. B. V. Shankaranarayana Rao, Whole-time Director.

The Managing and Whole-time Directors of the Company have been appointed on contractual basis and their terms of appointment were fixed by the Board and the appointments pertaining to Mr. Amit Laroya, Managing Director and Mr. B. V. Shankaranarayana Rao, Whole-time Director were approved by the Members at the Annual General Meetings for tenures up to five (5) years and by Central Government also in case of Mr. Amit Laroya.

The elements of the remuneration package of Executive Directors comprise Salaries & Allowances, Perquisites, Company Leased Accommodation, Company Car and driver, Telephone at home, club fees, Gratuity, Personal Accident Insurance and contribution to provident funds and other funds. The contract of employment of Executive Directors is terminable by serving a notice of ninety days. The Company has no stock option/equity-based awards or any other Stock Linked Incentive Plans. However, senior executives of the Company including Managing Director and Whole-time Director of the Company are entitled to the Restricted Stock options/Stock Appreciation Unit Plans declared by the Parent Company, 3M Company USA, from time to time. As per 3M International Policy, the Company which employs the respective employees is required to bear the cost of the options.

Details of remuneration for the year ended March 31, 2015:

#### (a) Executive Directors:

Name and Designation	No. of Shares Held	Salaries & Allowances (Rs.)	Contribution to Provident Fund and Other Funds(Rs.)	Estimated Value of Benefits (Rs.)	Total (Rs.)	Present term expires on
Mr. B.V.	Nil	1,39,10,032	6,26,316	12,75,206	1,58,11,554	March 31,
Shankaranaryana Rao						2017
(Whole-time Director)						
Mr. Amit Laroya	Nil	2,60,83,025	11,77,860	13,93,916	2,86,54,801	September 30,
(Managing Director)						2018

## (b) Non-Executive Independent Directors:

		Sitting Fees for	Sitting Fees for		
		Board Meetings	Committee		
		(paid during	Meetings (paid	Commission	Total
Name of the Director	No. of	2014-15)	during 2014-15)	(Rs.)	(Rs.)
	Shares Held	(Rs.)	(Rs.)		
Mr. D.J. Balaji Rao (up to	Nil	60,000	1,20,000	5,17,808**	6,97,808
August 4, 2014)#	INII	00,000	1,20,000	3,17,606	0,37,608
Mr. B.S. Iyer	35*	1,00,000	1,80,000	15,00,000**	17,80,000
Mr. B.C. Prabhakar (up to	20	1,00,000	2,60,000	14,83,562**	18,43,562
March 27, 2015)#	20	1,00,000	2,00,000	14,83,302	18,43,302
Mr. Biren Gabhawala (from	Nil	40,000	1,20,000	9,82,192**	11,42,192
August 5, 2014)#	INII	40,000	1,20,000	9,02,192	11,42,132
Mr. Bharat Shah (from March	Nil	Nil	Nil	20,548**	20,548
27, 2015)#	INII	IVII	IVII	20,346	20,348

<sup>\*</sup> Jointly as a 2nd shareholder with his wife

#Commission will be paid proportionately according to the end date and joining date as the case may be.

The Non-Executive Directors viz., Mr. Albert C Wang, Mr. Ippocratis Vrohidis (up to August 1, 2014), Mrs. Sadhana Kaul, Mr. Ashish Khandpur (up to August 1, 2014), Mr. Ramesh Ramadurai (from March 27, 2015) and Mr. Manuel B Pardo(from March 27, 2015) do not receive Sitting Fees and Commission. None of the Non-Executive Directors has any pecuniary relationship with the Company.

## STAKEHOLDERS' RELATIONSHIP COMMITTEE (ERSTWHILE SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE)

In compliance with the provisions of Section 178(5) of the Companies Act, 2013 and the Listing Agreement, the Board has formed the "Stakeholders' Relationship Committee" from May 30, 2014 by dissolving the erstwhile Shareholders / Investors Grievance Committee.

The terms of Reference of the Committee are as under:

1. To look into the redressal of grievances of shareholders, debenture holders and other security holders including complaints related to transfer of shares, non-receipt of balance sheet and non-receipt of dividends.

<sup>\*\*</sup>Remuneration by way of Commission for the year 2014-15 will be paid to the Independent Directors after the accounts for the year 2014-15 have been adopted and approved by the members at the ensuing AGM.

- 2. The Committee shall meet every quarter and that quorum for meeting of the Committee shall be a minimum of two (2) members with the presence of at least one (1) Independent Director.
- 3. The Company Secretary will be the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.

Composition and details of Stakeholders' Relationship Committee/Shareholders / Investors Grievance Committee meetings during the financial year:

As on March 31, 2015, the Stakeholders' Relationship Committee of the Company consists of four (4) Directors, of which three (3) are Non-Executive Independent Directors and one (1) is Executive Director. The Members of the Committee are Mr. D.J. Balaji Rao (upto August 4, 2014), Mr. B. S. Iyer, Mr. B. C. Prabhakar (up to March 27, 2015), Mr. Amit Laroya, Mr. Biren Gabhawala (from August 5, 2014) and Mr. Bharat D Shah (from March 28, 2015).

During the financial year April 01, 2014 to March 31, 2015, four (4) Meetings of the Shareholders' Grievance Committee/ Stakeholders' Relationship Committee were held; on May 29, 2014, August 01, 2014, November 13, 2014 and January 29, 2015. The attendance of the members at the Shareholders' Grievance Committee/ Stakeholders' Relationship Committee Meeting held during the year are as under:

Name of the Committee Member	No. of Meetings held during the year under review	No. of Meetings attended
Mr. D.J. Balaji Rao (Chairman) (up to August 4, 2014)	4	2
Mr. B.S. Iyer (Chairman) (from August 5, 2014)	4	4
Mr. B. C. Prabhakar (up to March 27, 2015)	4	4
Mr. Amit Laroya	4	4
Mr. Biren Gabhawala (from August 5, 2014)	4	3
Mr. Bharat D Shah (from March 2 8, 2015)	4	NA

Mr. Balaji Rao was the Chairman of the Committee up to August 4, 2014. Mr. B.S. Iyer, Non-Executive and Independent Director, is the Chairman (from August 5, 2014) of the Committee and the Company Secretary is the Compliance Officer of the Company.

The Company through its Registrar and Share Transfer Agents has addressed / resolved most of the investor grievances / correspondence within a period of 7 days from the date of their receipt except in cases that are constrained by disputes or legal impediments. The statistics of Members complaints received / redressed, during the period under review are as under:

No. of Shareholders' complaints pending as at April 01, 2014.	Nil
No. of complaints received during the period April 01, 2014 to March 31, 2015 relating to:  i. Change of Address =20  ii. Non-Receipt of Dividend =5  iii. Loss of securities and request for issue of duplicate share certificates =21	46
No. of Shareholders' complaints resolved during the period April 01, 2014 to March 31, 2015.	46
No. of Shareholders' complaints pending as on March 31, 2015.	Nil

The Share Transfer Committee comprising of Mr. Amit Laroya, Managing Director and Mr. B.V. Shankaranarayana Rao, Whole-time Director met on April 3, 2014, April 21, 2014, July 28, 2014, October 27, 2014, November 14, 2014, December 5, 2014, December 12, 2014, January 5, 2015, January 23, 2015 and March 3, 2015 for the approval of shares, Transmission of shares etc.,

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

In compliance with the provisions of Section 135 of the Companies Act, 2013, the Board constituted a Corporate Social Responsibility Committee on April 18, 2014. The CSR Policy of the Company has been disclosed on the website of the Company at http://solutions.3mindia.co.in/wps/portal/3M/en IN/about-3M/information/corporate/financial-facts/summary/.

The terms of Reference of the Committee are as under:

- (a) Chairman: Chairman of the CSR Committee shall be an Independent Director as may be elected by the members of the CSR Committee.
- (b) Quorum: Quorum of the CSR Committee shall be minimum of two (2) members provided one (1) of them shall always be an Independent Director.
- (c) Frequency of meetings: The CSR Committee may meet at such times and at such intervals as it may deem necessary.
- (d) Role: The Role of the CSR Committee shall include inter-alia the following:
  - Formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company from time to time;
  - Recommend the amount of expenditure to be incurred on the activities undertaken as specified in Schedule VII of the Companies Act, 2013;
  - Monitor the Corporate Social Responsibility Policy of the Company from time to time;
  - Perform such functions as may be statutorily required by the CSR Committee;
  - Other matters as may be assigned by the Board from time to time.
- (e) *Invitees:* The CSR Committee may invite such executives of the Company and such other persons as it may consider appropriate.

 $Composition\ and\ details\ of\ Corporate\ Social\ Responsibility\ meetings\ during\ the\ financial\ year:$ 

As on March 31, 2015, the CSR Committee of the Company consists of four (4) Directors, of which one (1) each is Non-Executive Independent Director and Non-Executive Director and two (2) are Executive Directors. The Members of the Committee are Mr. B.C. Prabhakar (up to March 27, 2015), Mr. Bharat D Shah (from March 28, 2015), Mr. Amit Laroya, Mr. B.V. Shankaranarayana Rao and Mr. Ramesh Ramadurai (from March 28, 2015).

During the financial year April 01, 2014 to March 31, 2015, two (2) Meetings of the CSR Committee were held; on October 15, 2014, and March 27, 2015. The attendance of the members at the CSR Committee Meeting held during the year are as under:

Name of the Committee Member	No. of Meetings held during the year under review	No. of Meetings attended
Mr. B. C. Prabhakar (Chairman) (up	2	2
to March 27, 2015)		
Mr. Bharat D Shah(Chairman) (from	2	NA
March 28, 2015)		
Mr. Amit Laroya	2	2
Mr. B.V. Shankaranarayana Rao	2	2
Mr. Ramesh Ramadurai (from August	2	NA
5, 2014)		

#### PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement, the Board has carried out the annual performance evaluation of its own performance, its Committee's and the Directors individually. A structured questionnaire was prepared covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance etc.,

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgement, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Corporate Secretarial Department.

#### INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on March 27, 2015, inter alia, to discuss:

- Evaluation of the performance of the Non-Independent Directors and the Board as a whole,
- Evaluation of the performance of the Chairman of the Company taking into account the views of the Executive and Non-Executive Directors ,
- Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors viz., Mr. B.S. Iyer, Mr. B.C. Prabhakar and Mr. Biren Gabhawala were present at the Meeting.

#### **RISK MANAGEMENT**

The Company has framed a Risk Management Policy which was approved by the Board at its Meeting held on April 18, 2014. The Risk Management Policy of the Company is intended to:

- to serve as a document wherein risks affecting the entire organization, at a macro-level are enumerated,
- to describe the measures employed by the management in managing these risks across all divisions and functions, and
- to act as a reference to comprehend how mitigation measures employed by 3M India play a role in reducing the impact and likelihood of these risks.

The Management revisits the Policy on a bi-annual basis as determined by the Board of Directors to keep abreast of changes through a process of periodical monitoring of risks and the level of operational efficiency of controls. Newly identified risks shall be assessed, understood and impact measured. An evaluation of checks and balances in place and the need for additional measures shall be considered. This shall be achieved through the collaborative efforts of all heads of business and functional divisions. These business and functional heads also seek information from their respective teams to address critical risks that may arise from the grassroots level. The Company has identified many important risks which may have a significant impact on the business, if ignored. The Company has established a set of proactive and reactive measures to address them. These risks were determined based on detailed analysis of the markets where we operate, nature of our products and services rendered, and inherent risks in various functions.

The Company has constituted a Risk Committee comprising members of the Leadership Team. The members of the Committee shall be jointly responsible for recommending to the Board of Directors the methodology for risk oversight and management.

The members of the Risk Committee are vested with the following responsibilities:

- 1. Laying down a framework for identification of risk elements which are pertinent to achieving the company's strategic objectives.
- 2. Reviewing strategies, policies, procedures, systems and processes in place for identification of new risks.
- 3. Assessing the identified risks vis-à-vis their impact and likelihood on the different business divisions.
- 4. Determining the adequacy of existing mitigation factors including the infrastructure and resources in place and considering the adoption of new systems and processes, in case necessary.
- 5. Laying down policies and procedures for timely implementation of the mitigation factors.
- 6. Setting out the roles and responsibilities of various personnel responsible for the mitigation of risks at different processes.
- 7. Monitoring compliance with policies and procedures related to risk identification and mitigation.
- 8. Hold meetings on a bi-annual basis to discuss and evaluate the Risk Management Policy.

## **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

In accordance with the requirements of Section 177(9) & (10), Companies Act 2013, Rule 7, Companies (Meetings of Board and its Powers) Rules, 2014 and the requirements prescribed by Securities and Exchange Board of India vide Clause 49 of the Listing Agreement, the Company has also established an effective vigil mechanism by way of this Business Conduct Concern Reporting Policy (Whistleblower Policy) for Upholding 3M's Code of Conduct (available at 3M.com/businessconduct), 3M's values and all laws applicable to 3M India Limited's operations in India is the responsibility of everyone acting on 3M's behalf. The policy sets out ways through which 3M's employees, investors, customers, vendors and other stakeholders can raise concerns that relate to actual or suspected violations of 3M's Code of Conduct, accounting or auditing matters and applicable national and international laws. The details of the website/hotline are as under:

Website: www.3M-Ethics.com or the International Toll Free Service (ITFS) from India – 000-800-100-1071/000-800-001-6112.

The Company prohibits retaliation against anyone who raises a business conduct concern or cooperates in a Company investigation. Complaints made in good faith will not expose the Concerned Party to any sanctions, regardless of whether the

underlying facts prove to be correct or result in any corrective action. If a Concerned Party believes that he /she has faced retaliation of any kind, he /she can report it to any of the persons mentioned in the Policy so that the Company can investigate. Status update on the above Policy is reported to the Audit Committee every quarter and the policy has been disclosed in the website of the Company at http://solutions.3mindia.co.in/wps/portal/3M/en\_IN/about-3M/information/corporate/financial-facts/summary/.

## **SUBSIDIARY COMPANIES**

The Company does not have any subsidiaries.

## **RELATED PARTY TRANSACTIONS**

The Company has formulated a policy on materiality of related party transactions and also on dealing with Related Party Transactions. Prior approvals of all Related Party Transactions (RPTs) are obtained from the Audit Committee. The Audit Committee has granted omnibus approval for RPTs (subject to the limits and for a validity period of one year) incurred for the year 2014-15 and for the estimated / proposed transactions to be entered into by the company after considering all the conditions of Clause 49 (VI) (D) of the Listing Agreement.

The Company proposes to seek the approval of the shareholders for all material RPTs incurred for the year 2014-15 and for the estimated/proposed transactions for the year 2015-16 through a Special Resolution as per the Notice to the 28th Annual General Meeting and Explanatory Statement thereof. The related parties shall abstain from voting on such resolution.

The Company follows the following policy in disclosing the Related Party Transactions to the Audit Committee:

- A statement in summary form of transactions with related parties at arm's length price in the normal course of business.
- All material individual transactions with related parties, which are not in the normal course of business and which are not on an arm's length basis.
- All material financial and commercial transactions relating to senior management where they have personal interest that may have a potential conflict with the interest of the Company at large.

## **DISCLOSURES**

Related Party Transactions:

Details of all material transactions with related parties are disclosed along with the compliance report on corporate governance. The company has disclosed the policy on dealing with Related Party Transactions on its website at http://solutions.3mindia.co.in/wps/portal/3M/en IN/about-3M/information/corporate/financial-facts/summary/.

## Accounting Treatment:

Pursuant to Section 133 of the Companies Act 2013, read with rule 7 of the Companies (Accounts) Rules 2014, till the standards of accounting or any addendum thereto are prescribed by the Central Government, in consultation and recommendation of National Financial Reporting Authority, the existing accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently these financial statement have been prepared to comply in all material aspects with the Accounting Standards notified under Section 211(3C)(Companies (Accounting standards) Rule, 2006, as amended) and other relevant provisions of the company Act 2013.

*Proceeds from Public issues, rights issue, preferential issues etc:* The Company has not made any capital issues during the financial year 2014-15.

#### **GENERAL BODY MEETING**

Details of Annual General Meetings (AGM) of the Company held for the last three years:

Date	Meeting	Location	Time
July 26,2012	AGM	The Chancery Pavilion	10.30 a.m.
		135, Residency Road	
		Bengaluru - 560 025	
July 23,2013	AGM	The Chancery Pavilion	10.30 a.m.
		135, Residency Road	
		Bengaluru - 560 025	
August 4, 2014	AGM	The Chancery Pavilion	10.30 a.m.
		135, Residency Road	
		Bengaluru - 560 025	

Particulars of Special Resolutions passed in the last three AGMs are given below:

July 26, 2012	Nil.
July 23, 2013	Nil.
August 4, 2014	Nil.

There are two items which requires to be passed as a special resolutions at the ensuing Annual General Meeting (AGM) to be held on August 4, 2015.

There are no items requiring resolution by Postal Ballot at the ensuing Annual General Meeting (AGM) to be held on August 4, 2015.

Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years:

There have been no instances of non-compliance by the Company on any matter related to listing agreement with the stock exchanges.

## Compliance with Mandatory Requirements:

The Company has complied with all the mandatory requirements of clause 49 of the Listing Agreement. As regards the non-mandatory requirements the extent of compliance has been stated in this report against each item.

## Management Discussion and Analysis:

The Management Discussion and Analysis report on the Company's activities during the year is published as part of the Company's Annual Report. This report has been placed before the Company's Audit Committee.

## Insider Trading:

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Company has prescribed a Code of Conduct for Prevention of Insider Trading and a Code of Corporate Disclosure Practices. The Company has also adopted the new Securities and Exchange Board India (Prohibition of Insider Trading) Regulations, 2015 (SEBI PIT Regulations) on May 29, 2015 (effective from May 15, 2015).

The Company observes a closed period for trading in securities of the Company by the Directors/Officers and Designated Employees of the Company for a period of seven days prior to the close of the quarter/half year/year and up to 24 hours after the date on which the results for the respective quarter/half year/year and is notified to the stock exchanges.

## Means of Communication:

Quarterly/half yearly/annual financial results are published in Business Standard/The Business Line (All India Edition) and Udaya Vani (Bengaluru Edition). The Company's financial results and shareholding pattern are also displayed in the Company's website: www.3m.com/in and are also notified to the Stock Exchanges as required under the Listing Agreement. Shareholding pattern, Compliance on Corporate Governance and other Corporate Announcement are uploaded in the NSE Electronic Application Processing System (NEAPS) and in BSE Listing Centre website. The Company does not make any presentations to the Institutional Investors or to the Analysts.

# Shareholders:

Details of the Directors seeking appointment/re-appointment at the ensuing AGM are provided in the Notice convening the AGM.

## Secretarial Audit for Reconciliation of Capital:

A Secretarial Audit was carried out periodically by a qualified Practicing Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors.

## **NON-MANDATORY REQUIREMENTS**

The Company has a Non-Executive Chairman. However, no separate Chairman's office is maintained at the Company's expense. The Company has separate positions for Chairman and Managing Director.

## Shareholders' Rights:

Quarterly/half yearly/annual financial results are published in English Newspaper having a circulation all over India and in Kannada newspaper (having circulation in Bengaluru). Significant events of the Company are being disclosed to the Stock Exchanges from time to time. The Company's financial results and shareholding pattern are also displayed in the Company's website: http://solutions.3mindia.co.in/wps/portal/3M/en\_IN/about-3M/information/corporate/financial-facts/summary/ and are also notified to the Stock Exchanges as required under the Listing Agreement. The Company also displays in their website, the quarterly report sent to the Stock Exchanges on the Compliance on Corporate Governance under Clause 49 of the Listing agreement. The shareholding pattern, Corporate Governance details and other quarterly compliances and corporate announcements are uploaded in the NSE Electronic Application Processing System (NEAPS) and in BSE Listing Centre website.

