



Science.
Applied to Life.™

Reinventing our future, improving lives

Annual Report
2015 - 2016

The future begins with us

and belongs to our people...

Today at 3M, we have begun to surmount challenges to enable better tomorrows.

A vision being empowered by a massive people connect – collaborations within, pro-active engagement programs with key partners in the channel and reaching out through new avenues to our customers.

Keeping people at the heart of everything we do is the aspiration 3Mers across the country believe where our future lies.

The 3M people – our customers, stake holders and employees – is what makes our culture unique and makes us tick as we forge ahead to re-invent the future. Now.

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Bharat D. Shah, Chairman

Growth through new models and robust localisation.



The Indian economy finished on a good note in the fiscal year 2015-16. We enter the next fiscal year with a stronger, projected growth rate of 7.3%. The UN World Economic Situation and Prospect 2016 report states that India will be the world's fastest growing large economy, forecasting 7%+ level GDP for the next few years. A strong foundation for a vibrant India was laid by the Government at the Center through pro-market reforms, taming of inflation rates and rising foreign investor confidence which has had a multiplier effect on inclusive development. More importantly, a conscious effort to build a strong identity as a developing power is visible with India, today, being the brightest spot in an otherwise soft global economy. The challenges are huge, yet I remain optimistic to say that India has never had a better chance than today to make the 'big change' for generations to come.

3M India has leveraged on the long term optimism of the Indian economy while carefully managing the environmental challenges. With a firm eye on productivity, your Company has posted excellent results for the year 2015-16, registering an annual turnover growth of 14.3% accompanied by an increase in profitability of 85.4% over the previous year. The operating margin for the current year was at 16.94% compared to 11.73% for the last year.

There have been several trends in the economic environment during the fiscal year which provided exciting opportunities for 3M India to tap into. With the decline in IPI, 3M India shifted focus by following opportunities in Government driven initiatives such as the Smart Cities Mission and Make in India. The Make in India initiative, with its accent on electronics, defence and automobile manufacturing has been helping 3M India deploy its manufacturing strength. Your Company has been at the forefront of developing the market for smart cities through collaborations with various relevant stakeholders with similar interests.

Private consumption remained strong and expanded at the fastest pace in the last one year. 3M India has benefitted from increased focus in the consumption business with the adoption of new business models especially in the areas of automotive care and healthcare and has increased investment in new digital initiatives. Your Company also laid down the foundation for a robust ecommerce plan to drive the sales of its products and solutions.

A strong performance of any organization is always enabled by the aspiration, will and efforts of its employees. 3M India and its employees are committed to building a bigger, bolder and smarter company which never loses sight of its customers. I am happy to share that the initiatives during the year under review demonstrated this bigger, bolder and smarter thinking which is based on strong customer insights.

Your Company has also invested in building the competencies of its people, strengthening the new product commercialization process and localization efforts across all its manufacturing facilities with products to align with the key growth engines of the Indian economy.

As a responsible company, 3M India has substantially increased its community initiatives with projects under Education, Social Innovation and Women Empowerment by involving its employees as well.

I applaud the efforts of the 3M India team and congratulate them for executing the plan with such rigour and resilience. I am also grateful for the opportunity to execute my duties as Chairman of your company and thank my colleagues on the Board for their support and collaboration to guide 3M India towards a solid growth path over the next year.

Thank you.

Amit Laroya, Managing Director
(till May 31st., 2016)

Progress driven by keeping our Customers First.

2015-16 was a landmark year for 3M India. I'm pleased to share that the company was able to consolidate and accelerate on a strong foundation of productivity-led growth which helped us register a solid financial performance. We were also fortunate to have had the support of a well performing Indian economy with a healthy GDP growth rate of 7% + as compared to the rest of the world. During the year under review, there were several actions and initiatives that were undertaken to ensure that 3M India is geared up for the fast paced economic growth expected over the next few years.

Change Management for Growth

3M India has been through a change management process that has steadily transformed the organization from focusing on productivity improvement to building a bigger, bolder and smarter vision for the future.

1. We drove customer centricity to a higher level by improving our understanding of their needs and by developing new solutions for new markets.
2. The company optimized its product portfolio for high profitability, ably supported by a relentless drive to reduce costs and an improved effectiveness of our product commercialization process.
3. We strengthened our execution capability by focusing on a few vital metrics using the 3M Business Execution Process.
4. During the year under review, we calibrated a new future for 3M India through increased collaboration at various levels; within the organization so that our diverse portfolio across our businesses reaches our customers; with our channel partners, those who connect our innovations with our end customers; with strategic partners to participate in new and emerging opportunities and with our customers through deeper engagement.

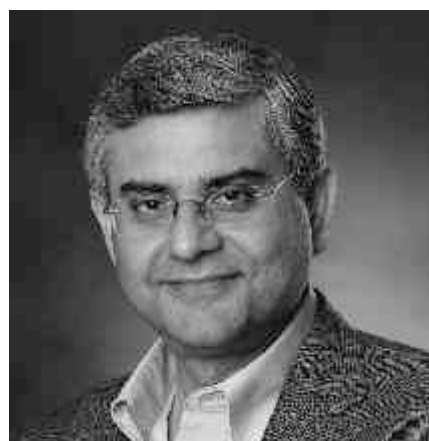
New Initiatives

1. As a way to mitigate the risk of being overly dependent on the country's industrial manufacturing, the company shifted focus to opportunities in key Government driven initiatives; for instance, through our road safety penetration and biometrics for identity authentication programs.

2. In addition, to take advantage of the consumption opportunities, we deepened our focus on small & medium enterprises, ecommerce and new business models such as mobile detailing vans to bring 3M car care to consumers' doorsteps.
3. We also saw success coming from expanding into new geographies where we discovered that we could make a difference to industrial stores with a wider basket of products from our diverse portfolio.
4. To address the growing need for quality healthcare in Tier 2 cities, we created an online marketplace for medical professionals, hospitals and dealers alike to access a range of healthcare products with a unique ecommerce model.
5. Our Customer First initiative drove a cultural shift in the way we stay relevant by going beyond being a supplier of products to becoming strategic partners in their success. We demonstrated this with some of our automotive customers by helping them improve the profitability of their dealerships. Similarly, with our small and medium enterprise customers, we enhanced our offering with certified safety education to help them build more productive and safer workplaces.
6. Above all, technology and data analytics augmented the efficiency of our customer front-end operations and the overall way we do business.

Driving a high performance culture through respect for diversity and the community

The company strengthened various initiatives to build the leadership pipeline across the company. 3MIndia has an active Women's Leadership Forum that is at the forefront of driving programs around leadership development, sensitization and employee engagement. Our Corporate Social Responsibility (CSR) initiative under the brand name of *Embrace* is helping ignite new possibilities for underprivileged children, budding innovators and a young breed of women who are aspiring to lead better lives. 3M India also pioneered a consortium with leading companies in India to develop a unique learning initiative for high potential employees to learn outside of their organizations.



Demonstrating Bigger, Bolder, Smarter thinking to reinvent the future

During the year under review, 3M India laid the foundation for an accelerated growth plan to expand our relevance in the Indian market.

- By driving new product commercialization and localization programs to strengthen our pipeline of locally developed and manufactured products.
- Leveraging existing and creating new business models that can take our diverse portfolio to our customers.
- Deepening our presence in metro cities as we believe that is a huge opportunity to tap into.
- Responding to key societal and economic trends with solutions for urbanisation, better air and water quality and acoustics for cars.
- Building our channel partners through a shared understanding of mutual responsibilities and collaboration towards growth

To conclude, I would like to recognize the leadership of our employees and the collaborative spirit of our teams that have helped us achieve our strong results. Our employees' achievements were also widely acknowledged through accolades and recognition by our customers, peers and our parent company.

As I end my tenure as Managing Director of 3M India, I'm grateful for the opportunity to have led a vibrant and inspired workforce. I would 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 previous Chairman, Mr. B. S. Iyer for his contribution towards the company and constant support. I'd like to thank our current Chairman, Mr. Bharat Shah, for his leadership and guidance in taking the company forward. I would also like to wish 3M India's new Managing Director, Debarati Sen every success as she takes over the reins of leadership of the company into the next phase of growth.

Thank you.

Debarati Sen, Managing Director
(June 1st., 2016 onwards)

Talent and focus that will drive the future.

This is an exciting year as I take office as the new Managing Director for 3M India and build upon the strong performance of the year under review. We are optimistic about the company's future in India. The economy is anchored in domestic growth which serves very well for our diverse portfolio of products.

I would also like to thank my predecessor, Amit Laroya for the solid results of the prior year and for his leadership in the past two and half years. I'm committed to build on the success we have achieved over the last few years and continue on the growth path we have set for ourselves. The focus will be stronger than ever to provide innovative solutions to the Indian customer and help drive value through local technology and manufacturing.