#### Audit qualifications:

There were no qualifications by the Auditors in their report forming part of this financials for the year ended March 31, 2015.

## Reporting of Internal Auditor:

The Internal Auditor reports to the Audit Committee.

## General Shareholder information:

General Shareholder Injoinnation:		
Annual General Meeting	August 4, 2015, (Tuesday)	
	The Grand Ball Room	
	The Chancery Pavilion	
	135, Residency Road, Benga	luru - 560 025
	Time: 11.00 A.M.	
Date of Book Closure	July 29, 2015(Wednesday) -	August 4, 2015 (Tuesday) (both days inclusive)
Dividend payment date	N. A.	
Financial Results calendar	First week of August, 2015 -	Unaudited Results for the quarter and three
(Tentative)		months ended June 30, 2015.
	Last week of October, 2015 -	Unaudited Results for the quarter and six months ended September 30, 2015.
	Last week of January, 2016 -	Unaudited Results for the quarter and nine months ended December 31, 2015.
	Last week of May, 2016 -	Audited Results for the year ended March 31, 2016.
Listing on Stock Exchanges	National Stock Exchange of	India Limited (Code –3MINDIA)
	BSE Limited (Code - 523395	)
International Securities Identification	INE470A01017	
Number (ISIN )		
Corporate Identification Number (CIN)	L31300KA1987PLC013543	

The Company has paid Annual Listing fees, as prescribed, to the National Stock Exchange of India Limited and Bombay Stock Exchange Limited for the financial year 2015-2016.

## Custodial Fee:

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No. MRD/DoP/SE/DEP/CIR-2/2009 dated February 10, 2009 and CIR/MRD/DP/05/2011 dated 27th April, 2011, Issuer Companies are required to pay custodial fees to the depositories on the basis of average number of folios (ISIN position) during the previous financial year or the minimum amount as specified. Accordingly, the Company will pay the custodial fee for the year 2015-16 to NSDL and CDSL.

## Registrar & Share Transfer Agents:

Share registration and other investor related activities are carried out by our Registrar and Transfer Agents, Karvy Computershare Private Limited for both Physical and Demat securities. Their address is furnished below:

Karvy Computershare Private Limited Karvy Selenium Tower-B, Plot Nos. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad-500 008.

E-mail: mailmanager@karvy.com., Website: www.karvycomputershare.com, Contact person: Mr. Rajeev Kumar.

## Share Transfer System:

Ph: 040-67161524

Shares sent for transfer in physical form are registered and dispatched within 15 days of receipt of the documents, if documents are found to be in order. Shares under objection are returned within 15 days.

Monitoring of Share Transfers and other investor related matters are dealt with by the Stakeholders' Relationship Committee. The Company's Registrars, Karvy Computershare Private Limited process the share transfers in respect of physical securities on a fortnightly basis and the processed transfers are approved by the authorized Executives of the Company also on a fortnightly basis.

All requests for dematerialization of shares, which are in order, are processed within 15 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Price Data for the year 2014-15:

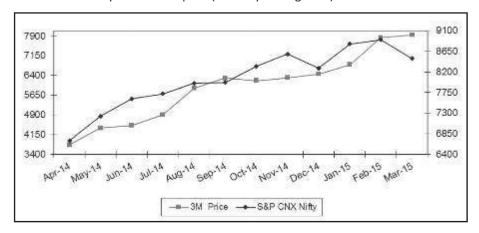
	Bomb	oay Stock Exchang	e (BSE)	National Stock Exchange (NSE)			
Month	High (Rs.)	Low (Rs.)	No. of	High (Rs.)	Low (Rs.)	No. of	
IVIOITI			shares			shares	
			traded			traded	
April 2014	4,500	3,505	6,574	4,480	3,551	20,038	
May 2014	4,400	3,730	3,198	4,444	3,411	10,495	
June 2014	4,750	4,200	15,057	4,750	4,200	62,949	
July 2014	5,200	4,508	24,307	5,250	4,501	14,130	
August 2014	6,170	4,800	13,199	6,160	4,831	43,112	
September 2014	6,587	5,833	9,930	6,795	5,610	25,153	
October 2014	6,368	5,881	1,941	6,400	5,880	8,178	
November 2014	6,900	6,121	8,263	6,859	5,935	37,775	
December 2014	6,800	5,900	13,406	6,774	5,954	17,042	
January 2015	7,138	6,280	6,070	7,158	6,205	17,585	
February 2015	8,541	6,499	9,656	8,565	6,500	25,046	
March 2015	8,219	7,539	4,613	8,200	7,610	31,401	

## Stock Performance:

# BSE Sensex Vs 3M Share Price (Monthly Closing Price)



NSE-S&P CNX Nifty Vs 3M Share price (Monthly Closing Price)



Consolidated Shareholding Pattern as on March 31, 2015:

Category	No. of	Total No. of	% to
	Members	shares held	capital
Foreign Promoter(FPR)*	1	84,48,802	75.00
Foreign Portfolio Investors(FPI)	8	10,34,159	9.18
Foreign Institutional Investors(FII)	8	58,741	0.52
Resident Individuals (PUB)	9,739	9,90,738	8.79
Bodies Corporate(LTD)	338	3,02,644	2.69
Mutual Funds(MUT)	10	3,44,714	3.06
Hindu Undivided Family (HUF)	316	33,386	0.30
Non-Resident Indians(NRI)	258	49,412	0.44
Clearing Members(CM)	36	489	0.00
Other Banks	2	880	0.01
Trust	4	965	0.01
Nationalised Banks	2	80	0.00
Insurance Companies(IFI)	1	60	0.00
Total	10,723	1,12,65,070	100.00

<sup>\*</sup> None of Foreign promoter shares has been pledged as on March 31, 2015

Pursuant to SEBI Circular No. Cir/ISD/3/2011 dated June 17, 2011, the Company has achieved 100% of Promoters' shareholding in dematerialized Form.

Summary of Shareholding as on March 31, 2015:

Category	No. of Holders	Total Shares	% To Equity
PHYSICAL	1,402	99,916	0.89
NSDL	6,938	1,08,03,532	95.90
CDSL	2,383	3,61,622	3.21
TOTAL	10,723	1,12,65,070	100.00

Top Ten (10) Members of the Company as on March 31, 2015:

Client id	Name of the Members	No. of	% to paid-	Category
Client id	Name of the Members	shares held	up capital	
10716469	3M Company, USA	84,48,802	75.00	FPR
10013042	Acacia Partners, LP	3,99,127	3.54	FPI
10013034	Acacia Institutional Partners, LP	2,43,100	2.16	FPI
10022345	Acacia Conservation Fund LP	2,29,278	2.04	FII
1301240000121844	Bright Star Investments Private Limited	1,66,700	1.48	LTD
10049887	IDFC Premier Equity Fund	1,30,396	1.16	MUT
10024287	Acacia Banyan Partners	1,26,045	1.12	FPI
10001099	SBI Emerging Businesses Fund	1,10,000	0.98	MUT
10000916	SBI Magnum Global Fund	50,000	0.44	MUT
10000949	SBI Magnum Balanced Fund	50,000	0.44	MUT
	Total	99,53,448	88.36	

Distribution of Shareholding as on March 31, 2015:

Range of Shares	No. of Members	% to total Shareholders	No. of Shares held	Amount (Rs.)	% to Total Shares
Up to 50	6,735	62.81	1,10,061	11,00,610	0.98
51 to 100	2,684	25.03	2,20,457	22,04,570	1.96
101 to 200	563	5.25	90,213	9,02,130	0.80
201 to 500	418	3.90	1,45,298	14,52,980	1.29
501 to 1000	150	1.40	1,12,196	11,21,960	1.00
1001 to 2000	86	0.80	1,21,595	12,15,950	1.08
2001 to 5000	49	0.46	1,53,322	15,33,220	1.36
5001 to 10000	18	0.17	1,28,336	12,83,360	1.14
10001 and above	20	0.18	1,01,83,592	10,18,35,920	90.39
TOTAL	10,723	100.00	1,12,65,070	11,26,50,700	100.00

Dematerialization of Shares and Liquidity:

99.11% of the total equity capital was held in dematerialised form as on March 31, 2015.

Outstanding GDRs / Warrants, Convertible Bonds, conversion date and likely impact on equity: Not Applicable

## Plant Locations:

- 1. Plot No. 48-51, Electronics City, Hosur Road, Bengaluru 560 100.
- 2. Plot No.8, Moraiya Industrial Area; Tal Sanand, Sarkhej Bavla Highway, Ahmedabad –382 213.
- 3. Plot No.B-20, MIDC; Ranjagaon Industrial Area, Tal: Shirur, Pune-412 210.

## **Branch Locations:**

- 1. No.60-61, Udyog Vihar, Phase IV, Gurgaon, Haryana- 122001
- 2. Nos.1-10-39 to 44, Gumidelli Towers, 8th Floor, Begumpet, Hyderabad 500 016
- 3. No.636/1, Seshachalam Centre, 11th Floor, Anna Salai, Nandanam, Chennai-600 035
- 4. No. 2, Upper Wood Street, Kolkata-700 017
- 5. No. 196, Makhija Chambers, 3rd Floor, Turner Road, Bandra(W), Mumbai-400 050
- 6. No. B-101, ICC Trade Towers, Senapathy Bapat Road, Pune-411016

## Address for correspondence:

Corporate Office: Concorde Block, UB City, 24, Vittal Mallya Road, Bengaluru – 560 001

Designated e-mail Id for redressal of investor complaints in terms of Clause 47(f) of the Listing Agreement is: 3mindia.investorshelpdesk@mmm.com/vsrinivasan@mmm.com

Compliance Officer: Mr. V. Srinivasan, Company Secretary. Inquiries, if any, may be addressed to the Compliance Officer.

## **CEO / CFO CERTIFICATION**

We the undersigned, in our respective capacities as Managing Director and Chief Financial Officer of 3M India Limited ("the Company") certify that:

A. We have reviewed financial statements and the cash flow statement for the year ending March 31, 2015 and that to the best of our knowledge and belief, we state that:

- 1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- 2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. We further state that to the best of our knowledge and belief there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
- C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
  - 1. Significant changes in internal control over financial reporting during the year;
  - 2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - 3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Yours Faithfully,

AMIT LAROYA SAMEER AGARWAL Managing Director Chief Financial Officer

DIN: 00098933 FCA: 101507

Place: Bengaluru Date: May 20, 2015

## **CERTIFICATE OF COMPLIANCE**

Certificate from Mr. Vijayakrishna K T, Practising Company Secretary, Bengaluru confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement is attached to the Directors' report forming part of the annual report. This Certificate shall be forwarded to the Stock Exchanges where the securities of the Company are listed.

# On behalf of the Board of Directors

Place : Bengaluru Amit Laroya B.V.Shankaranarayana Rao
Date : May 29, 2015 Managing Director Whole-time Director
DIN: 00098933 DIN: 00044840

# AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS.

To

Place

Date

The Members of 3M India Limited Bengaluru

I have examined the compliance of the conditions of Corporate Governance by 3M India Limited for the year ended 31st March, 2015 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Stock Exchanges in India.

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

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that in respect of investor grievances received during the year ended 31st March, 2015, no investor grievances are pending against the Company as on 31st March, 2015, as per the records maintained by the Company and presented to the Share Transfer/Stakeholders' Relationship Committee.

I further 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.

Vijayakrishna KT

Practicing Company Secretary

FCS-1788 CP-980

: Bengaluru

: May 29, 2015

# **EXTRACT OF ANNUAL RETURN**

# As on the financial year ended March 31, 2015

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

# FORM NO. MGT - 9

## I. REGISTRATION AND OTHER DETAILS:

1. <u>CIN</u>: L31300KA1987PLC013543

2. Registration Date: July 4, 1987

3. Name of the Company: 3M India Limited

4. Category / Sub-Category of the Company: Company having Share Capital

5. Address of the Registered office and contact details:

Plot No. 48-51, Electronics City, Hosur Road, Bengaluru – 560 100, Ph: 080-3914 3000

6. Whether listed company: Yes

7. Name, Address and Contact details of Registrar and Transfer Agent, if any:

Karvy Computershare Private Limited

Karvy Selenium Tower-B,

Plot Nos. 31 & 32, Financial District,

Gachibowli, Nanakramguda, Serilingampally,

Hyderabad-500 008

Contact person: Mr. Rajeev Kumar, Ph: 040-67161524

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

SI. No.	Name and Description	NIC Code of the	% to total
	of main products /	Product/ service	turnover of the
	services		company
NIL	NIL	NIL	NIL

# III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl.No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/Associate	% of shares held	Applicable Section
NA	NA	NA	NA	NA	NA

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

i) Category-wise Share Holding

	No. of Share	es held at th	e beginning of	f the year	No. of Sh	ares held at t	he end of the	year	% change
Category of Shareholders	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	during the year
A. Promoters									
(1) Indian									
(a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Any other.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total (A)(1)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Foreign									
(a) NRI-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Bodies Corporate	84,48,802	Nil	84,48,802	75	84,48,802	Nil	84,48,802	75	Nil
(d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Any other	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total (A)(2)	84,48,802	Nil	84,48,802	75	84,48,802	Nil	84,48,802	75	Nil
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	84,48,802	Nil	84,48,802	75	84,48,802	Nil	84,48,802	75	Nil
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds/UTI	424,208	440	424,648	3.77	3,44,274	440	3,44,714	3.06	(0.71)
(b) Banks/FI	773	20	793	0.01	940	20	960	0.01	Nil
(c ) Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Insurance Companies	Nil	60	60	0.00	Nil	60	60	0.00	Nil
(g) FIIs	10,46,892	Nil	10,46,892	9.29	10,92,900	Nil	10,92,900	9.70	0.41
(h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Others(specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (B)(1)	14,71,873	520	14,72,393	13.07	14,38,114	520	14,38,634	12.77	(0.30)
(2) Non-Institutions									
(a) Bodies Corporate									
i. Indian	299,162	5,020	304,182	2.70	3,00,124	2,520	3,02,644	2.69	(0.01)
ii. Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Individuals  i. Individual Shareholders  holding nominal share  capital up to Rs. 1 lakh	797,060	101,047	898,107	7.97	8,25,770	96,876	9,22,646	8.19	0.22
ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	101,478	Nil	101,478	0.90	1,01,478	Nil	1,01,478	0.90	Nil
(a) Others (specify)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Shares held by Pakistan citizens vested with the Custodian of enemy property	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii. Other Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Nationals									
iii.Foreign Bodies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year				% change	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	during the year
iv. NRI/OCBs	38,990	Nil	38,990	0.35	49,412	Nil	49,412	0.44	0.09
v. Clearing	607	Nil	607	0.01	489	Nil	489	0.00	(0.01)
Members/Clearing									
House									
vi. Trusts	511	Nil	511	0.00	965	Nil	965	0.01	0.01
vii. Limited Liability	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Partnerships									
viii. Foreign	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Portfolio Investor									
(Corporate)									
ix. Qualified	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Foreign Investor									
Sub Total (B)(2)	12,37,808	106,067	13,43,875	11.93	12,78,238	99,396	13,77,634	12.23	0.30
Total Public Shareholding	27,09,681	106,587	28,16,268	25.00	27,16,352	99,916	28,16,268	25.00	Nil
(B)=(B)(1)+(B)(2)									
(1) Shares held by	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Custodian for									
GDRs & ADRs									
GRAND TOTAL(A+B+C)	1,11,58,483	106,587	1,12,65,070	100.00	1,11,65,154	99,916	1,12,65,070	100.00	Nil

# (ii)Shareholding of Promoters

	Shareholding at the beginning of the year			Shareholding at the end of the year			
Shareholders Name	No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	%of total shares of the Company	% of Shares Pledged / encumbered to total shares	% change in shareholding during the year
3M Company, USA	84,48,802	75%	Nil	84,48,802	75%	Nil	Nil
Total	84,48,802	75%	Nil	84,48,802	75%	Nil	Nil

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

SI.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
No.		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	No Change			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasonsfor increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.,)	No Change			
	At the end of the year	No Change			

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SI.	For Each of the Top 10	•	t the beginning e year	Shareholding at the end of the year		
No.	Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company	
1.	ACACIA PARTNERS, LP	3,99,127	3.54	3,99,127	3.54	
2.	ACACIA INSTITUTIONAL PARTNERS, LP	2,43,100	2.16	2,43,100	2.16	
3.	ACACIA CONSERVATION FUND LP	2,29,278	2.04	2,29,278	2.04	
4.	SBI EMERGING BUSINESSES FUND	2,25,486	2.00	1,10,000	0.98	
5.	BRIGHT STAR INVESTMENTS PVT LTD	1,66,700	1.48	1,66,700	1.48	
6.	ACACIA BANYAN PARTNERS	1,26,045	1.12	1,26,045	1.12	
7.	IDFC PREMIER EQUITY FUND	1,09,744	0.97	1,30,396	1.16	
8.	SBI MAGNUM GLOBAL FUND	50,000	0.44	50,000	0.44	
9.	GOVINDLAL M PARIKH CHINMAY.G.PARIKH	38,115	0.34	38,115	0.34	
10.	SBI CONTRA FUND	37,714	0.34	Nil	Nil	
11.	SBI MAGNUM BALANCED FUND	Nil	Nil	50,000	0.44	
12.	EASTSPRING INVESTMENTS INDIA INFRASTRUCTURE EQUITY OPEN LIMITED	Nil	Nil	47,267	0.42	
	Date wise Increase / Decrease in shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	<ol> <li>During the year 2014-15, the increase/decrease happened amongst the following shareholders on account of market sale and market purchase:</li> <li>SBI EMERGING BUSINESSES FUND - Market Sales=115,486 shares(10,302 shares-13.06.14, 38,532 shares-30.06.14, 20,652 shares - 04.07.14, 602 shares-11.07.14, 6,358 shares-22.08.14, 3,414 shares-29.08.14, 264 shares-05.09.14, 1,967 shares - 12.09.14, 1,482 shares-19.09.14, 4,017 shares-21.11.14, 7,896 shares-28.11.14 and 20,000 shares-20.03.15)</li> <li>IDFC PREMIER EQUITY FUND - Market purchases = 20,652 shares(20,652 shares-04.07.14)</li> <li>SBI CONTRA FUND - Market Sales = 37,714 shares(777 shares-02.05.14, 326 shares-13.06.14, and 36,611 shares-30.06.14)</li> <li>SBI MAGNUM BALANCED FUND - Market purchases=50,000 shares(24,000 shares-30.06.14, 6,500 shares-05.12.14 and 19,500 shares - 20.03.15)</li> <li>EASTSPRING INVESTMENTS INDIA INFRASTRUCTURE EQUITY OPEN LIMITED-Market Purchases 47,267 shares(47,267 shares-04.07.14)</li> </ol>				

# (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year		
	For Each of the Directors and KMP	No. of shares	% of totalshares of the company	No. of shares	% of total shares of the company	
	At the beginning of the year	Mr. B.S. Iyer, as a 2nd shareholder jointly with his wife, held 20 shares at the beginning of the year.  None of the other Directors and KMPs of the Company hold shares in the Company				
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):	Mr. B.S. Iyer, as a 2nd shareholder jointly with his wife bought 19 shares(Market Purchase - 5 shares on 03.06.2014, 4 shares on 25.08.2014 and 10 shares on 16.03.2015) and sold 4 shares(Market Sale on 23.12.2014) during the year  None of the other Directors and KMPs of the Company hold shares in the Company				
	At the End of the year	Mr. B.S. Iyer, as a 2nd shareholder jointly with his wife holds 35 shares at the end of the year.  None of the other Directors and KMPs of the Company hold shares in the Company				

# **V. INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans	Unsecured	Deposits (Rs.)	Total
	excluding	Loans (Rs.)		Indebtedness
	deposits (Rs.)			(Rs.)
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	108,39,73,953	Nil	108,39,73,953
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	108,39,73,953	Nil	108,39,73,953
Change in Indebtedness during the financial year				
? Addition	Nil	Nil	Nil	Nil
? Deletion	Nil	108,39,73,953	Nil	108,39,73,953
Net Change	Nil	108,39,73,953	Nil	108,39,73,953
Indebtedness at the end of the				
financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

# VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager:

SI. No.	Particulars of Remuneration	Managing Director	Whole -time Director (Rs.)	Total Amount (Rs.)	
1.	Gross salary  1) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961  2) Value of perquisites u/s 17(2)	2,72,60,885	1,45,36,348	4,17,97,233	
	Income -tax Act, 1961 3) Profits in lieu of salary under section 17(3) Income -tax Act, 1961	13,93,916 Nil	21,600 Nil	14,15,516 Nil	
2.	Stock Option	Nil	Nil	Nil	
3.	Sweat Equity	Nil	Nil	Nil	
4.	Commission - As a % of profit	Nil	Nil	Nil	
	- Others, specify	Nil	Nil	Nil	
5.	Others, Please specify - Restricted Stock Units(RSU's) and Stock Appreciation Rights(SARs) of the Parent Company	Nil	12,53,606	12,53,606	
	TOTAL (A)	2,86,54,801	1,58,11,554	4,44,66,355	
	Ceiling as per the Act (Section 197)	The remuneration payable to an individual Managing Director or Whole- time Director shall not exceed 5% of the net profit and if there is more than one such Director, remuneration shall not exceed 10% of the net profit to all such Directors taken together. The ceiling is Rs. 1,645.62 Lakhs.			

# B. Remuneration to other Directors:

				Total Amount				
SI. no.	Particulars of	f Remuneration	Mr. Balaji Rao(up to August 4, 2014)	Mr. B.S. Iyer	Mr. B.C. Prabhakar (up to March 27, 2015)	Mr. Biren Gabhawala (from August 5, 2014)	Mr. Bharat D Shah (from March 27, 2015)	
	Independent Di							
		ending board/ e meetings(paid .4-15)	180,000	280,000	360,000	160,000	Nil	980,000
	? Commission	on(for the year o be paid in	517,808	15,00,000	14,83,562	982,192	20,548	45,04,110
	2015-16)							
	? Others, ple	ease specify	Nil	Nil	Nil	Nil	Nil	Nil
	Total (1)		697,808	17,80,000	18,43,562	11,42,192	20,548	54,84,110
	Other Non -Exec	utive Directors						
	? Fee for atte	ending board e meetings	Nil	Nil	Nil	Nil	Nil	Nil
	? Commission? Others, ple	on ease specify	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
	Total (2)		Nil	Nil	Nil	Nil	Nil	Nil
	Total (B)=(1+2)		697,808	17,80,000	18,43,562	11,42,192	20,548	54,84,110
	Overall Ceiling Act(Section 19	The remuneration payable to all Non-Executive Directors and Independent Directors shall not exceed 1% of the Net Profit of the Company. The Ceiling is Rs. 164.56 Lakhs.						

# C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

	KEY MANAGERIAL PERSONNEL							
SI. No.	Particulars of Remuneration	Chief Financial Officer	Company Secretary	Total				
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Incometax Act, 1961	1,02,25,781	31,87,863	1,34,13,644				
	(b)Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under	Nil	Nil	Nil				
	section 17(3) Income-tax Act, 1961	Nil	Nil	Nil				
2.	Stock Option	Nil	Nil	Nil				
3.	Sweat Equity	Nil	Nil	Nil				
4.	Commission -as % of profit - others, specify	Nil	Nil	Nil				
5.	Others, please specify -	Nil	Nil	Nil				
	Total (C)	1,02,25,781	31,87,863	1,34,13,644				

# VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Туре	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			None		
Compounding					
B. DIRECTORS					
Penalty					
Punishment			None		
Compounding					
C. OTHER OFFICERS					
IN DEFAULT					
Penalty					
Punishment			None		
Compounding					

On behalf of the Board of Directors

Place: Bangalore Date: May 29, 2015 Amit Laroya Managing Director DIN: 00098933 B.V. Shankaranarayana Rao Whole-time Director DIN: 00044840

## SECRETARIAL AUDIT REPORT

## Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2015

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

To
The Members,
3M INDIA LIMITED

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by 3M India Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the 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, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by 3M India Limited for the financial year ended on 31.03.2015 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;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (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;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The other following general laws as may be applicable to the Company:
  - a) Factories Act, 1948
  - b) Industrial Dispute Act, 1947
  - c) The Payment of Wages Act, 1936
  - d) The Minimum Wages Act, 1948
  - e) Employees' State Insurance Act, 1948
  - f) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

- g) The Payment of Bonus Act, 1965
- h) The Payment of Gratuity Act, 1972
- i) The Contract Labour (Regulation & Abolition) Act, 1970
- j) The Maternity Benefit Act, 1961
- k) The Child Labour (Prohibition & Regulation) Act, 1986
- I) The Industrial Employment (Standing Order) Act, 1946
- m) The Employee Compensation Act, 1923
- n) The Apprentices Act, 1961
- o) Equal Remuneration Act, 1976
- p) The Employment Exchange (Compulsory Notification Vacancies) Act, 1956
- q) The Environment (Protection) Act, 1986 [Read With The Environment (Protection) Rules, 1986]
- r) The Hazardous Wastes (Management, Handling And Transboundary Movement) Rules, 2008
- s) The Water (Prevention & Control of Pollution) Act, 1974 [Read with Water (Prevention & Control of Pollution) Rules, 1975
- t) The Air (Prevention & Control of Pollution) Act, 1981(Read With The Air Prevention & Control Of Pollution) Rules, 1984I have also examined compliances with the applicable clauses of the following:
  - (i) Secretarial Standards issued by the Institute of Company Secretaries of India (effective from 1st July, 2015).
  - (ii) The Listing Agreements entered into, by the Company with the Bombay Stock Exchange Limited (BSE) and National Stock Exchange Limited (NSE).

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. Certain non material findings made during the course of the audit relating to Labour Laws were addressed suitably by the Management.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which 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 at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Bangalore Date: 29.05.2015 (Vijayakrishna KT) FCS No.: 1788 C P No.: 980

# CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

[Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

## **CONSERVATION OF ENERGY**

Your Company has been very conscious of the need for Conservation of Energy. Energy conservation measures have been implemented at all the plants and offices of the Company and special efforts are being made on undertaking specific energy conservation projects like:

- Improvement in burning efficiency of incinerators and thereby reducing diesel consumption.
- Investing in energy efficient and automated projects that lower the cycle time of operations.
- Conversion of indirect heating to direct heating to reduce losses.
- Installation of Variable Frequency Drives for various applications like Blower's and Pump's Motors.
- Installation of LED lights.
- Installation of lighting transformers
- Optimization of AC plant operations and removal of unwanted AC systems.
- Reduction of air compressor pressure setting.
- Increase in chilled water temperature in winter season.
- Using high efficiency motors.
- Downsizing of motors and trimming of impeller.
- Harmonics balancing.
- Reducing the idle running and maintaining continuous production runs.
- Improving the productive time of the machine.
- Installation on energy meters across critical locations to measure and manage electricity consumption.
- <u>Use of renewable energy</u>: 75% of 3M Bengaluru plant energy needs are met through wheeling of wind energy. monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

All these actions across the plants significantly reduced the energy consumption and thereby reducing the carbon foot prints of manufacturing operations. The company is also actively pursuing the ISO 50001 Energy management systems implementation.

#### **TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT**

## A. RESEARCH & DEVELOPMENT:

Specific areas in which Research &
 Development were carried out by the
 Company.

## **Industrial Business:**

- Pressure sensitive adhesives development for tape and label products.
- Liquid adhesives for various industrial needs.
- Abrasive materials based on non woven and other coating technologies.
- Non woven material development for acoustic insulation applications.
- Development of liquid formulations for aftermarket applications.

## Safety and Graphics:

- Personal protection systems for industrial usage such as eyewear, helmets etc.
- Design and development capabilities for molded plastic products for road furniture.
- Design, development and commercialization of signage systems for the India market.

## Health Care Business:

- Liquid formulations for Infection prevention range of products.
- Advanced wound care and dressing products.

## **Consumer Business:**

- Floor, kitchen & bathroom cleaning solutions wipes, scrubbers, mops, and cleaning tools.
- Non woven abrasives for home cleaning applications.
- Adhesives for home and office use.
- New products and applications developed to serve specific needs of the Indian market.
- New technologies developed relevant to Indian market needs to aid product development.
- Improved system cost solutions for our customers and end users.
- Supporting growth of business through solutions for Indian customers.
- Build capabilities in technology and product development to serve the needs of Indian customers.
- Development of products specific for Indian market, especially in theareas of Corrosion Protection, Automotive, Adhesives and Tapes, Abrasive products for industrial and consumer markets, healthcare products, traffic and personal safety and graphics
- Further localization of manufacturing of products to meet Indian market needs.

2. Benefits derived as a result of the above Research & Development

3. Future plan of action

4. Expenditure on Research & Development (Rs. in Lakhs)

a) Capital 354.30 b) Revenue 4,104.50 c) Total 4,458.80

d) Total Research & Development expenditure as a percentage of total

turnover. 2.40%

## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

## 1. Efforts made:

The Company continues to focus on innovating in the local market. The Company's technical team has been continuously working on adoption and modification of certain parent company products for local market requirements and redesigning products to create new market opportunities. The technical team is also focused on developing products that meet the needs of the Indian customers. Technology development capabilities relevant to local market needs are being developed in the R&D center to support long term growth. Technology absorption from the parent company continues. Internal practices and procedures are in place for adoption of new technologies.

## 2. Benefits derived:

New products have been introduced in several market segments such as: Industrial business, Health Care business, Safety and graphics business and Consumer business. Several products which were launched used the technical knowledge and expertise in the India laboratory while leveraging global knowledge base in 3M helped to create intellectual property protection for the Company. Several local and global patents were filed from technology developed in India. The focus on local market innovation also led to creation of unique technical skills and laboratory capabilities relevant to the market.

## 3. Technology imported during the last 5 years:

Technologies and knowhow from parent company include those in the areas of pressure sensitive adhesives and coatings, corrosion protection coatings, automotive products, healthcare products, especially in the area of infection prevention, and non wovens for consumer and industrial needs. No technology was imported from other companies other than from parent company.

The Company had entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective July 1, 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from July 1, 2006 to June 30, 2009. These payments have been reinstated with effect from July 1, 2009, accordingly the Company has incurred an expenditure of Rs.1,970.22 Lakhs for the financial year 2014-15 (PY: Rs.1,375.71 Lakhs).

## FOREIGN EXCHANGE EARNINGS AND OUTGO

 Activities relative to exports; initiatives taken to increase exports; development of new export markets for products and services; export plans:

Continuous focus, strategies, increased sourcing of products and services from 3M India by the 3M group Companies will increase export of products and services.

The Company had entered into a contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective July 1, 2006 for carrying out contract research activities. During the period under review, Company received an amount of Rs. 2,142.38 Lakhs (PY: Rs. 2,424.62 Lakhs) for contract research and Rs. 1,653.28 Lakhs (PY: Rs. 1,019.89 Lakhs) for support Services /Corporate Management Fees.

2. Foreign exchange earnings and outgo:

During the period under review, Foreign Exchange earnings were Rs. 7,028.07 Lakhs (PY: Rs. 6,542.69 Lakhs) and Foreign Exchange outgo was Rs. 82,094.58Lakhs (PY: Rs. 83,094.64 Lakhs).

On behalf of the Board of Directors

Amit Laroya
Managing Director
DIN: 00098933

B.V. Shankaranarayana Rao Whole-time Director DIN: 00044840

Place: Bangalore

## ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR 2014-15

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

## Objectives

- To engage in outcome-based Corporate Social Responsibility programs that will impact and enrich the communities around the Company's areas of operation.
- To engage 3M India Limited employees to develop social empathy and contribute to the Company's corporate social responsibility initiatives.

In line with the Company's core values, 3M India Limited CSR strategy will focus on the following three (3) areas:

<u>EDUCATION</u>: Inculcate the spirit of inquiry & innovative thinking among underprivileged children & develop skills among under privileged youth through apprenticeship:

In the area of education, 3M India Limited is working to capture the innovation potential of underprivileged children through creative and engaging education models that stimulate a spirit of inquiry and creative thinking which is so critical to building the foundation for innovation capability.

SOCIAL INNOVATION: Develop local change-makers to drive grassroots innovation:

3M India Limited contributes to strengthening the innovation eco-system in the country by supporting the spirit of social entrepreneurship in India which is today an exciting demonstration of young, socially aware men and women taking charge of opportunities to address real social needs. 3M India Limited collaborates with NGO partners to develop changemakers working in the area of social impact through an innovation incubation model.

WOMEN EMPOWERMENT: Develop leadership skills to empower women in entrepreneurship and local governance:

3M India Limited shares its expertise in leadership development and build capabilities in areas such as consensus building, decision-making, communication etc. among underprivileged women through entrepreneurshipand participation in local governance.

2. The Composition of the CSR Committee.

Mr. B.C. Prabhakar
 Mr. Bharat D Shah
 Chairman (up to March 27, 2015)
 Chairman (from March 28, 2015)

Mr. Amit LaroyaMr. B.V. Shankaranarayana RaoMember

Mr. Ramesh Ramadurai Member (from March 28, 2015)

3. Average Net Profit of the Company for last three financial years

Average of the last 3 financial years= Rs. 8,012.52 Lakhs

- 4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above) Rs 160.25 Lakhs
- Details of CSR spent during the financial year.
   Total amount spent for the financial year = Rs 49.41 Lakhs
- 6. Amount unspent, if any.

Rs.110.84 Lakhs

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.I. No.	CSR project or activity Identified.	Sector in which the Project is covered	Projects or Programs: (1)Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Subheads: (1)Direct expenditure on projects or programs (2) Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
1.	Education: Mobile Science Lab initiative for disadvantaged children by imparting innovative science education at 100 Government schools in 2 states –Karnataka & Maharashtra.	Education	Anekal, Karnataka, Ranjangaon, Pune	Education Allocation: Rs. 48 Lakhs	Education Rs. 39.40,837 Social Innovation Rs. 5,00,504	Education Rs. 39.40,837 Social Innovation Rs. 5,00,504	Education Rs. 39.40,837 Social Innovation Rs. 5,00,504
2.	Social Innovation: Grants for Student Innovation Projects to develop working models of Innovation with a social relevance.	Social Innovation	Pan India	Social Innovation Allocation: Rs. 40 Lakhs Women Empowerment Allocation: Rs.32 Lakhs			
3.	Donation towards Jammu & Kashmir Disaster relief and rehabilitation efforts	Natural Calamity Funding	Jammu & Kashmir	National Calamity Funding Allocation Rs. 40 Lakhs	National Calamity Funding Rs. 5,00,000	National Calamity Funding Rs.5,00,000	National Calamity Funding Rs. 5,00,000
	TOTAL			Rs.160 lakhs	Rs.49,41,341	Rs.49,41,341	Rs.49,41,341

Give details of implementing agency:

<u>United Way of Bengaluru:</u> It is a charitable trust registered under the Karnataka Society's Registration Act, 1960 with its registered office at 2nd Floor, Esteem Regency, #6, Richmond Road, Bengaluru – 560025, INDIA, and has its office at #811, 1st Floor, 7th Main, 1st Cross, HAL 2nd Stage, Bengaluru – 560008, INDIA. It is guided by its Governing Board members affiliated with United Way Worldwide, a District of Columbia not forprofit corporation, headquartered at 701 North Fairfax Street, Alexandria, Virginia, USA 22314-2045.

<u>Society for Research and Initiatives for Sustainable Technologies and institutions (Srishti)</u>: It is a non- profit organization which has its office at AES Boys Hostel Campus, Near Gujarat University Library & SBI, Navrangpura, Ahmedabad-380009, Gujarat, India.

CII Foundation: It is a registered charitable organization of the Confederation of Indian Industry.

- 2. 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.
  - During the financial year 2014-15, the company invested time to create the internal organization to execute CSR initiatives, developed internal strategy and focused its efforts on doing considerable groundwork to evaluate NGOs and identify suitable partners to conceptualize programs and the company was able to start spending on initiatives from Q4 2014-15.
- 3. 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 CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

AMIT LAROYA (Managing Director) DIN: 00098933 BHARAT D SHAH (Chairman CSR Committee) DIN: 00136969)

Whole-time Director DIN: 00044840

**B.V. SHANKARANARAYANA RAO** 

# FORM NO. AOC. 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in subsection (1) of Section 188 of the Companies Act, 2013 including certain Arm's length transactions under third proviso thereto. (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014).

- 1. Details of contracts or arrangements or transactions not at arm's length basis Nil
  - (a) Name(s) of the related party and nature of relationship-Nil
  - (b) Nature of contracts/arrangements/transactions- Nil
  - (c) Duration of the contracts/arrangements/transactions- Nil
  - (d) Salient terms of the contracts or arrangements or transactions including the value, if any- Nil
  - (e) Justification for entering into such contracts or arrangements or transactions- Nil
  - (f) Date(s) of approval by the Board-Nil
  - (g) Amount paid as advances, if any:- Nil
  - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188- Nil
- 2. Details of material contracts or arrangement or transactions at Arm's length basis
  - (a) Name(s) of the related party and nature of relationship 3M Company, USA, Holding(Parent) Company of the Company
  - (b) Nature of contracts/arrangements/transactions -

SI No.	Nature of Transactions
1.	Income from Contract Research
2.	Sale of Goods
3.	Purchases of Materials
4.	Royalty
5.	Re-charge (Net)
6.	Corporate Management Fee

The above transactions are in the ordinary course of business and are on an arm's length basis.

- (c) Duration of the contracts/arrangements/transactions ongoing, will be continuous year after year.
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any-

Sl. No.	Nature of Transactions	Salient Terms			
1.	Income from Contract	billing in USD on a quarterly basis			
	Research				
2.	Sale of Goods	billing in USD, receipt within 15 days from end of the month			
3.	Purchases of Materials	billing in USD, payment to be made within 15 days from end of the month			
4.	Royalty	billing in USD on a quarterly basis			
5.	Re-charge (Net)	billing in USD, payment/receipt to be made within 15 days from end of the month			
6.	Corporate Management Fee	billing in USD, yearly			

(Rs. in crores)

SI. No.	Nature of Transactions	Transaction value for the Financial Year 2014-15 (Actuals)	Estimated value of Transactions per annum for the Financial year 2015-16
INCOMI	E		
1.	Income from Contract	21.42	31.69
	Research		
2.	Sale of Goods	2.55	1.72
3.	Re-charge of expenses received	4.21	21.00
	Total	28.18	54.41
EXPEND	DITURE		
3.	Purchases of Materials	264.51	390.37
4.	Royalty	19.70	22.25
5.	Re-charge of expenses paid	0.36	0.90
6.	Corporate Management Fee	57.73	66.36
	Total	342.30	479.88

Terms and Conditions for the transaction are in ordinary course of business and on arm's length basis, which is same for the entire 3M group companies throughout the world.