We have an energized and engaged workforce with world-class talent. We have invested in the right processes, initiatives and partnerships to win in the new economy.

Our innovative business models will ensure sustainable growth, driving a customer first mindset, leveraging our science and diverse technological platforms and the emerging value chains in the marketplace. Above all, we will continue to drive our focus on community and social responsibility harnessing the diversity and passion of our employees and our stakeholders to build and support a vibrant new India.

I feel privileged to be a part of a high performing team. I thank the Board of Directors for the opportunity and look forward to their guidance and support to take 3M India to the next stage of evolution as we continue to drive our global vision of

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

Thank you.



Collaborate

Reaching the customer by exploring new avenues is a mission in progress with success stories already emerging by being a bigger, bolder and smarter 3M.

3M's collaborative customer centric approach to markets takes cues from local megatrends, positioning the diversity of 3M and expanding geographic spread. This is augmented by up scaling capability and leveraging productivity.

This collaboration with various stakeholders across the automotive, retail, healthcare and small & medium enterprise markets puts our customers at the heart of everything we do, takes our innovation beyond just a product and helps us deliver a richer customer experience.

Enhanced reach & better customer experience through a tailored portfolio

Increased partnering across 3M businesses and realising the potential of cross-market opportunities has helped us expand into new geographies and provide enhanced customer experiences.

Armed with a potent product portfolio mix, 3M has penetrated into regional industrial clusters with targeted local language communication for industrial retail stores and has shaken up mature adhesive markets with game-changing alternative adhesive products like Fast Bond Tape.

Our diverse portfolio, tailored for specific needs like branding, interior design, maintenance or refurbishment, general safety or something as unique as personalisation is empowering a richer brand experience that goes beyond just graphics and signage, for our customers who are deeply conscious of their brand.

Customer intimacy through saving lives & improving productivity

Deep market insight supported by the right product mix has helped us come up with customer benefits that range from bringing focus to worker safety at Small & Medium Enterprises (SME) to improving productivity in the Automotive OEM dealership segment.

Our initiatives to create safety awareness have helped improve workers' safety using 3M's protection products, covering 1000+ SMEs and touching the lives of more than 40,000 industrial workers. While data analysis helped us benchmark automobile dealerships and change the mind set from cost-cutting to enhanced productivity-led profit.

These initiatives have resulted in a perception shift from 3M as a product supplier to a strategic partner in these key segments.



Home delivered customer satisfaction

Bringing the 3M experience to our customers' doorstep is the dawn of a new era in our drive to reach new age markets. Car Care, Personalisation and Home Water Purification are three key opportunities where this route is showing tremendous promise.

The Mobile Detailing Van concept was developed based on customer insight that 97% of car owners belong to the "Do-It-For-Me" segment and 3 out of 10 customers at 3M Car Care Centers wanted services to be made available at their doorstep. This has created potential for visibility in high traffic areas and opened a whole new platform to showcase other 3M offerings.

The aspiration of today's youth and their demand to 'stand out from the crowd' drives 3M's car personalisation offering. Today, this opportunity has been tapped across 30 cities, wrapping over 5000 customers' vehicles.

Purifying water entering homes by following a new directly targeted approach is paying rewards for the Home Water Purification business and has given 3M the 'first mover advantage' in the space.

Touching everyday living, enabling aspirations to be fulfilled and making a positive impact is a new milestone in 3M's quest for making life easy.

Partnerships for a healthy growth in Tier 2 & 3 cities



Challenging healthcare market myths through a B2B e-Commerce platform that is enabled by strategic alliances is changing the way Tier 2 & 3 cities have accessibility to health care products.

With healthcare infrastructure rapidly increasing in such cities in line with economic growth trends, 3M aspired to enhance presence in these areas. The sheer geographic spread and deeply rooted local businesses posed a stiff entry barrier. Pro-active action led to 3M establishing a business model encompassing the efficiencies of e-Commerce and local channel support to drive penetration.

Today, the "www.healthcareareach.in" portal has 85% of sales coming from Tier 2 & 3 cities, reaches 500+ hospitals, 300+ re-sellers, 8000+ doctors and operates in 150+ cities.

This is the power of healthy people partnerships.

Innovate

Decades of technical expertise coupled with local insight gives 3M a distinct edge when delivering solutions that delight.

3M's Innovation Centers and the breadth of cross technology knowledge augment the invaluable learning from our connect with key stake holders in the various markets we touch. The innovation borne by this potent blend continues to create magic with products that transcend local challenges.