- (e) Date(s) of approval by the Board, if any -Nil
- (f) Amount paid as advances, if any -Nil

On behalf of the Board of Directors

Place : Bangalore Amit Laroya B.V. Shankaranarayana Rao
Date : May 29, 2015 Managing Director Whole-time Director

DIN: 00098933 DIN: 00044840

# ANNEXURE "H" TO THE DIRECTORS' REPORT

# RATIO OF REMUNERATION:

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2014-15;	Managing Director – 27.63 Whole-time Director- 15.25 Independent Directors: Mr. Balaji Rao – 0.67 Mr. B.S. Iyer – 1.72 Mr. B.C. Prabhakar – 1.78 Mr. Biren Gabhawala – 1.10 Mr. Bharat Shah – 0.02
(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2014-15;  (iii) the percentage increase in the median remuneration	(Median remuneration of employees-Rs. 10.37 Lakhs)  Managing Director- 11.5%  Whole-time Director- 10%  Chief Financial Officer-27.5%  Company Secretary-25%  12.9 %
of employees in the financial year 2014-15; (iv) the number of permanent employees on the rolls of company; (v) the explanation on the relationship between average	1,461 employees as of March 31, 2015  PATIncrease – 152.01%
increase in remuneration and company performance for the year 2014-15;  (vi) comparison of the remuneration of the Key	Average Increase in remuneration : 12 .9%  CFO
Managerial Personnel against the performance of the company for the year 2014-15;	Company performance = PATincrease -152.01%, remuneration increase = 27.5%  Company Secretary(CS)  Company performance = PATincrease -152.01%, remuneration increase 25%
(vii) variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year (2014-15) and previous financial year (2013-14) and percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies, and in case of unlisted companies, the variations in the net worth of the company as at the close of the current financial year (2014-15) and previous financial year(2013-14);	? Market Capitalisation as on March 31, 2015(closing price at BSE * No. of shares viz., Rs.7,969 *11,265,070)=Rs. 8,977 crores, Market Capitalisation as on March 31, 2014(closing price at BSE * No. of shares viz., Rs.3,530 *11,265,070)=Rs. 3,977 crores, Variation =increased by Rs. 5,000 crores over previous FY .  ? PE Ratio as on March 31, 2015=(closing price per share/EPS)=Rs.7,969/Rs.96.17= 82.86 PE Ratio as on March 31, 2014=(closing price per share/EPS) = Rs. 3,530/Rs. 38.16=92.  ? % increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with last public offer(closing price at BSE as on March 31, 2015= Rs.7,969, Public Issue price= Rs. 10(February 1991)) = increased by 79,590%
(viii) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year (2014-15) and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;	12.9%
(ix) comparison of the each remuneration of the Key Managerial Personnel against the performance of the company for the year 2014-15	CFO Company performance = PAT increase -152.01%, remuneration increase = 27.5% Company Secretary(CS) company performance = PAT increase -152.01%, remuneration increase = 25%
(x) the key parameters for any variable component of remuneration availed by the directors;	Managing Director& Whole-time Director: Based on Company's and the Parent Company's Sales and Profitability.
(xi) the ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;	NIL
(xii) affirmation that the remuneration is as per the remuneration policy of the company.	Yes

On behalf of the Board of Directors

Place : Bangalore Date : May 29, 2015

Amit Laroya Managing Director DIN: 00098933 B.V. Shankaranarayana Rao Whole-time Director DIN: 00044840

# ANNEXURE"I" TO THE REPORT OF THE DIRECTORS

Information as per Section 197(12) of the Companies Act, 2013, read with Rule 5 (2) & (3) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended March 31, 2015.

illollilation as per sec	CHOIL	37(12) of the companies Act, 2013, read with	1 hale 3 (2) & (3) of title co	III pailles (r	אמווייובוור מוומ וויכווויובוור	ומנוסוו סו וי	ומוומפבוומי י	11000	Information as per section 137(12) of the Companies Act, 2015, fead with Rule 3 (2) $\alpha$ (3) of the Companies (Appointment and remainded in vialagetial refishing) rules, 2014 for the year ended in a companies (2) $\alpha$ (3) of the Companies (Appointment and remainded in a companies) and a companies (3) $\alpha$ (3) of the Companies (4) $\alpha$ (4) of the Companies (4) of the Companies (4) $\alpha$ (5) of the Companies (4) of the Companies (4) $\alpha$ (5) of the Companies (4) of the Companies (4) $\alpha$ (5) of the Companies (4) $\alpha$ (5) of the Companies (4) $\alpha$ (6) of the Companies (4) $\alpha$ (6) of the Companies (4) $\alpha$ (6) of the Companies (4) $\alpha$ (7) of the Companies (4) $\alpha$ (6) of the Companies (4) $\alpha$ (7) of the Companies (4) $\alpha$ (6) of the Companies (4) $\alpha$ (7) of the Companies (4) $\alpha$ (6) of the Companies (4) $\alpha$ (7) of the Companies (4) $\alpha$ (7) of the Companies (4) $\alpha$ (7) of the Companies (4) $\alpha$ (6) of the Companies (4) $\alpha$ (6) of the Companies (4) $\alpha$ (7) of the Companies (4) $\alpha$ (7) of the Companies (4) $\alpha$ (6) of the Companies (4) $\alpha$ (7) of the Companies (4)
Name	Age	Designation	nature of employment,	Remuneration	Qualifications	Date of	Experience Da		Particulars of last employment, Name of the employer and post
	Yrs		whether contractual or otherwise;	Rs.		joining	(years) lec	leaving la:	lost held
Employed throughout the year				(Gross)					
Atul Shukla	47	/ Senior General Manager - Traffic Safety & Security Business	Contractual	7,730,959	B.E., Masters in Marketing Management 19-Aug-96	19-Aug-96	24	NA Co	Colour Chem Ltd , Marketing Executive
Ajay Jain	43	General Manager - Automotive Aftermarkets	Contractual	6,982,088	B.sc.,MBA	8-Apr-97			Ranbaxy Laboratories Ltd, Sales Officer
Anil Hak	48	General Manager - Advanced Material Division	Contractual	6,205,782	B.E, PGDM - Marketing	12-Feb-03	25	NA H	Henkal Adhesive Technologies India Pvt Ltd, National Sales Manager - Automotive
Anoop Siddharth	45	General Manager - Six Sigma	Contractual	6,384,051	B.E,MBA	31-Dec-04			Honda Siel Cars India Limited, Manager After Sales
Annoam Wason	45	45 Senior General Manager - Business Development (US)	Contractual	8.315.785	B.E. MBA	12-Feb-07	22	Lif NA Di	Lifelong India Ltd , Vice President in New Business and Product Development Division
Aparna Devagiri	46	Senior General Manager- Human Resources	Contractual	6,825,844		26-Dec-07			Strides Arcolab Limited - Head HR
Amit Laroya	51	. Managing Director	Contractual	2,86,54,801	Economic Hons, MBA(Mktg & Finance)	1-0ct-13			3M Company USA, Global Director-Strategy & Corporate Development and Director of International Strategic Planning & M&A
Appiah K A	20	50 General Manager- Business Services Group	Contractual	10,237,382	MBA	5-Sep-03	27	NA 3N	3M India Ltd
Abhijeet Arun Saungikar	51	Senior General Manager-Technical	Contractual	8,973,047	B.Sc	23-Dec-92			Cravatex Ltd, Production Supervisor
Golla Viswanadha Sai	50	Senior General Manager-Quality, Environment, Health & Safety	Contractual	7,263,759	B.Tech, ICWAI(Inter), International Diploma in Health & Safety	17-May-10	27		Cadbury India Ltd, Asst Vice President
Harish Banwari	54	54 Senior General Manager - Business Development (APAC)	Contractual	9,483,053		7-May-97	31		I.P.C.L Vadodra, Deputy Marketing Manager
Lala Chandrashekher Das	49	49 Vice President-Healthcare business	Contractual	11,079,495	B.E, PGDBM	17-Nov-03		NA No	Nobel Biocare India Pvt Ltd, Country Manager
Maclean Raphael	20	Vice president-Human Resources	Contractual	10,298,732	Masters in Personnel Management and Industrial Relations	1-Apr-09	27	NA W	Wipro e Peripherals Ltd , Vice President - HR
MukundPT	51	51 Vice President-Industrial Business	Contractual	22,710,329	B.E (Mech)	18-Sep-89			Harita Roloform Pvt Ltd, Marketing Manager
Ninad Gadgil	44	44 Vice-President -Marketing Excellence	Contractual	10,222,594	B.E, MBA	15-Jun-98	21	NA Th	The Paper Products Ltd., Deputy Manager
Pankaj Kumar	44	44 General Manager -Personal Safety Division	Contractual	6,671,112	B.E	16-Dec-05			ICI India Ltd, Sales Manager
Pankaj Kumar Tyagi	20	50 Senior General Manager- Infrastructure Protection Division	Contractual	11,454,165	B.Sc., M.A.	20-Sep-93	27	NA Jo	Johnson & Johnson Pvt Ltd, Professional Services Officer
Rajiv Porwal	46	46 General Manager - Commercial Solutions Division	Contractual	6,329,791	B.E. MBA	25-Jun-07			Tata Toyo Radiator, General Manager
Raja Krishnamurthy	47	47 Vice-President-Technical/Laboratory	Contractual	14,660,963	B.Tech, MBA,Phd	14-May-09			DOW Chemical International Pvt Ltd, General Manager
Sanjit Satapathy	47	47 Senior General Manager-Home Care Division	Contractual	7,784,830	B.Sc, PGDM	4-Nov-98		NA Fu	Funskool (I) Ltd., Area Sales Manager
Sameer Agarwal	41	41 Chief Financial Officer	Contractual	10,225,781	B.Com, FCA	9-Jan-12	18		Ingersoll Rand India Ltd, Finance Controller
Sunil Banthiya	50	50 Vice President-Total Supply Chain & Manufacturing	Contractual	14,864,380	B Tech	10-Jun-13	27		Avery Dennison India Pvt Ltd , Director-Operations & Supply Chain
Satyendra Joshi	52	52 Senior General Manager- CRM	Contractual	8,343,465		23-Jan-89		NA 3N	3M UK, Manager-Marketing
Shankaranarayana Rao BV	55	55 Wholetime Director	Contractual	15,811,554	B. Com., MBA., ICWAI (Inter)	16-Apr-90	32		Mysore Paper Mills Ltd., Finance Officer
Sridharan Sashidharan	54	54 Vice-President - Industrial Business	Contractual	21,515,714	B.E, PGDM	8-Jun-92	31	NA IT	ITW Signode India Limited, Business Development Manager
Sachdeva D S	49	49 Vice president-Consumer Business	Contractual	11,931,370	B.E, M.B.A	27-Sep-04	56		Balsara Home Products Limited, General Manager Sales
Ved Prakash Dimri	47	47 General Manager - Governement Markets	Contractual	7,711,886	Msc, MBA	15-Apr-96	24		International General Electric India Ltd, Marketing Specialist
V Vijay Krishnan	41	. Vice President-Safety and Graphics Business	Contractual	8,567,958	B.E, MBA	2-Aug-04	18	NA Gr	Grindwell Norton Ltd, National Sales Manager
Employed for part of the year									
Harish Sadasivan	52	52 Senior General Manager-Business Development	Contractual	13,572,047		4-Jul-94		5-Jan-15 C	5-Jan-15 Carborundum Universal Limited, Asst.Manager Product Application
Pawan Singhal	52	52 General Counsel	Contractual	8,115,530	,FCS,LLB	1-Aug-14		NA As	AstraZeneca Pharma India Limited/Vice-President Legal
Yogesh Kapur	49	49 Senior General Manager- Business Development (APAC)	Contractual	9,761,324	B.E., MBA	3-Dec-93	26 31	1-Dec-14 H	31-Dec-14 HCL - Hewlett Packard Limited, Territory Manager
Notes:									

<sup>1.</sup> Remuneration includes salary, bonus, allowances, Company's contribution to provident and superannuation funds, medical reimbursements, leave travel assistance, 3M US Stock option payments, value of other perquisites as per Income Tax Rules. 2. No nelisted above is related to any of the Directors of the Company and all the above appointments are/were on contractual basis.

For and on behalf of the Board of Directors

MANAGING DIRECTOR DIN: 00098933 AMIT LAROYA

B V SHANKARANARAYANA RAO WHOLETIME DIRECTOR DIN: 00044840

<sup>3.</sup> Other terms and conditions are as per rules of the Company and, where required, according to sanctions from the Government.

<sup>4.</sup> None of the above employees hold more than 2% of the equity capital of the Company.

## DECLARATION FROM INDEPENDENT DIRECTORS

The Board of Directors 3M India Limited Plot No.48-51, Electronic City Hosur Road Bengaluru – 560 100

Dear Sirs,

Compliance under Section 149 and Schedule IV of the Companies Act, 2013 read with Clause 49 (II) (B) of the Listing Agreement

## We confirm that:

- 1. Apart from receiving director's remuneration, we do not have any material pecuniary relationships or transactions with the company, its promoters, its directors, its senior management or its holding company, its subsidiaries and associates which may affect my independence as a director;
- 2. We are not related to promoters or persons occupying management positions at the board level or at one level below the board;
- 3. We have not been an executive of the company in the immediately preceding three financial years;
- 4. We are not partner or executive or were not partner or executive during the preceding three years, of any of the following:
  - i. the statutory audit firm or the internal audit firm that is associated with the company, and
  - ii. the legal firm(s) and consulting firm(s) that have a material association with the company.
- 5. We are not a material supplier, service provider or customer or a lessor or lessee of the company, which may affect my independence as a director;
- 6. We are not substantial shareholder of the company i.e. owning two percent or more of the block of voting shares.

(B.S.IYER) DIN: 00138425 Date: April 10, 2015 (BIREN GABHAWALA) DIN: 03091772 Date: April 15, 2015

DIN: 00136969 Date: April 13, 2015

(BHARAT SHAH)

To the Members of 3M India Limited

#### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of 3M India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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.

## **Auditors' Responsibility**

- 3. Our responsibility is to express an opinion on these financial statements based on our audit.
- 4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
- 5. We conducted our audit in accordance with the Standards on Auditing specified under Section143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
- 6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
- 7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

## Opinion

8. 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2015, and its profit and its cash flows for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

9. As required by 'the Companies (Auditor's Report) Order, 2015', issued by the Central Government of India in terms of sub-Section (11) of section 143 of the Act (hereinafter referred to as the" Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

# INDEPENDENT AUDITORS' REPORT

- 10. 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the Directors as on March, 31, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2015, from being appointed as a Director in terms of Section 164 (2) of the Act.
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
    - i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2015 on its financial position in its financial statements Refer Note [6];
    - ii. The Company did not have any long-term contracts including derivative contracts as at March 31, 2015. iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2015.

For Lovelock & Lewes Firm Registration Number: 301056E Chartered Accountants

Dibyendu Majumder Partner Membership Number: 057687

Place: Bangalore Date: May 29, 2015

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of 3M India Limited on the financial statements as of and for the year ended March 31, 2015.

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
- ii. (a) The inventory excluding stocks with third parties has been physically verified by the Management during the year. In respect of inventory lying with third parties, these have substantially been confirmed by them. In our opinion, the frequency of verification is reasonable.
  - (b) In our opinion, the procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) On the basis of our examination of the inventory records, in our opinion, the Company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to book records were not material.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a) and (iii)(b) of the said Order are not applicable to the Company.
- iv. In our opinion and according to the information and explanations given to us, having regard to the explanation that, except for certain items of fixed assets which are of special/proprietary nature for which suitable alternative sources do not exist, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the aforesaid internal control system.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. We have broadly reviewed the books of account maintained by the Company in respect of products where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been specified under subsection (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of employee's state insurance, sales tax, value added tax and professional tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, income tax, wealth tax, service tax, duty of customs, duty of excise and cess and other material statutory dues, as applicable, with the appropriate authorities.
  - (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of wealth-tax which have not been deposited on account of any dispute. The particulars of dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess as at March 31, 2015 which have not

# ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Name of the statute	Nature of dues	Demand Amount (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Net Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax and Interest	77.18	83.71	-	Assessment Year 2006-07	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax and Interest	94.26	75.00	19.26	Assessment Year 2008-09	Income Tax Appellate Tribunal
The Income Tax	Income Tax	264.08	225.00	39.08	Assessment Year	Income Tax Appellate
Act, 1961 The Income Tax	and Interest Income Tax	1,275.73	-	1,275.73	2009-10 Assessment Year	Tribunal Commissioner of
Act, 1961 The Income Tax	and Interest Income Tax	979.17	_	979.17	2010-11 Assessment Year	Income Tax (Appeals) Dispute Resolution
Act, 1961	and Interest				2011-12	Panel, Bangalore
The Income Tax Act, 1961	Income Tax and Interest	20.52	-	20.52	Assessment Year 2012 - 13	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax and Interest	50.24	-	50.24	Assessment Year 2013- 14	Commissioner of Income Tax (Appeals)
Customs Act, 1962	Customs Duty, Interest and penalty	1,961.51	-	1,961.51	Financial Years 2005 – 06 2006 – 07 2007 – 08 2008 – 09 2009 – 10	Customs, Excise & Service Tax Appellate Tribunal
The West Bengal Value Added Tax Act, 2003	Value Added Tax	18.82 0.63 9.86	- - -	18.82 0.63 9.86	Financial Years 2008 – 09 2009 – 10 2010 – 11	The Senior Jt. Commissioner, Commercial Tax
The Central Sales Tax (West Bengal) Rules, 1958	Central Sales Tax and Interest	16.25 20.04 10.70 52.58	- - - -	16.25 20.04 10.70 52.58	Financial Years 2008 – 09 2009 – 10 2010 – 11 2011 – 12	The Senior Jt. Commissioner, Commercial Tax
Maharashtra Value Added Tax Act, 2002	Value Added Tax, interest and penalty	539.50 1,406.66 3,565.54 1,709.87	66.08 48.04 147.81 16.78	473.42 1,358.62 3,417.73 1,693.09	Financial Years 2005 - 06 2006 - 07 2008 - 09 2009 - 10	Deputy Commissioner of Sales Tax, Mumbai
Central Sales Tax Act, 1956 (Central Sales Tax (Bombay) Rules, 1957)	Central Sales Tax, interest and penalty	101.11 61.31 677.71 870.57	- 10.00 - -	101.11 51.31 677.71 870.57	Financial Years 2005 - 06 2006 - 07 2008 - 09 2009 - 10	Deputy Commissioner of Sales Tax, Mumbai

			I			
Name of the statute	Nature of dues	Demand Amount (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Net Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Central Sales Tax Act, 1956	Central Sales Tax and penalty	368.34 420.06	- -	368.34 420.06	Financial Year 2010-11 2011-12	Excise and Taxation Officer-cum-Assessing Authority, Gurgaon
Central Sales Tax Act, 1956	Central Sales Tax	13.49	1.69	11.80	Financial Year 2011-12	Appellate Deputy Commissioner (CT), Hyderabad Rural Division
Delhi Value Added Tax Act, 2004	Value Added Tax, interest and penalty	354.10	-	354.10	Financial Year 2010-11	Value Added Tax Officer, Delhi
Central Sales Tax Act, 1956	Central Sales Tax, interest and penalty	312.99	-	312.99	Financial Year 2010-11	Value Added Tax Officer, Delhi
Central Sales Tax Act, 1956	Central Sales Tax, interest and penalty	182.94	73.16	109.78	Financial Year 2008 - 09	Joint Commissioner of Commercial Taxes (Appeals)-1, Bangalore
Karnataka Value Added Tax Act, 2003	Value Added Tax, interest and penalty	66.82	-	66.82	Financial Year 2008 - 09	Assistant Commissioner of Commercial Taxes (Audit)- 1.3, VAT Dvn-1, Bangalore
Tamil Nadu Value Added Tax Act, 2006	Value Added Tax and penalty	49.66 12.90 107.18 81.82 83.29 74.72 3.20	8.28 2.15 17.87 13.64 13.90 12.46 0.80	41.38 10.75 89.31 68.18 69.39 62.26 2.40	Financial Years 2007 - 08 2008 - 09 2009 - 10 2010 - 11 2011 - 12 2012 - 13 2013 - 14	Appellate Deputy Commissioner, Chennai
Central Sales Tax Act, 1956 [Central Sales Tax (Gujarat) Rules, 1970]	Central Sales Tax	1.82	-	1.82	Financial Year 2009 - 10	Commercial Tax Officer, Ahmedabad
Gujarat Value Added Tax Act, 2003	Value Added Tax, interest and penalty	20.37	-	20.37	Financial Year 2010 - 11	Deputy Commissioner of Commercial Tax, Ahmedabad
Central Sales Tax Act, 1956 [Central Sales Tax (Gujarat) Rules, 1970]	Central Sales Tax, interest and penalty	3.75	-	3.75	Financial Year 2010 - 11	Deputy Commissioner of Commercial Tax, Ahmedabad
Uttar Pradesh Value Added Tax Act, 2008	Value Added Tax	47.21	16.52	30.69	Financial Year 2013-14	Deputy Commissioner, Commercial Tax, Lucknow

## ANNEXURE TO INDEPENDENT AUDITORS' REPORT

Name of the statute	Nature of dues	Demand Amount (Rs. in Lakhs)	Payment under protest (Rs. in Lakhs)	Net Amount (Rs. in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Finance Act, 1994	Service tax, interest and penalty	26.55	26.55	-	Financial Year 2010 - 11	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Central Excise Act, 1944 (Cenvat Credit Rules, 2004)	Cenvat Credit, interest and penalty	449.41	-	449.41	Financial Years 2009 - 10 2010 - 11	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Central Excise Act, 1944 (Cenvat Credit Rules, 2004)	Cenvat Credit, interest and penalty	190.11	95.05	95.06	Financial Years 2006 - 07 2007 - 08	Customs, Excise and Service Tax Appellate Tribunal, Bangalore

- (c) There are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The Company has no accumulated losses as at the end of the financial year and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
- ix. As the Company does not have any borrowings from any financial institution or bank nor has it issued any debentures as at the Balance Sheet date, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. In our opinion, and according to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year. Accordingly, the provisions of Clause 3(x) of the Order are not applicable to the Company.
- xi. The Company has not raised any term loans. Accordingly, the provisions of Clause 3(xi) of the Order are not applicable to the Company.
- xii. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such case by the Management.

For Lovelock & Lewes

Firm Registration Number: 301056E

**Chartered Accountants** 

Dibyendu Majumder

Partner

Membership Number: 057687

Place: Bangalore Date: May 29, 2015

(All amounts in Rs. Lakhs, unless otherwise stated)

		, , ,	unless otherwise stated)
	Note	As at March 31, 2015	As at March 31, 2014
EQUITY AND LIABILITIES		Watch 31, 2013	Widtell 31, 2014
SHAREHOLDERS' FUNDS			
Share capital	3	1,126.51	1,126.51
Reserves and surplus	4	79,644.84	68,816.15
NON-CURRENT LIABILITIES			
Long-term borrowings	5	754.37	674.28
Long-term provisions	6	1,853.89	1,096.28
CURRENT LIABILITIES			
Short-term borrowings	7	-	10,845.40
Trade payables	8	15,667.64	12,943.23
Other current liabilities	9	12,828.47	12,995.39
Short-term provisions	10	934.20	276.42
TOTAL		112,809.92	108,773.66
ASSETS			
NON-CURRENT ASSETS			
Fixed assets	11		
Tangible assets		38,323.46	41,287.76
Intangible assets		451.53	539.77
Capital work-in-progress		129.97	702.49
Deferred tax assets (net)	12	966.25	1,288.55
Long-term loans and advances	13	3,308.92	1,607.50
Other non-current assets	14	133.51	606.50
CURRENT ASSETS			
Inventories	15	29,556.55	25,823.79
Trade receivables	16	24,912.02	26,517.73
Cash and cash equivalents	17	11,390.95	5,970.18
Short-term loans and advances	18	3,251.85	4,429.39
Other current assets	19	384.91	
TOTAL		112,809.92	108,773.66

The notes are an integral part of these financial statements.

This is the Balance Sheet referred to in our report of even date

For and on behalf of the Board

For Lovelock & Lewes Firm Registration No: 301056E B V Shankaranarayana Rao Amit Laroya **Chartered Accountants** Whole-time Director **Managing Director** [DIN - 00044840] Dibyendu Majumder [DIN - 00098933] Partner Membership No: 057687 Sameer Agarwal V.Srinivasan Place: Bangalore Place: Bangalore **Chief Financial Officer Company Secretary** Date: May 29, 2015 Date: May 29, 2015 [ACS - 16430] [FCA - 101507]

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in Rs. Lakhs, unless otherwise stated)

192,789.92 8,760.16 184,029.76 1,447.84 185,477.60 60,892.42 52,314.30 (3,187.45)	7,574.63 174,234.28 1,994.29 176,228.57 65,154.19 44,171.35
8,760.16 184,029.76 1,447.84 185,477.60 60,892.42 52,314.30 (3,187.45)	
184,029.76 1,447.84 185,477.60 60,892.42 52,314.30 (3,187.45)	176,228.57 65,154.19 44,171.35
1,447.84 185,477.60 60,892.42 52,314.30 (3,187.45)	1,994.29 176,228.57 65,154.19 44,171.35
185,477.60 60,892.42 52,314.30 (3,187.45)	176,228.57 65,154.19 44,171.35
60,892.42 52,314.30 (3,187.45)	65,154.19 44,171.35
52,314.30 (3,187.45)	44,171.35
52,314.30 (3,187.45)	44,171.35
(3,187.45)	
,	(505.85)
0.0.00.00	
24,616.49	24,758.15
342.27	1,417.17
4,960.49	4,760.40
29,082.86	29,566.47
169,021.38	169,321.88
16,456.22	6,906.69
5,061.04	2,274.88
238.72	714.87
322.30	(382.08)
10,834.16	4,299.02
96.17	38.16
96.17	38.16
	10,834.16 96.17

The notes are an integral part of these financial statements.

This is the Statement of Profit and Loss referred to in our report of even date

For and on behalf of the Board

For Lovelock & Lewes

Firm Registration No: 301056E

Chartered Accountants

Amit Laroya

Managing Director

Dibyendu Majumder

[DIN - 00098933]

B V Shankaranarayana Rao Whole-time Director [DIN - 00044840]

Partner

Membership No: 057687

Place: Bangalore Place: Bangalore
Date: May 29, 2015 Date: May 29, 2015

Sameer Agarwal Chief Financial Officer [FCA - 101507] V.Srinivasan Company Secretary [ACS - 16430]

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year ended	Year ended
	March 31, 2015	March 31, 2014
A. Cash flow from operating activities		
Profit before taxation	16,456.22	6,906.69
Adjustments for:		
Depreciation and amortisation expense	4,960.49	4,760.40
Schedule II adjustments (refer note 11)	(5.47)	-
Advances written off	-	647.06
Provision for doubtful debts	1,190.62	1,125.57
Provision for doubtful debts written back	-	(148.05)
Bad debts written off	200.63	148.05
Provision for doubtful advances and deposits (net of write back)	308.15	810.56
Liabilities /provisions no longer required written back	(231.05)	(1,073.35)
Unrealised net (gain)/loss foreign currency transactions and transla	ations <b>17.14</b>	37.25
(Profit)/ Loss on sale of fixed assets (net)	39.10	57.86
Interest income	(66.59)	(0.26)
Interest expense	342.27	1,417.17
Operating profit before working capital changes	23,211.51	14,688.95
Changes in working capital:		
Increase/ (Decrease) in Trade payables	2,724.41	523.64
Increase/ (Decrease) in Long-term provisions	757.61	(33.83)
Increase/ (Decrease) in Short-term provisions	(471.68)	(328.38)
Increase/ (Decrease) in Other current liabilities	(46.00)	3,311.65
(Increase) / Decrease in Other non-current assets	472.99	(196.72)
(Increase)/ Decrease in Trade receivables	224.84	(966.94)
(Increase)/ Decrease in Inventories	(3,732.76)	(3,302.69)
(Increase)/ Decrease in Long-term loans and advances	(784.92)	619.28
(Increase)/ Decrease in Short-term loans and advances	1,177.54	186.61
(Increase) / Decrease in Other current assets	(384.91)	-
Unrealised net (gain)/loss foreign currency transactions and transla	ations (17.14)	(37.25)
Cash generated from operations	23,131.49	14,464.32
Taxes paid (net of refunds)	(5,394.94)	(2,425.93)
Net cash generated from operating activities	17,736.55	12,038.39
B. Cash flow from investing activities		
Purchase of tangible/intangible assets	(523.28)	(4,727.57)
Sale of tangible assets	26.15	5.47
Interest received	66.59	0.26
Net cash used in investing activities	(430.54)	(4,721.84)

# CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(All amounts in Rs. Lakhs, unless otherwise stated)

	Year ended March 31, 2015	Year ended March 31, 2014
C. Cash flow from financing activities		
Repayment of loan fund (Finance lease)	(697.57)	(692.51)
Repayment of Short-term borrowings	(10,845.40)	(5,195.03)
Interest paid	(342.27)	(1,417.17)
Net cash from financing activities	(11,885.24)	(7,304.71)
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	5,420.77	11.84
Cash and cash equivalents as at 1st April (Opening balance)	5,970.18	5,958.34
Cash and cash equivalents as at the 31st March (Closing balance)	11,390.95	5,970.18
Cash and Cash equivalents comprise of (refer note 17):		
Balances with banks:		
Current accounts	7,790.95	5,970.18
Deposits with original maturity of less than three months	3,600.00	-
	11,390.95	5,970.18

### Notes:

Date: May 29, 2015

- 1 The above Cash Flow Statement has been prepared under indirect method in accordance with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 2 The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at 31st March, 2015 and the related Statement of Profit and Loss for the year ended 31st March, 2015.
- 3 Previous year's figures have been regrouped wherever necessary to conform to current year's presentation.

This is the Cash Flow Statement referred to in our report of even date

### For and on behalf of the Board

For Lovelock & Lewes	Amit Laroya	B V Shankaranarayana Rao
Firm Registration No: 301056E	Managing Director	Whole-time Director
Chartered Accountants	[DIN - 00098933]	[DIN - 00044840]
Dibyendu Majumder	Sameer Agarwal	V.Srinivasan
Partner	Chief Financial Officer	Company Secretary
Membership No: 057687	[FCA - 101507]	[ACS - 16430]
Place: Bangalore	Place: Bangalore	

Date: May 29, 2015

### 1. GENERAL INFORMATION

3M India Limited ('the Company') is a subsidiary of 3M Company, USA. The Company manages its operations in five operating segments: Industrial, Health Care, Safety and Graphics, Consumer and Energy. In India, the Company has manufacturing facilities at Ahmedabad, Bangalore, Pune and has a R&D Center in Bangalore. 3M India's five business segments bring together common or related 3M technologies that enhance the development of innovative products and services and provide efficient sharing of business resources. The Company is a public limited Company and is listed on the Bombay Stock Exchange Ltd (BSE) and the National Stock Exchange Ltd (NSE).

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### a) Basis of preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (accounts) Rules, 2014.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

### b) Fixed assets

Tangible Assets

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

Depreciation on fixed assets including leasehold improvements are provided on straight line method over the useful lives of the assets. During the year, the Company has adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act 2013, applicable for accounting periods commencing 1st April 2014 or re-assessed useful life based on technical evaluation. Accordingly, the estimated life of certain Data Processing Equipments have been revised from 5 years to 3 years and Furniture & Fixtures from 15 years to 10 years respectively.

Asset	Useful Lives
Buildings	10/ 20/ 25 and 30 Years
Plant and Machinery	3/ 7/ 10 and 15 Years
Data Processing Equipments	3 Years
Office Equipment	5 Years
Furniture and Fixtures	10 Years
Vehicles	5 Years

Assets individually costing less than Rs.5,000 are fully depreciated in the year of addition.

Leasehold improvements are amortised over the period of lease or the estimated useful life whichever is lower. Assets taken on finance leases are depreciated over the estimated useful life or the lease term, whichever is lower.

### Intangible Assets

Intangible Assets are stated at acquisition cost, net of accumulated amortization and accumulated impairment losses, if any. Intangible assets are amortised on a straight line basis over their estimated useful lives.

Gains or losses arising from the retirement or disposal of an intangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the Statement of Profit and Loss. The amortisation rates used are:

Asset	Rates
Computer Software	3 Years

### Goodwill is amortised over the period of 5 years.

Cost of Leasehold land (including stamp duty) is amortised over the period of lease.

### c) Impairment

At the Balance Sheet date, the Company assesses whether there is any indication that an asset may be impaired. If such an indication exists, the Company estimates the recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised in the Statement of Profit and Loss to the extent carrying amount exceeds the recoverable amount.

### d) Inventories

Inventories are valued at the lower of cost and estimated net realizable value, after providing for cost of obsolescence and other anticipated losses, wherever considered necessary. The costs of raw materials and traded goods are ascertained on First-In-First-Out basis, whereas manufactured work-in-progress and finished goods are ascertained on weighted average method.

Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

### e) Foreign currency transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the transactions. At the period end all monetary foreign assets and liabilities are restated at the rates ruling at the period end and all exchange gains / losses arising there from is recognised in the Statement of Profit and Loss.

### f) Revenue recognition

Sales are recognised when significant risks and rewards of ownership in the goods are transferred to the buyer and are recorded net of sales returns, trade discount, rebates and sales tax collected but includes excise duty, where applicable.

Income from services rendered is booked based on agreements/ arrangements with concerned parties net of service

Income from duty drawback, scrap sales, contract research and management support services etc., is recognised on an accrual basis.

### g) Other income

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

# h) Employee benefits

### Provident fund

Contribution towards provident fund for certain employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

### Superannuation

The Company makes contribution to the Superannuation Scheme for certain employees participating in the scheme, a defined contribution scheme, administered by fund manager, based on a specified percentage of eligible employees' salary. The Company's obligation to the scheme is restricted to the contributions to the scheme.

# Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has an Employees Gratuity Fund where the investments are administered by a Fund Manager. The Company accounts for the

liability of Gratuity Benefits payable in future based on an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses/ gains are recognised in Statement of Profit and Loss in the year in which they arise.

### Compensated absences

The Company provides for the encashment/ availment of leave with pay subject to certain rules. The employees are entitled to accumulate leave subject to certain limits, for future encashment/ availment. The liability is provided based on the number of days of unutilized leave at each Balance Sheet date on the basis of an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses/ gains are recognised in Statement of Profit and Loss in the year in which they arise.

### i) Current tax and deferred tax:

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

### j) Provisions and Contingent liabilities

### **Provisions**

Provisions are recognised when there is a present obligation 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 there is a reliable estimate of the amount of the obligation.

Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Where the Company expects a provision to be reimbursed, the reimbursement is recognised as a separate asset but only when reimbursement is virtually certain.

### Contingent liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### k) Leases

### Finance leases

The Company leases certain tangible assets and such leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments.

Each lease payment is apportioned between the finance charge and the reduction of the outstanding liability. The outstanding liability is included in long-term borrowings and other current liabilities as appropriate. The finance charge is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the period of the lease.

### I) Segment reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the Company as a whole and are not allocable to segments on a reasonable basis, have been included under "Unallocated income/ expenses".

### NOTES TO THE FINANCIAL STATEMENTS

### m) Cash and cash equivalents

In the cash flow statement, cash and cash equivalents includes cash in hand, demand deposits with banks with original maturities of three months or less.

### n) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit/ loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

### o) Expenditure

Expenses are accounted for, on accrual basis and provision is made for all known losses and liabilities. Excise duty is accrued on the goods lying at the factory premises. Revenue expenditure on Research and Development is charged against the profit for the period in which it is incurred. Capital expenditure on Research and Development is shown as an addition to fixed assets.

### p) Use of estimates

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenses during the period reported. Actual results could differ from those estimates; a revision to accounting estimates is recognized prospectively in the current and future periods.

(All amounts in Rs. Lakhs, unless otherwise stated)

		As at I	March 31, 2015	As at Mar	ch 31,2014
3.	SHARE CAPITAL				
	AUTHORISED: 11,265,070 (2014:11,265,070) Equity Shares	of Rs. 10 each	1,126.51		1,126.51
	ISSUED, SUBSCRIBED AND PAID UP: 11,265,070 (2014:11,265,070) Equity Shares	of Rs. 10 each	1,126.51		1,126.51
	Total		1,126.51		1,126.51
	a) Reconciliation of the number of shares outsto	anding As at Ma	rch 31, 2015	As at March 33	L, 2014
		Number of Shares	Amount	Number of Shares	Amount
	Equity Shares Balance as at the beginning of the year Shares issued during the year Shares bought back during the year	11,265,070 - -	<b>1,126.51</b> - -	11,265,070 - -	1,126.51 - -
	Balance as at the end of the year	11,265,070	1,126.51	11,265,070	1,126.51

### b) Rights, preferences and restrictions attached to shares

The Company has only one class of shares referred to as equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Shares held by Holding Company	As at Marc	th 31, 2015	As at March	31, 2014
Equity Shares 3M Company, USA	Number of Share <b>8,448,802</b>	es Amount <b>844.88</b>	Number of Shares 8,448,802	Amount 844.88
d) Shares held by each shareholder holding n	nore than 5 per cent sha	res		
	As at Marc	th 31, 2015	As at March 3	31, 2014
Equity Shares	No. of Shares held	% of Holding	No.of Shares held	% of Holding
3M Company, USA, the Holding Company	8.448.802	75.00%	8.448.802	75.00%

			As at	: March 31, 2015	As at March 31, 2014
4. RESERVES AND SURPL	US				
Securities premium acc Balance as at the begin Add: Additions during Less: Amount utilised Balance as at the end	nning of the year the year during the year			949.90 - - - 949.90	949.90 - - 949.90
General Reserve Balance as at the begin Add: Transferred from Su Balance as at the end	rplus in Statement of Profi	and Loss du	uring the year	32.25 - 32.25	32.25 - 32.25
Surplus in the Stateme Balance as at the begin Add: Net Profit for the Less: Schedule II adjus Balance as at the end	nning of the year current year tments (refer note 11)			67,834.00 10,834.16 5.47 78,662.69	63,534.98 4,299.02 - - 67,834.00
Total				79,644.84	68,816.15
5. LONG-TERM BORROW Secured	/INGS				
Finance lease obligation	ons			754.37	674.28
Total				754.37	674.28
_			•	_	ce lease obligations are th subsequent to taking
6. LONG-TERM PROVISION Provision for employe Provision for gratuity Provision for compens	e benefits (refer note 34)			719.96 308.68	107.21 279.83
Others				247.07	224.72
Provision for warranty	,			347.07	334.73
Provision for warranty Provision for sales tax	,			478.18	374.51
Provision for warranty		As at 2014	Additions		374.51 1,096.28 As at
Provision for warranty Provision for sales tax Total	March 31,		Additions 12.34	478.18 1,853.89	374.51 1,096.28

### Notes:

Total

a) Warranty provisions (net of reimbursements) relates to the estimated outflow in respect of products sold by the company which are generally covered under a warranty of one to five years.

189.20

73.19

825.25

709.24

b) Provision for sales tax represents mainly the differential sales tax liability on account of non-collection of declaration forms. It also represents estimates made for probable liabilities arising out of pending disputes/ litigations with sales tax and other regulatory authorities. It is not practicable for the Company to estimate the timing of cash outflows, if any, in respect of the above pending resolution of respective proceedings.

		As at March 31, 2015	As at March 31,2014
Contin	gent liabilities not provided for :		
a)	Guarantees:		
	- Issued by Company's bankers	2,262.48	688.92
b)	Claims against the Company not acknowledged as debts:		
	- Income Tax matters [net of amount paid under protest Rs. 383.71 lakhs	2,384.00	2,825.48
	(2014: Rs. 83.71 lakhs)]		
	- Custom Duty (refer note (i) below)	1,961.51	1,961.51
	- Sales Tax matters [net of amount paid under protest Rs. 449.18 lakhs		
	(2014: Rs. 180.91 lakhs)] (refer note (ii) below)	10,816.61	9,516.08
	- Service Tax matters [net of amount paid under protest Rs. 121.60 lakhs	;	
	(2014: Rs. 121.60 lakhs)]	544.46	833.55
	- Others (refer note 11)	-	181.77
c)	Bills discounted	96.63	-

d) Certain industrial/ customer disputes are pending before various judicial authorities – amounts not ascertainable.

### Notes:

- (i) The Company during the year 2012-13 had received an order from The Commissioner of Customs demanding differential duty, interest and penalty of Rs.1,961.51 lakhs, contending the availment of concessional import duty in respect of some of its products for which a demand notice was served on the Company for payment of the above amount. The Company has filed an appeal against the order including for obtaining a stay against any recovery proceedings that may be initiated and accordingly no liability has been recognised in the books.
- (ii) The Company during the year 2013-14 received orders from Assistant Commissioner of Sales Tax, Mumbai under the Maharashtra Value Added Tax Act, 2002 and Central Sales Tax Act, 1956 for the years 2005-06, 2006-07, 2008-09 and 2009-10 demanding differential tax, interest and penalty of Rs. 8,932.28 lakhs contending the applicable rate of tax for various products and matters pertaining to declaration forms. The Company has filed appeals against all these orders based on legal opinion received and has obtained stay against any recovery of tax demands. Accordingly, no liability has been recognised in the books.
- (iii) During February 2014, the Directorate of Revenue Intelligence (DRI) conducted a search under Sections 17 and 28 of the Customs Act 1962 in relation to levy of custom duty on inter-company transactions for import of goods and services. With a view to co-operate with the authorities and to secure the release of the detained goods, the Company, under protest, and without prejudice to its rights and remedies under law, in February of 2014 made a deposit of Rs. 50.00 lakhs. The DRI has requested for additional information and the Company is co-operating with the authorities by submitting the information sought from time to time. Accordingly, no liability has been recognised in the books.
- (iv) Future cash outflow in respect of b) above are determinable only on receipt of judgments/ decisions pending with various forums/authorities.

## Capital Commitments:

Estimated value of contracts in capital account remaining to be executed 344.21 190.17

		As at March 31, 2015	As at March 31,201
7.	SHORT-TERM BORROWINGS		
	Unsecured		
	Term loan from bank (refer note below)	-	1,000.00
	Working capital loans repayable on demand from banks	-	9,845.40
	Total	-	10,845.40
	Term loan from bank is repayable after one year from the date of drawing a	long with the interest of	f 10% p.a.
	TRADE PAYABLES		
	Dues to Micro, Small and Medium Enterprises	107.51	54.33
	(refer note 35 for Details of Dues to Micro, Small and Medium Enterprises)		
	·	15,560.13	12,888.90
	(refer note 35 for Details of Dues to Micro, Small and Medium Enterprises)		
	(refer note 35 for Details of Dues to Micro, Small and Medium Enterprises) Others	15,560.13	12,888.90
•	(refer note 35 for Details of Dues to Micro, Small and Medium Enterprises) Others Total	15,560.13	12,888.90
•	(refer note 35 for Details of Dues to Micro, Small and Medium Enterprises) Others Total  OTHER CURRENT LIABILITIES	15,560.13 15,667.64	12,888.90 12,943.23
	(refer note 35 for Details of Dues to Micro, Small and Medium Enterprises) Others  Total  OTHER CURRENT LIABILITIES  Current maturities of finance lease obligations (refer note 5)	15,560.13 15,667.64 676.62	12,888.90 12,943.23 574.30
	(refer note 35 for Details of Dues to Micro, Small and Medium Enterprises) Others  Total  OTHER CURRENT LIABILITIES  Current maturities of finance lease obligations (refer note 5) Deposits from customers	15,560.13 15,667.64 676.62 1,391.13	12,888.90 12,943.23 574.30 1,314.94

### Notes:

- a) Deposits from customers are in the nature of security deposit for performance of the contract for supply of goods or provision of services, repayable on completion of contractual obligation with interest.
- b) There are no amounts due for payment to the Investor Education and Protection Fund under Section 205C of the Companies Act,1956 as at the year end.

# 10. SHORT-TERM PROVISIONS

Provision for employee benefits Provision for compensated absences	43.44	43.75
Others Provision for tax [(net of advance tax Rs. 4,170.30 (2014: Rs. 31,436.96 lakhs)]	890.76	232.67
Total	934.20	276.42

# **NOTES TO THE FINANCIAL STATEMENTS**

920.76 360.66 143.50 0.25 66.929 147.56 227.95 8.05 158.96 879.17 392.21 539.77 20,710.45 41,287.76 41,827.53 29,955.49 March 31, 2014 15,787.71 1,383.31 As at Net Block 64.36 652.57 58.25 599.29 728.81 31.84 570.21 387.17 451.53 41,827.53 15,153.88 1,278.68 38,323.46 19,019.11 2.87 38,774.99 March 31, 227.95 2015 As at 626.46 1,623.12 1,636.02 428.66 402.11 16,970.78 679.72 214.96 378.16 36.37 600.17 19,937.72 2,515.37 10,705.14 20.54 18,864.52 1,073.20 March 31, As at 2015 1,993.55 1,727.62 Accumulated Depreciation /Adjustme 1.19 18.59 29.90 2.26 427.17 478.60 9.31 Disposals 1,026.53 1,993.55 nts 328.50 633.83 311.69 282.25 287.53 111.66 0.25 94.12 5.04 99.16 183.02 6.16 100.71 4,960.49 4,760.40 2,615.73 4,861.33 For the Year 776.56 515.29 1,363.08 568.30 36.12 600.17 307.99 65.88 974.04 16,970.78 13,938.00 14.38 116.51 266.50 1,882.73 9,115.94 15,996.74 1,341.33 April 01, 2014 As at 458.09 58,798.31 23.41 273.21 410.00 36.37 57,187.98 600.17 466.47 58,712.21 227.95 17,669.25 29,724.25 1,958.40 2,275.69 2,235.31 1,157.47 1,196.67 1,524.73 March 31, 2015 As at 2,138.73 1,809.56 1.19 19.89 31.14 2.26 9.31 427.17 558.53 2,138.73 1,089.24 Disposals **Gross Block** 69.62 0.98 14.74 2.37 655.68 10.92 10.92 987.10 301.65 2,053.13 16,714.38 Additions 2,042.21 227.95 17,670.44 1,453.55 2,292.09 958.96 455.55 22.43 275.47 410.00 36.37 600.17 458.09 43,893.49 29,826.39 57,284.50 58,798.31 1,898.60 2,242.25 1,513.81 April 01, As at 2014 Land-Leasehold (refer note (a) below, Data Processing Equipments Data Processing Equipments Leasehold Improvements Leasehold Improvements Total Fixed Assets **Furniture and Fixtures Furniture and Fixtures Particulars** Plant and Machinery INTANGIBLE ASSETS Computer software Office Equipments Total 2014 Total TANGIBLE ASSETS Leased Assets 11. FIXED ASSETS Own Assets Buildings Goodwill Vehicles Vehicles Land Ф q

# NOTES TO THE FINANCIAL STATEMENTS

11. FIXED ASSETS

(All amounts in Rs. Lakhs, unless otherwise stated)

1	:	TT: I I VED ASSETS							א ווא)	איז וווטמוונט ווו הסי	LUKIIS, UIIIESS	All amounts in As. Lakits, unless otherwise stated)
				Gross Block	Block		A	Accumulated Depreciation	<b>Depreciation</b>		Net	Net Block
		Particulars	As at April 01, 2013	Additions	Disposals	As at March 31, 2014	As at April 01, 2013	For the Year	Disposals (Adjustments)	As at March 31, 2014	As at March 31, 2014	As at March 31, 2013
	в	TANGIBLE ASSETS Own Assets										
			227.95	1	1	227.95	ı	1	ı	,	227.95	227.95
		Buildings	12,332.12	5,345.66	7.34	17,670.44	1,310.43	575.84	3.54	1,882.73	15,787.71	11,021.69
		Plant and Machinery	20,751.24	9,630.92	555.77	29,826.39	7,168.38	2,461.52	513.96	9,115.94	20,710.45	13,582.86
		Furniture and Fixtures	1,582.46	402.08	85.94	1,898.60	445.81	144.36	74.88	515.29	1,383.31	1,136.65
		Vehicles	20.89	9.50	7.96	22.43	13.68	99.8	7.96	14.38	8.05	7.21
		Office Equipments	2,266.88	291.19	265.98	2,292.09	1,197.00	408.58	264.25	1,341.33	920.76	1,069.88
		Data Processing Equipments	712.23	ı	436.76	275.47	496.54	56.73	436.76	116.51	158.96	215.69
		Leasehold Improvements	1,921.48	340.03	19.26	2,242.25	1,109.50	267.91	14.33	1,363.08	879.17	811.98
		<u>Leased Assets</u>										
		Data Processing Equipments	1,049.27	250.58	370.89	958.96	645.66	293.53	370.89	568.30	360.66	403.61
		Leasehold Improvements	410.00	ı	1	410.00	184.50	82.00	1	266.50	143.50	225.50
		Furniture and Fixtures	36.37	1	1	36.37	26.50	9.62	1	36.12	0.25	9.87
		Vehicles	1,147.41	353.76	47.62	1,453.55	461.88	343.69	29.01	776.56	64.929	685.53
Ш	П	Total	42,458.30	16,623.72	1,797.52	57,284.50	13,059.88	4,652.44	1,715.58	15,996.74	41,287.76	29,398.42
	q	INTANGIBLE ASSETS										
		Goodwill	600.17	1	1	600.17	600.17		1	600.17		1
		Computer software	376.93	99.06	12.04	455.55	217.11	102.92	12.04	307.99	147.56	159.82
	$\exists$	Land-Leasehold (refer note (a) below)	458.09	ı	1	458.09	60.84	5.04	'	65.88	392.21	397.25
	$\exists$	Total	1,435.19	99.06	12.04	1,513.81	878.12	107.96	12.04	974.04	539.77	557.07
L												
		Total Fixed Assets	43,893.49	16,714.38	1,809.56	58,798.31	13,938.00	4,760.40	1,727.62	16,970.78	41,827.53	29,955.49

# NOTE:

certain conditions as mentioned in the agreement. The Company is in the process of registration of the lease agreement. In this regard, the Company had received a demand of Rs. 181.77 Lakhs from MIDC in financial year 2011-12. The said demand is with respect to the differential premium for seeking change of Company's name from Birla 3M Limited to 3M India Limited in the records of MIDC. The Company had filed a Civil writ petition in the High Court at Mumbai. The court vide an Order dated (a) Leasehold land represents amounts paid to Maharashtra Industrial Development Corporation (MIDC) for land including premium, paid towards fulfillment of compliance of February 05,2015 granted interim relief to the Company by inter-alia directing MIDC to effect the change of name in its records subject to certain conditions mentioned in the order.

28,987.35

29,955.49

244.95 13,938.00

3,630.00

10,552.95

43,893.49

330.27

4,683.46

39,540.30

2013

(b) During the year, the Company has adopted estimated useful life of fixed assets as stipulated by Schedule II to the Companies Act 2013, applicable for accounting periods commencing April 01, 2014 or re-assessed useful life based on technical evaluation. Accordingly, depreciation of Rs. 5.47 lakhs (net of deferred tax) (2014: Nil) on account of assets whose useful life is already exhausted as on April 01, 2014 has been adjusted against retained earnings. Due to the above, depreciation charge for the year ended March 31, 2015, is higher by Rs. 75.68 lakhs (2014: Nil)

### 12. DEFERRED TAX ASSETS (NET)

Accounting for taxes on Income disclosure is as per Accounting Standard 22. Major components of deferred tax assets and liabilities on account of timing differences as at March 31, 2015 are:

	As	sset	Liability		
Particulars	As at	As at	As at	As at	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014	
Depreciation	_	_	1,710.49	1,894.37	
Provision for doubtful debts/ advances	1,541.10	1,022.41	-	-	
Provision allowed on payments, write off	1,135.64	2,160.51	-	-	
	2,676.74	3,182.92	1,710.49	1,894.37	
Net deferred tax asset	966.25	1,288.55	-	-	
Net deferred tax (credit)/ debit for the year	322.30	(382.08)	-	-	

The tax impact for the above purpose has been arrived by applying a tax rate of 34.608% (2014: 33.99%) being the tax rate under the tax laws that have been enacted or substantively enacted by the Balance Sheet date and applicable for Indian Companies under the Income Tax Act, 1961.

Deferred Tax income for the year includes an amount of Rs. 236.71 lakhs (2014: Rs. 252.75 lakhs) pertaining to tax adjustments relating to previous years.

Deferred tax assets and deferred tax liabilities have been offset as they relate to the same governing taxation laws.

13. LONG-TERM LOANS AND ADVANCES	As at	As at
Capital advances	March 31, 2015	March 31, 2014
Unsecured, considered good	149.54	158.45
Security deposits	149.54	158.45
Unsecured, considered good Unsecured, considered doubtful	990.84 67.51	1,415.25
	1,058.35	1,415.25
Provision for doubtful security deposits	(67.51)	-
Other loans and advances	990.84	1,415.25
Advance recoverable in cash or kind or for value to be received		
Unsecured, considered good	17.24	33.80
Unsecured, considered doubtful	362.82	-
Advance Income Tax [Net of provision for taxation Rs. 31,908.34 lakhs (2014: Rs. Nil L	_akhs)]	
Unsecured, considered good	753.27	-
Balance with Statutory/ Government Authorities		
Unsecured, considered good	1,398.03	-
Unsecured, considered doubtful	709.41	
	3,240.77	33.80
Less: Provision for doubtful advances	(1,072.23)	
	2,168.54	33.80
Total	3,308.92	1,607.50
14. OTHER NON-CURRENT ASSETS		
Long-term trade receivables		
Unsecured, considered good	133.51	606.50
Unsecured, considered doubtful	82.94	-
	216.45	606.50
Less: Provision for doubtful receivables	(82.94)	
Total	133.51	606.50

	As at March 31, 2015	As at March 31,2014
15. INVENTORIES		
Raw materials	8,243.32	7,674.55
[including in-transit Rs. 2,088.01 lakhs (2014: Rs. 1,536.38 lakhs)]	·	,
Work-in-progress	1,256.85	1,026.22
Finished goods	8,063.70	8,217.15
Traded goods	11,520.83	8,438.35
[including in-transit Rs. 3,275.39 lakhs (2014: Rs. 3,954.62 lakhs)]	,	3, 133.33
Packing materials	471.85	467.52
Total	29,556.55	25,823.79
a) Details of inventory of traded goods		·
Abrasive	1,009.10	888.17
Fusion bonded epoxy coating	113.57	101.09
Medical surgical & dental products		
Self adhesive films	1,738.89	1,246.67
	3,420.13	1,662.07
Others Total	5,239.14 11,520.83	4,540.35 8,438.35
		6,436.33
b) Details of inventory of work-in-progress Abrasive	53.89	5.15
Fusion bonded epoxy coating	3.98	27.06
Medical surgical & dental products	138.63	156.57
Self adhesive films	463.12	463.05
Others	597.23	374.39
Total	1,256.85	1,026.22
	1,230.83	1,020.22
c) Details of inventory of finished goods		200 ==
Abrasive	278.32	200.77
Fusion bonded epoxy coating	207.00	233.76
Medical surgical & dental products	985.18	779.24
Self adhesive films	1,945.53	1,609.84
Others	4,647.67	5,393.54
Total	8,063.70	8,217.15
16. TRADE RECEIVABLES		
Secured, considered good		
Outstanding for a period exceeding six months from the date they are due for paymen		201.96
Others	727.64	640.07
Unsecured, considered good		
Outstanding for a period exceeding six months from the date they are due for paymen	nt <b>433.49</b>	593.32
Others	23,279.81	25,082.38
Unsecured, considered doubtful		
Outstanding for a period exceeding six months from the date they are due for paymen	nt <b>2,240.89</b>	1,570.73
Others	437.52	-
Less: Provision for doubtful debts	(2,678.41)	(1,570.73)
Total	24,912.02	26,517.73

	As at March 31, 2015	As at March 31, 2014
17. CASH AND CASH EQUIVALENTS		
Balances with banks		
Current accounts	7,790.95	5,970.18
Deposits with original maturity of less than three months	3,600.00	-
Total	11,390.95	5,970.18
18. SHORT-TERM LOANS AND ADVANCES		
Security deposits		
Unsecured, considered good	621.12	198.49
Unsecured, considered doubtful		61.76
	621.12	260.25
Less: Provision for doubtful deposits		(61.76)
	621.12	198.49
Other loans and advances		
Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	1,358.74	216.79
Unsecured, considered doubtful	1,336.74	769.83
onsecutiva, constacted doubtral		, 63.63
Prepaid expenses		
Unsecured, considered good	351.17	365.01
Balance with Statutory/ Government Authorities		
Unsecured, considered good	920.82	3,649.10
	2,630.73	5,000.73
Less: Provision for doubtful advances		(769.83)
	2,630.73	4,230.90
Total	3,251.85	4,429.39
19. OTHER CURRENT ASSETS		
Unbilled revenue	384.91	-
Total	384.91	

20. <b>RE</b>	VENUE FROM OPERATIONS	Year ended	Year ended
Re	venue from operations	March 31, 2015	March 31, 2014
	le of products		
	Finished goods	102,411.65	94,409.07
	Traded goods	87,195.34	84,008.73
Ot	her operating revenue	•	,
	Income from contract research [refer note 43 (c)]	2,142.38	2,424.62
	Income from management support services [refer note 43 (b)(ii)]	845.04	665.83
	Income from duty drawback	141.94	255.46
	Scrap sales	53.57	45.20
Re	venue from operations (gross)	192,789.92	181,808.91
	ss: Excise duty	8,760.16	7,574.63
	venue from operations (net)	184,029.76	174,234.28
De	etails of product sold		
a)	Finished goods (net of Excise duty)		
	rasive	2,663.92	2,584.79
Fu	sion bonded epoxy coating	5 <b>,252.98</b>	7,088.30
	edical surgical & dental products	8,067.63	10,148.64
	If adhesive films	28,986.94	27,078.45
Ot	hers	48,680.02	39,934.26
To	tal	93,651.49	86,834.44
h)	Traded Goods		,
•	rrasive	10,860.38	10,421.70
	sion bonded epoxy coating	4,050.64	4,567.87
	edical surgical & dental products	10,639.59	19,822.33
	If adhesive films	26,262.92	24,151.62
	hers	35,381.81	25,045.21
To		87,195.34	84,008.73
10		07,133.34	04,000.73
21. <b>OT</b>	THER INCOME		
Int	rerest income	66.59	0.26
Pro	ovision for doubtful debts written back	-	148.05
Lia	bilities/ provision no longer required written back	231.05	1,073.35
Ne	et gain on foreign currency transactions and translation	1,150.20	41.84
Mi	scellaneous income		730.79
To	tal	1,447.84	1,994.29
22. <b>CO</b>	OST OF MATERIALS CONSUMED		
Co	st of raw materials consumed	57,793.65	62,685.73
Co	st of packing materials consumed	3,098.77	2,468.46
To	tal	60,892.42	65,154.19
De	tails of raw material consumed		
Ab	rasive	1,910.07	3,004.61
Fu	sion bonded epoxy coating	5,461.71	2,494.53
Me	edical surgical & dental products	5,108.86	4,106.34
Se	If adhesive films	16,184.42	12,020.16
Ot	hers	29,128.59	41,060.09
To	tal	57,793.65	62,685.73
		· ·	

23	PURCHASES OF TRADED GOODS			Year ended	Year ended
25.	FORCHASES OF TRADED GOODS			March 31, 2015	March 31, 2014
	Traded goods purchased		_	52,314.30	44,171.35
	Details of purchase of traded goods				
	Abrasive			6,075.90	5,689.92
	Fusion bonded epoxy coating			2,966.94	3,273.66
	Medical surgical & dental products			6,623.35	10,890.01
	Self adhesive films			19,880.18	18,424.58
	Others			16,767.93	5,893.18
	Total			52,314.30	44,171.35
24.	CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-				
			ended		ar ended
		March 3	31, 2015	Marc	ch 31, 2014
	Stock at the beginning of the year				
	- Work-in-progress	1,026.22		687.38	
	- Finished goods	8,217.15		6,000.96	
	- Traded goods	8,438.35	17,681.72	10,057.45	16,745.79
	Less : Stock at the end of the year				
	- Work-in-progress	1,256.85		1,026.22	
	- Finished goods	8,063.70		8,217.15	
	- Traded goods	11,520.83	20,841.38	8,438.35	17,681.72
	(Increase)/ Decrease in stocks		(3,159.66)		(935.93)
	Increase/(Decrease) in excise duty		(27.79)		430.08
	Total		(3,187.45)		(505.85)
25.	EMPLOYEE BENEFITS EXPENSE			Year ended March 31, 2015	Year ended March 31, 2014
	Salaries, wages and bonus [refer note 28 (b)]*		_	20,769.33	21,484.17
	[including provision for Compensated of Rs. 38.66 lakhs (2014: Rs. 29.14 lakhs]			,	, -
	Contribution to provident and other funds (refer note 34) [including provision for/ (write back of) gratuity Rs. 862.75 la	akhs (2014: Rs. (:	16.95) lakhs)]	1,970.71	1,256.69
	Staff welfare expenses		, -11	1,876.45	2,017.29
	Total		_	24,616.49	24,758.15
	*Net of recoveries of Rs. 109.31 lakhs (2014: Rs. 195.02 la from/to 3M Electro & Communication India Private Limited,				1: Rs. 111.10 lakhs)
26.	FINANCE COSTS				
	Interest expense			342.27	1,417.17
	Total		_	342.27	1,417.17
27.	DEPRECIATION AND AMORTISATION EXPENSE				
	Depreciation on tangible assets			4,861.33	4,652.44
	Amortisation on intangible assets			99.16	107.96
	Total		_	4,960.49	4,760.40
					<u> </u>

28. OTHER EXPENSES		Year ended		Year ended
	Ma	rch 31, 2015	Mar	rch 31, 2014
Consumption of stores and spare parts		518.98		887.50
Power and fuel*		1,145.24		1,187.46
Water charges*		31.22		34.19
Lease rental (refer note 38)*		2,312.88		2,456.33
Repairs and maintenance				
- Building*	333.17		339.40	
- Plant and machinery	582.98		682.61	
- Others *	212.52	1,128.67	283.73	1,305.74
Insurance		188.04		166.89
Rates and taxes		326.31		55.96
Communication *		437.55		458.71
Travel and conveyance		2,442.30		2,415.52
Legal and professional charges [refer note (a) below]		913.52		1,036.68
Selling, distribution and advertisement expenses		5,632.99		5,330.81
Warranty (refer note 6)		12.34		55.14
Commission on sales		287.75		496.60
Freight outward (net)		1,077.34		506.50
Royalty [refer note 43 (a)]		2,161.74		1,503.32
Corporate management fees (net) [refer note 43 (b)(i)]		6,293.14		6,295.33
Directors' sitting fees		7.27		7.27
Bad debts written off		200.63		148.05
Provision for doubtful debts (net of write back)		1,190.62		1,125.57
Expenditure towards Corporate Social Responsibility activities		49.41		-
Advances written off		-		647.06
Provision for doubtful advances and deposits (net of write back)		308.15		810.56
Loss on sale of fixed assets (net)		39.10		57.86
Bank charges		59.34		57.63
Miscellaneous expenses *		2,318.33		2,519.79
Total	-	29,082.86		29,566.47

<sup>\*</sup> Net of recoveries amounting to Rs. 191.68 lakhs (2014: Rs. 191.68 lakhs) and including payment of Rs. 73.39 lakhs (2014: Nil) from /to 3M Electro & Communication India Private Limited, a subsidiary of 3M Company, USA.

(a) Payment to Auditors (excluding service tax)		
As auditor		
- Audit fees	51.62	49.16
- Tax audit fees	7.35	7.00
In other capacity		
- Certification and other services	24.53	24.30
Reimbursement of expenses	3.47	0.82
Total	86.97	81.28
(b) Research & Development expenses (refer note 33)		_
Salaries & wages (refer note 25)	2,092.67	2,106.08
Other expenses (refer note 28)	2,011.83	1,903.19
Total	4,104.50	4,009.27
29. VALUE OF IMPORTS ON C.I.F BASIS (EXCLUDING GOODS-IN-TRANSIT)		
Raw materials	27,856.93	28,265.86
Traded goods	45,334.45	45,747.61
Stores and spares	34.20	61.14
Capital goods	364.06	1,168.18
Total	73,589.64	75,242.79

30. EXPENDITURE IN FOREIGN CURRENCY (ACCRUAL BASIS)	Year ended March 31, 2015	Year ended March 31, 2014
Travelling expenses	363.83	206.62
Corporate management fee	5,933.05	5,828.32
Royalty	1,970.22	1,375.71
Foreign services employees expense	36.15	287.47
Others (net of tax)	201.69	153.73
Total	8,504.94	7,851.85

<ul> <li>. VALUE OF IMPORTED AND INDIGENOUS RAW MATERI (As certified by the management)</li> </ul>	,	Year ended		Year ended
	Ma	rch 31, 2015	Ma	rch 31, 2014
	%	Rs.	%	Rs.
Raw material				
- Imported	69%	39,877.62	76%	47,641.15
- Indigenous	31%	17,916.03	24%	15,044.58
	100%	57,793.65	100%	62,685.73
Stores and spares				
- Imported	25%	129.75	25%	221.88
- Indigenous	75%	389.23	75%	665.62
	100%	518.98	100%	887.50
Packing material				
- Indigenous	100%	3,098.77	100%	2,468.46
	100%	3,098.77	100%	2,468.46

32. EARNINGS IN FOREIGN EXCHANGE (ACCRUAL BASIS)	Year ended March 31, 2015	Year ended March 31, 2014
Export of goods F.O.B basis	3,926.41	3,431.09
Freight and insurance on exports	114.24	21.15
Contract research	2,142.38	2,424.62
Re-charge of other services	845.04	665.83
Total	7,028.07	6,542.69

### 33. RESEARCH AND DEVELOPMENT

During July 2012 the Company had obtained recognition for its R&D Lab facility in Bangalore from Department of Scientific Research (DSIR) which was valid till March 31, 2015. The Company has opted not to renew the DSIR recognition beyond March 31, 2015.

### 34. EMPLOYEE BENEFITS

a) The Company has recognised, in the Statement of Profit and Loss for the period ended March 31, 2015 an amount of Rs. 1,107.96 lakhs (2014: Rs. 1,273.64 lakhs) as expenses under defined contribution plans.

Benefits /Contribution to	Year ended March 31, 2015	Year ended March 31, 2014
Provident fund	962.90	978.70
Superannuation fund	140.88	288.64
Employee State Insurance Corporation	4.18	6.30
Total	1,107.96	1,273.64
b) The Company operates post retirement defined benefit plan for retirement g	ratuity which is funded.	_
c) Details of the post retirement gratuity plan are as follows:		
Reconciliation of opening and closing balances of obligation		
Obligation as at the beginning of the year	1,765.48	1,744.56
Current service cost	234.37	252.53
Interest cost	143.89	137.61
Actuarial (gains)/losses	704.01	(277.78)
Benefits paid	(420.32)	(91.44)
Obligation as at the end of the year	2,427.43	1,765.48
II. Change in Plan Assets (Reconciliation of opening and closing balances)		
Fair value of Plan Assets as at the beginning of the year	1,658.27	1,370.40
Expected return on plan assets	115.85	108.73
Actuarial gains/(losses)	103.67	20.58
Contributions	250.00	250.00
Benefits paid	(420.32)	(91.44)
Fair value of plan assets as at the end of the year	1,707.47	1,658.27
III. Reconciliation of fair value of assets and obligations		
Present value of obligation as at end of the year	2,427.43	1,765.48
Fair value of plan assets as at the end of the year	(1,707.47)	(1,658.27)
Unfunded amount recognised in the Balance Sheet	719.96	107.21
Recognised under:	=10.00	407.04
Long term provision (refer note 6)	719.96	107.21
IV. Expense recognised during the year	234.37	252.52
Current service cost Interest cost	234.37 143.89	252.53 137.61
Expected return on plan assets	(115.85)	(108.73)
Actuarial (gains)/ losses	600.34	(298.36)
Expense / (income) recognized during the year (refer note 25)	862.75	(16.95)
V. Investment details of plan assets		
Insurer managed fund	100%	100%
VI. Assumptions		
Discount rate (per annum)	7.80%	9.25%
Estimated rate of return on plan assets (per annum)	8.00%	8.00%
Rate of escalation in salary (per annum)  Year ended March 31, 2015 Year ended March 31, 2014	6.00%	6.00%

## NOTES TO THE FINANCIAL STATEMENTS

### 3M India Limited

(All amounts in Rs. Lakhs, unless otherwise stated)

VII. Experience history	2015	2014	2013	2012	2011
	(12 months)				
Defined benefit obligation at the end of the year	(2,427.43)	(1,765.48)	(1,744.56)	(1,271.74)	(983.10)
Plan assets at end of the year	1,707.47	1,658.27	1,370.40	1,018.35	739.56
Fund status	(719.96)	(107.21)	(374.16)	(253.39)	(243.54)
Experience Gain / (Loss) adjustments on plan liabilities	(396.83)	76.43	(208.43)	(194.95)	(198.78)
Experience Gain / (Loss) adjustments on plan assets	103.67	20.58	31.81	8.11	1.32
Actuarial Gain / (Loss) due to change on assumptions	(307.18)	201.35	(83.78)	52.14	(56.43)

### Notes:

- a) The estimates of future salary increases, considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- b) As per management estimate, contribution of Rs. Nil lakhs (2014: Rs. 200 lakhs) is expected to be paid to the plan during the year ending March 31, 2016. The contribution expected to be made by the Company for the year ending March 31, 2016 is not readily ascertainable.
- c) The expected rate of return on assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the the portfolio during the year.
- d) During the previous year, pursuant to 3M India Limited Employees Superannuation Fund Trust (trust) variation deed dated June 01, 2013, an offer was made to the members of the trust to withdraw 100% of their balance in lieu of contribution to the scheme. An approval was obtained by the trust from Commissioner of Income tax under rule 2(1) of Part B of IV Schedule to the Income Tax Act, 1961 vide letter dated November 29, 2013. During February 2014, for the members who opted for the scheme of 100% withdrawal an amount of Rs. 2,246.36 lakhs was brought into the Company and the disbursement has been routed through Company.

# 35. DISCLOSURE OF DUES/ PAYMENTS TO MICRO, SMALL AND MEDIUM ENTERPRISES TO THE EXTENT SUCH ENTERPRISES ARE IDENTIFIED BY THE COMPANY.

	March 31, 2015	March 31, 2014
(a) (i) The principal amount remaining unpaid as at year end	76.50	28.82
(ii) Interest due thereon remaining unpaid as at year end	31.01	25.51
(b) The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting period:	-	-
<ul><li>(i) Delayed payment of principal amount paid beyond the appointed date during the entire accounting period.</li></ul>	487.88	-
(ii) Interest actually paid under Section 16 of the Act, during the entire accounting period.	-	-
(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 period) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.	6.45	-
(d) The amount of interest accrued and remaining unpaid as at year end		
(i) Total interest accrued during the period	29.35	25.14
(ii)Total Interest remaining unpaid out of the above as at period end.	29.35	25.14
(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 the Micro, Small and Medium Enterprises Development Act, 2006.	1.66	0.37

Note: The above information has been determined based on vendors identified by the Company and confirmed by the vendors.

36. The Finance Act, 2001 has introduced, with effect from assessment year 2002-03 (effective April 1, 2001), detailed Transfer Pricing regulations for computing the taxable income and expenditure from 'international transactions' between 'associated enterprises' on an 'arm's length' basis. In addition to above, The Finance Act, 2012 has amended/inserted, with effect from assessment year 2013-14 (Effective April 01, 2013), Transfer Pricing Regulations for computing the taxable income and expenditure from 'Specified Domestic Transactions' not being an international transaction between 'associated enterprises' on an arm's length basis. These regulations, interalia, also require the maintenance of prescribed documents and information including furnishing a report from an accountant within due date of filing the Return of Income. For the year March 31, 2014 prescribed certificate of the accountant has been obtained and this did not envisage any tax liability. For the fiscal year March 31, 2015, the Company is in the process of obtaining the certificate of the Accountant. The Company does not envisage any tax implication arising based out of such study.

### **37. RELATED PARTY TRANSACTIONS**

Names of related parties and nature of relationship:

i) Holding Company 3M Company, USA

ii) Fellow Subsidiaries 3M China Limited 3M Korea Limited

3M Thailand Limited 3M United Kingdom PLC
3M France S.A.S. 3M Deutschland GMBH
3M Gulf Limited 3M ESPE Dental AG

3M Electro & Communication India EMFI SAS

Private Limited 3M Asia Pacific Pte. Ltd.

P.T. 3M Indonesia Dyneon GMBH

3M APAC RDC Pte Limited 3M Unitek Corporation

3M Argentina S.A.C.I.F.I.A.

3M International Trading (TJ) Co., Limited

3M Australia Pty. Limited

3M Material Tech (Guangzhou) Co., Limited

3M Canada Company 3M Wroclaw SP. Z O.O.
3M Do Brasil Limitada 3M Lanka Private Limited

3M EMEA, GmbH Dyneon B.V.

3M Espana, S.A.

3M Belgium S.A./N.V.

3M Hong Kong Limited

3M Mexico, S.A. de C.V.

3M Innovation Singapore Pte Limited

Cogent Systems, Inc.

3M Italia S.P.A. 3M Singapore Pte. Limited

3M Japan Ltd 3M Material Technology (Hefei) Co. Limited 3M Malaysia Sdn. Bhn. Sumitomo 3M Limited

3M Nederland Holding B.V. 3M Film Construction(Shanghai) Co. Limited

3M Philippines, Inc. 3M Taiwan Limited

3M Svenska AB 3M Technologies (S) Pte Ltd

3M Sanayi AS Ticaret 3M Oesterreich GMBH

iii) Key Management Personnel Amit Laroya (from 01st October, 2013)

Ajay Nanavati (up to 30th September, 2013)

B.V. Shankaranarayana Rao

Sadhana Kaul (up to 31st October, 2013)

Summary of the monetary value of the transactions with the related parties is as follows:

Particulars	Holding Company	Fellow Subsidiaries	Key Management Personnel	Total
I. Expenses:				
a. Purchase of materials (net of returns)	26,450.76	32,802.78	-	59,253.54
	(24,597.84)	(36,293.88)	(-)	(60,891.72)
b. Remuneration to Directors	-	-	444.66	444.66
	(-)	(-)	(545.38)	(545.38)
c. Corporate management fee	5,771.71	161.34	-	5,933.05
	(5,649.04)	(179.28)	(-)	(5,828.32)
d. Royalty	1,970.22	-	-	1,970.22
	(1,375.71)	(-)	(-)	(1,375.71)
e. Recharge of expenses paid	36.15	94.29	-	130.44
	(115.50)	(272.76)	(-)	(388.26)
II. Income				
a. Sale of goods	255.44	3,799.46	-	4,054.90
	(-)	(3,516.19)	(-)	(3,516.19)
b. Income from contract research	2,142.38	-	-	2,142.38
	(2,424.62)	(-)	(-)	(2,424.62)
c. Income from management support	832.78	12.26	-	845.04
services				
	(646.53)	(19.30)	(-)	(665.83)
III. Others				
Recharge/ reimbursement of	421.38	847.40	-	1,268.78
expenses received	(236.36)	(747.63)	(-)	(983.99)
IV. Purchase of capital goods	-	-	-	-
	(342.61)	(100.42)	(-)	(443.03)
V. Balances				
a. Trade receivables	248.54	441.77	-	690.31
	(1,344.61)	(623.61)	(-)	(1,968.22)
b. Other receivables	-	572.31	-	572.31
	-	(444.80)	(-)	(444.80)
C. Trade payables	5,261.59	4,984.67	-	10,246.26
	(2,068.16)	(5,184.00)	(-)	(7,252.16)
d. Other payables	132.63	19.27	-	151.90
	-	(23.42)	(-)	(23.42)

Disclosure in respect of transactions which are more than 10% of the total transaction of the same type with related parties.

I.a. Purchase of mat	erials (net o	f returns)
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Particulars	Particulars Relationship Transactions		Balances		
	Relationship	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
3M Innovation Singapore Pte Ltd	Fellow Subsidiary	10,253.37	8,705.34	1,644.05	1,202.41
3M APAC RDC Pte Limited	Fellow Subsidiary	5,925.62	5,657.17	617.59	651.84
Sumitomo 3M Limited	Fellow Subsidiary	-	4,270.80	-	874.14
I.b. Remuneration to Directors				Year ended	Year ended
			_	March 31, 2015	March 31, 2014
Amit Laroya (from 01st October, 2013)(refer note e)	Key Management Personnel			286.55	204.19
Ajay Nanavati (up to 30th September, 2013)	Key Management Personnel			- 158.11	127.38 144.66
B.V. Shankaranarayana Rao	Key Management Personnel			150.11	69.15
Sadhana Kaul (up to 31st	Key Management Personnel				03.13
October, 2013)					
I.e. Recharge of expenses paid					
3M Asia Pacific Pte. Ltd.	Fellow Subsidiary		171.97	-	-
3M China Limited	Fellow Subsidiary	-	-	-	-
3M Electro & Communication India	Fellow Subsidiary	94.29	100.79	19.27	-
Private Limited					
II.a. Sale of goods					
3M Gulf Limited	Fellow Subsidiary	2,901.64	445.15	263.85	-
3M Innovation Singapore Pte Ltd	Fellow Subsidiary	-	600.83	-	-
3M Italia S.P.A	Fellow Subsidiary	416.83	531.45	2.60	-
3M United Kingdom PLC	Fellow Subsidiary	-	513.68	-	-
III. Recharge/reimbursement of expen	cas ranaivad				
iii. Recharge/reimbarsement of expen	ses receiveu				
3M Electro & Communication India Private Limited	Fellow Subsidiary	300.99	348.24	139.80	-
3M Philippines, Inc.	Fellow Subsidiary	-	105.38	106.62	-
3M China Limited	Fellow Subsidiary	268.77	-	168.35	-
3M Asia Pacific Pte. Ltd.	Fellow Subsidiary	131.14	128.07	-	-
P.T. 3M Indonesia	Fellow Subsidiary	133.39	-	100.67	-
IV. Purchase of Capital Goods					
3M Canada Company	Fellow Subsidiary	-	74.36	-	-
3M Electro & Communication India	Fellow Subsidiary	-	25.84	-	-
Private Limited	·				

### Notes:

- a) The above does not include related party transactions with retiral funds, as the key management personnel who are trustees of the funds cannot individually exercise significant influence on the retiral fund transactions.
- b) The above information has been determined to the extent such parties have been identified on the basis of information available with the Company.
- c) None of the relatives of the Directors of the Company have any interest in any companies, firms, body corporate with which transactions have been entered into during the period.
- d) As gratuity and compensated absences are computed for all the employees in aggregate, the amounts relating to the Key Managerial Personnel cannot be individually identified.
- e) Does not include Rs. 133.39 lakhs recharged to P.T. 3M Indonesia and Rs. 33.08 lakhs recharged to 3M Company, USA towards share based payments.
- f) Figures in brackets relates to the previous year.

### 38. ASSETS TAKEN ON LEASE

Operating lease:

The Company has taken office premises, warehouse and residential premises under operating lease agreements that are renewable on a periodic basis at the option of both the lessor and lessee. The initial tenure of the lease is generally for eleven months to ninety six months. The minimum rental payments under the operating leases under non-cancellable lease term as at March 31, 2015 is as under:

	March 31, 2015	March 31, 2014
Minimum lease payments		
Lease rental charged to Statement of Profit and Loss	2,312.88	2,456.33
Minimum lease payments not later than one year	1,288.27	849.55
Minimum lease payments later than one year but not later than five years	1,073.89	535.50

### Finance lease:

The Company has taken vehicles, data processing equipments, leasehold improvements and furniture and fixtures under finance lease agreements. The minimum rental payments under the finance leases as at March 31, 2015 are as under:

Minimum lease payments	March 31, 2015	March 31, 2014
Minimum lease payments not later than one year	753.38	649.69
Minimum lease payments later than one year but not later than five years	791.89	711.67
Minimum lease payments later than five years	-	-
Present value of minimum lease payments		
Minimum lease payments not later than one year	676.62	574.30
Minimum lease payments later than one year but not later than five years	754.37	674.28
Minimum lease payments later than five years	-	-

# 39. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENY EXPOSURE

a. Derivatives outstanding as at the reporting date	March 31, 2015	March 31, 2014
Forward Contracts to Sell foreign currency Forward Contracts to buy foreign currency	-	-
b. Particulars of unhedged foreign currency exposure as at the reporting date		
Trade Payables Australian Dollar Canadian Dollar Euro Great Britain Pound Japanese Yen Polish Zloty Swedish Krona Singapore Dollar United States Dollar Trade receivables United States Dollar	0.80 44.54 1,142.09 145.19 647.35 0.54 3.30 1,644.05 8,361.08	214.18 807.10 190.09 874.14 2.90 2.07 1,069.53 3,648.38
Mark-to-Market losses provided for  40. EARNING PER SHARE	-	-
Net profit attributable to equity shareholders Weighted average number of equity shares outstanding during the year Face value of equity share (Rs.) Basic and diluted earnings per share (Rs.)	10,834.16 11,265,070 10.00 96.17	4,299.02 11,265,070 10.00 38.16
41. SEGMENT REPORTING		
Segment revenue (net sale/ income)  a) Industrial b) Health Care c) Safety and Graphics d) Consumer e) Energy f) Others *	80,005.78 27,217.41 45,118.03 18,788.94 8,956.68 3,942.92	74,988.95 23,325.25 41,726.59 17,355.75 13,935.43 2,902.31
Total revenue	184,029.76	174,234.28
Segment results (Profit before interest and tax)  a) Industrial b) Health Care c) Safety and Graphics d) Consumer e) Energy f) Others	9,117.03 1,709.71 1,366.62 972.79 1,444.98 739.52	4,441.46 564.37 639.44 (245.70) 309.15 620.85
Total segment results Less: Interest expense Add: Other un-allocable income net off un-allocable expenditure	15,350.65 342.27 1,447.84	6,329.57 1,417.17 1,994.29
Profit before tax Tax expense	16,456.22 5,622.06	6,906.69 2,607.67
Profit after tax	10,834.16	4,299.02

	As at March 31, 2015	As at March 31,2014
Segment assets		
a) Industrial	38,846.50	40,523.49
b) Health Care	14,801.78	14,198.89
c) Safety and Graphics	20,513.28	17,165.34
d) Consumer	12,996.47	13,359.39
e) Energy	7,430.12	10,730.94
f) Unallocated corporate assets	18,221.77	12,795.61
Total assets	112,809.92	108,773.66
Segment liability		
a) Industrial	6,763.23	10,399.14
b) Health Care	2,280.10	3,239.54
c) Safety and Graphics	4,519.73	6,379.15
d) Consumer	924.80	2,538.26
e) Energy	1,149.77	1,904.54
f) Unallocated corporate liabilities	16,400.94	14,370.37
Total liability	32,038.57	38,831.00
Capital expenditure		
a) Industrial	73.69	596.42
b) Health Care	77.88	572.15
c) Safety and Graphics	81.29	118.54
d) Consumer	139.01	1,072.34
e) Energy	16.22	86.87
f) Unallocated capital expenditure	1,092.52	2,885.59
Total capital expenditure	1,480.61	5,331.91
Depreciation expense		
a) Industrial	2,786.82	2,942.75
b) Health Care	478.07	354.63
c) Safety and Graphics	684.14	446.88
d) Consumer	331.53	285.56
e) Energy	615.00	597.09
f) Unallocated depreciation expense	64.93	133.49
Total depreciation expense	4,960.49	4,760.40
Non cash expenses other than depreciation		
a) Industrial	351.09	847.73
b) Health Care	328.81	278.20
c) Safety and Graphics	229.21	614.04
d) Consumer	454.36	63.52
e) Energy	92.97	129.53
f) Unallocated non cash expenses	115.58	3.11
Total non cash expenditure	1,572.02	1,936.13
*includes Export sales	3,942.92	2,902.31

Segments have been identified in line with the Accounting Standard on Segment Reporting (AS-17), taking into account the organization structure as well as the differential risks and returns of these segments.

Segment revenue, results and capital employed figures include the respective amounts identifiable to each of the segments. Other unallocable income net off unallocable expenditure are towards common services to the segments which are not directly identifiable to the individual segments as well as those at a corporate level which relate to the Company as a whole.

The Company operates mainly to the needs of domestic market and export turnover is not significant in context of total turnover. Accordingly, there are no reportable geographical segments.

With effect from April 1, 2013, the Company internally aligned its operating divisions to new segments viz., Industrial, Health Care, Safety and Graphics, Consumer and Energy from its old segments viz., Industrial and Transportation Business, Health Care Business, Safety, Security and Protection Services Business, Consumer and Office Business, Display and Graphics Business.

The products included in each of the reported segments are as follows:

- (a) Industrial: Major products under this segment include vinyl, polyester, foil and specialty industrial tapes and adhesives: Scotch Masking Tape, Scotch Filament Tape and Scotch Packaging Tape; Functional and Decorative Graphics; Abrasion-Resistant Films, Masking Tapes and Other Specialty Materials.
- (b) Health Care: Major products include medical and surgical supplies, medical devices, skin & wound care and infection prevention products & solutions, drug delivery systems, dental and orthodontic products and food safety products.
- (c) Safety and Graphics: Major product under this segment include personal protection products, brand & asset protection solutions, border control products, passive fire protection products for industries and commercial establishments, track and trace products, cleaning and hygiene products for the hospitality industry.
  - Graphics Business consists of four divisional subsets- the Traffic Safety Systems Division (TSSD), the Commercial Graphics Division (CGD), the Architectural Markets Division (AMD) and the Mobile Interactive Solutions Division (MISD). TSSD products include retro reflective traffic signs for highways and cities, pavement marking and vehicle registration products and services. CGD portfolio includes products like films, inks and digital signage products. AMD products includes wall and glass cladding products coupled with architectural interior services and environmental graphics for home and office spaces. MISD products include projection systems, computer and ATM-screen privacy filters and brightness enhancement films for television, avionics and automotive displays.
- (d) Consumer: Consumer and Office Business includes products such as Scotch brand, addressing the Home & Office tapes, Adhesives, Packaging protection platforms; Post-it brand with a product range of Note Pads, Dispensers, Flagging solution, Labels and Scotchguard brand addressing the stain protection market.
- (e) Energy: Energy includes products such as Fusion Bonded Epoxy coatings, Sun films and renewable energy.

### **42. STOCK OPTION**

3M Company, USA (3M), the parent company has offered 'General Employees Stock Purchase Plan' to all the employees of the company. In accordance with the plan, the Company during the year has deducted for remittance a sum of Rs. 73.05 lakhs (2014:Rs. 63.13 lakhs) and cumulatively amounting to Rs. 446.56 lakhs (2014: Rs. 373.51 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of Rs. 7.24 lakhs (2014: Rs. 5.87 lakhs) is pending remittance to the holding company and the same is included under Other Current Liabilities (refer note 9).

3M Company, USA (3M) has established 3M Company Long Term Incentive Plan (LTIP) / Management Stock Ownership Program (MSOP). As a part of the plan, Executive Directors and Senior Executives of 3M India Limited (3M India) are eligible to acquire shares of 3M Company, USA via stock options, stock appreciation rights (SARs), restricted stock units (RSUs) and performance shares. The eligible employees are granted stock options / stock appreciation rights (SARs)/ restricted stock units (RSUs) which will vest with the employees over a period of 3 years from the date of the grant and they can exercise the stock option within a stipulated period mentioned in the plan.

3M measures compensation expense for stock appreciation rights (SARs) at their fair value determined using Black – Scholes Model and restricted stock units (RSUs) based on fair market value of shares of 3M USA on the date of Grant for respective countries including India. Accordingly, an amount of Rs. 449.35 lakhs (2014: Rs. 615.38 lakhs) has been debited to the Statement of Profit and Loss for the year and included under Employee benefit Expenses.

During the year the Company has granted to employees of the Company 11,258 stock appreciation rights (SARs) (2014: 14,621) and 2,727 restricted stock units (RSUs) (2014: 4,847) on various dates of which none are vested. However 3,867 stock appreciation rights (SARs) (2014: 14,978) and 2,678 restricted stock units (RSUs) (2014: 3,151) were settled on account of being fully vested and exercised/forfeited resulting in an outstanding balance of 57,146 stock appreciation rights (SARs) (2014: 43,826) and 11,344 restricted stock units (RSUs) (2014: 12,626) at the end of the year.

The above disclosure as per Guidance Note on Accounting for Employee Share based Payment issued by ICAI is made to the extent the necessary information is available with the Company.

### 43. INTER-COMPANY AGREEMENTS/ ARRANGEMENTS

a) Intellectual property agreement – The Company has entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective July 1, 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from July 1, 2006 to June 30, 2009. These payments have been reinstated with effect from July 1, 2009. The Intellectual Property Agreement with 3M Innovative Properties Company and 3M Company, USA has been revised effective July 1, 2013. Accordingly, the Company has incurred an expenditure of Rs. 1,970.22 lakhs (2014: Rs. 1,375.71 lakhs) for the year ended March 31, 2015.

b) (i). Support services/ corporate management fees – The Company has entered into support services agreement with 3M Company, USA (having expertise in establishing, operating and managing international business and incurring costs in developing, manufacturing, marketing and selling a diverse portfolio of products) with effect from April 1, 2009. The Company is charged with comprehensive support services charges by 3M Company USA for the services received from all the 3M group companies in the areas of Laboratory, Technical Assistance and Manufacturing, Selling and Marketing, Strategic and Managerial, Information Technology, Routine Administration and Foreign Services Employees Expenses. This agreement supersedes the agreement entered by the Company with 3M Asia Pacific Pte Limited dated January 1, 2003 which was terminated on March 31, 2009.

The Company has also entered into support services agreement with 3M Hong Kong Ltd with effect from January 1, 2011. The Company is charged with comprehensive support services charges by 3M Hong Kong Ltd for the services rendered in the area of Laboratory, Technical Assistance and manufacturing, Selling and marketing and strategic and managerial. This agreement is in addition to the agreement already entered by the Company with 3M Company USA dated April 1, 2009.

The Company has incurred the following expenditure:

	March 31, 2015	March 31, 2014
- Laboratory and technical assistance manufacturing services	509.94	501.07
- Selling and marketing services	4,165.82	4,289.31
- Information technology services	722.64	673.20
- Other managerial services	894.74	831.75
Total	6,293.14	6,295.33
- Foreign services employees expense are included in employee costs amounting to	36.15	115.50

The Company has accrued an amount of Rs. 1,640.09 lakhs (2014: Rs. 1,550.00 lakhs) in respect of estimated liability for the above services during period January 1, 2015 to March 31, 2015; the actual liability would be ascertained by December 2015.

- (ii). The support service agreement enables the Company to recharge expenses relating to Foreign Service Employees (FSEs) of 3M Company and its affiliates consistent with 3M Company's Global Financial Standard on FSEs. Accordingly the Company has recognized a receivable of Rs. 1,653.28 lakhs (2014: Rs. 1,019.89 lakhs).
- c) Contract research agreement The Company has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective July 1, 2006 for carrying out contract research activities. During the year, Company has recognized an income of Rs. 2,142.38 lakhs (2014: 2,424.62).
- 44. The company during the previous year has recognised incremental service tax input credit pertaining to earlier years. Accordingly, an amount of Rs. 123.00 lakhs pertaining to financial year 2011-2012 and Rs. 461.27 lakhs pertaining financial year 2012-13 has been included under other income for previous year.
- 45. Previous year's figures have been regrouped / reclassified wherever necessary to conform to current year classification.

For Lovelock & Lewes

Firm Registration No: 301056E

**Chartered Accountants** 

For and on behalf of the Board

Dibyendu Majumder

Partner

Membership No: 057687

Amit Laroya Managing Director [DIN - 00098933]

Whole-time Director [DIN - 00044840]

B V Shankaranarayana Rao

Sameer Agarwal Chief Financial Officer

[FCA - 101507]

V.Srinivasan Company Secretary [ACS - 16430]

Place: Bangalore Date: May 29, 2015 Place: Bangalore Date: May 29, 2015

# **PROXY FORM**

# **3M INDIA LIMITED**

CIN: L31300KA1987PLC013543

Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru - 560100 Phone: 080-22231414, Fax: 080-2223 1450, email id:3mindia.investorshelpdesk@mmm.com, website: www.3m.com/in

	me of the m gistered add			
E-m	nail Id:			
Foli	io No/ Clien	t Id:		
DP/	'ID:I/We, be	ing the member (s) of shares of the above named company, hereby appoint		
(1)	Name:	Address:		
		Signature:		r failing him;
(2)	Name:	Address:		
` ,				
(3)		Address:		
		Signature:		
Roa		e held on August 4 , 2014, Tuesday at 11.00 A.M. at The Grand Ball Room, Hotel Chancery u – 560 025 and at any adjournment thereof in respect of such resolutions as are indicated Resolutions	below:	tional*
No			For	Against
1	RDINARY B		T	
2.		Adoption of Financial Statements for the year ended March 31, 201 5.  Re-appointment of Mr. Albert C Wang, who retires by rotation.		
3.		Appointment of Messrs. Lovelock & Lewes, Chartered Accountants, Bengaluru,	1	
.		as Auditors for the FY 2015-16 and FY 2016-17 and fixing their remuneration		
SF	PECIAL BUS			
4.		Appointment of Mr.B.S. Iyer as an Independent Director.		
5.		Appointment of Mr.Biren Gabhawala as an Independent Director.		
6.		Appointment of Mr. Bharat D Shah as an Independent Director.		
7.		Appointment of Mr. Ramesh Ramadurai as a Director, retiring by rotation.	<u> </u>	
8.		Appointment of Mr. Manuel B Pardo as a Director, retiring by rotation.		
9.		Ratification of remuneration payable to Messrs. Rao, Murthy & Associates, Cost Auditors.		
10	).	Approval of Material Related Party Transactions for the year 2014 -15 with 3M Company, USA.		
11	1.	Approval of Material Related Part y Transactions for the year 2015 -16 with 3M Company, USA.		
Sigr	ned this	day of 2015	Δ.	ffix
Sigr	nature of sh	areholder	Reve	enue amp
Sigr	nature of Pr	oxy holder(s)		

- Note:
- 1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office/Corporate Office of the Company, not less than 48 hours before the commencement of the Meeting.
- 2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 28th Annual General Meeting.
- 3\*. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the Box. if you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
- 4. Please complete all details including details of member(s) in above box before submission.

### ATTENDANCE SLIP

# (To be presented at the entrance)

3M INDIA LIMITED CIN: L31300KA1987PLC013543

Registered OfficePlot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100 Phone: 080-22231414, Fax: 080-2223 1450 email id: 3mindia.investorshelpdesk@mmm.com, website: www.3m.com/in

# 28<sup>TH</sup>ANNUAL GENERAL MEETING ON TUESDAY, AUGUST 4, 2015 AT 11.00 A.M. at The Grand Ball Room, Hotel Chancery Pavilion, 135, Residency Road, Bengaluru – 560 025.

I/We hereby record my / our presence at the 2 8th Annual General Meeting of the Company on Tuesday, August 4, 2015 at The Grand Ball Room, Hotel Chancery Pavilion, 135, Residency Road, Bengaluru – 560 025 at 11.00 A.M.

# Serial No: Dest: **BLUEDART AWBNO:** Name Address: Joint Holders(s): Member's Folio/DPID/Client ID No.: Member's Signature: Proxy's Name and Signature: 1. Sign this attendance slip and hand it over at the attendance verification counter at the entrance of the meeting 2. Bodies corporate, whether a Company or not, who are members, may attend through their authorized representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorization should be deposited with the Company. 3. In case of shares held in demat/electronic form, the signature of the Beneficial Owner is liable for verification with the record furnished to the Company by NSDL/CDS. Electronic copy of the Annual Report for 2014-15 and Notice of the Annual General Meeting (AGM) alongwith attendance slip and proxy form is being sent to all the members whose email address is registered with the Company/ Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip. Physical copy of the Annual Report for 201 4-15 and Notice of the AGM along with the attendance slip and proxy form is sent in the permitted mode(s) to all members whose email is not registered or have requested for

The remote electronic voting particulars are set out below:

a hard copy.

EVEN (E- Voting Event Number)	USER ID	PASSWORD

Please refer Notice for instructions on remote E-Voting.

Remote E-voting facility is available during the following voting period

Commencement of remote E-voting	End of remote E-voting
Friday, July 31, 2015 (from 9.00 am)	Monday, August 3, 2015 (up to 5.00 PM)

# FORM A

# Format of covering letter of the annual audit report to be filed with the stock exchanges

1.	Name of the Company:	3M India Limited
20	Annual financial statements for the year ended	31st March, 2015
	Type of Audit observation	Un-qualified
1-	Frequency of obscrvation	Not Applicable
5.	To be signed by-	
	Amit Laroya (Managing Director) DIN-00098933	Thong.
	Sameer Agarwal (Chief Financial Officer) FCA-101507	Mound
	Lovelock & Lowes (Auditor of the company)	For Lovelock & Lowes Firm Registration Number: 301056E Chartered Accountants  Dibyendu Majumder Partner Membership Number: 057687 Place: Bengaluru Date: May 29, 2015
	Biren Gabhawala (Audit Committee Chairman) DIN- 03091772	(CO) Lawy
	Date: May 29, 2015 Place: Bengaluru	