Spanning a diverse spectrum of solutions from under sea pipeline anti-corrosion coating to scrubs for squeaky clean kadais, 3M's innovation is now touching a wider audience.

Innovation that understands local behaviour and unique needs has made all the difference to our customers' work and lives from quicker, secure border control to making more time available for families to spend together.

Scotchkote™ 626-130
Fusion Bonded Epoxy
Powder Coating

Bonding that protects undersea assets.

Facing a specific challenge with protective coatings that will work at high temperature undersea conditions, a major state-owned oil drilling company turned to 3M when replacements were due for pipelines that connect oil wells.

Existing protective coatings did not have sufficient gel time for proper application.

3M India developed a new formulation Scotchkote™ 626-130 Fusion Bonded Epoxy with a 20-24 seconds gel time that offers an enhanced application window for better protection at temperatures that go up to 130°C.

3M™ Air-conditioner Cleaner
& Disinfectant

Cool new way for cleaner in-cabin air.

Car passenger comfort, health and safety gets a thumbs up with 3M's new, easy application air conditioner cleaner and disinfectant.

This product addresses traditional pain areas by obviating the need to dismantle AC systems to clean – so customers could drive home faster.

With its unique foaming and anti-bacterial action, the 3M™ Air-conditioner Cleaner & Disinfectant is a one-step application for reliable cleaning. Being plastic and vinyl safe, it also scores high on the green quotient.



3M™ Avagard™ Foam Handrub Advanced foam formulation for hygienic hands

3M™ Avagard™ Foam Handrub with its superior delivery mechanism in the form of a stable foaming solution prevents unnecessary spillage and wastage seen with liquid products.

Formulated by our scientists to suit India's hot and humid conditions, it contains a specially designed surfactant-polymer system compatible with alcohols and a reassuring fragrance that gives total protection to hands from microbiological intrusion.



3M™ Extra Heavy Duty
Scouring Pad

Non-woven magic for shinier kadais.

The after-effects of a delicious Indian meal include kadais with oily residues. This called for a radical thought from 3M to make life easy while cleaning.

3M innovators created the 3M™ Extra Heavy Duty Scouring Pad by adapting an industrial grade dry use handpad to wet, domestic usage. Our cross technology expertise in non-wovens and abrasives coupled with domestic insight now makes work easier in kitchens.



Energise

Putting people first demands that we have the right individuals in the right areas to make it happen.

Tapping young minds through a nationwide B-School challenge, taking forward an inclusive and gender diverse workplace and a unique interactive grooming program for high potential employees are highlights of 3M's people centric initiatives.

These programs are testimony to 3M's belief that investing in people is the key to unravel the future.

Women's Leadership Forum (WLF) Inclusiveness that promotes diversity

3M India Women's Leadership Forum (WLF) has been taking great strides to create a better balanced, inclusive culture at the workplace.

WLF encourages 3M women to drive the future forward through diversity and inclusion, education and leadership development.

From women in manufacturing to opportunities in open positions, senior level roles to represent more women at the top to women taking charge of their careers and leading initiatives to make themselves count, 3M India has been witnessing a cultural change that is supported by leadership at all levels of the organisation.



3M Invent a New Future Challenge

Kindling young minds to dream big

3M believes in grooming future leaders by inspiring young minds. 3M Invent a New Future Challenge initiative helped connect to the best B-schools in India like never before. Over a 2 month period, more than 300 of India's best B-school talent vied for a coveted internship opportunity at the 3M global headquarters. Through an intensive selection process of case study and start-up idea competitions, 2 winners were selected to travel to our parent company for an opportunity of a lifetime.



XCHANGE

Learning through cross business leadership perspectives

This unique inter-company leadership development program brings together the top talent from world class organizations across industries. Hi-potential participants get an opportunity to interact, network and collaborate with industry leaders, domain experts and academicians through exciting learning mediums such as simulations, lectures, quizzes, product demonstrations, innovation center visits etc. This co-creative knowledge sharing initiative led by 3M has been hailed as an industry best practice.

Embrace

Looking within, so we can empower the wider world we touch through outcome based CSR programs is 3M's way to reach out and create better, happier people.

Education, women empowerment and social innovation are focus areas where 3M has fostered a positive impact. Various programs under each vertical continue to improve and change lives.

Incubation Fund & Awards
Program for Young Innovators

**Giving young
innovators the chance
to make a difference
to India**

A pan-India search to tap young talent, this award in association with a leading Indian industrial body revolved around searching for socially relevant ideas under the broad segments of productivity, sustainability and disruptive innovation. 3 winners were awarded 3M grants to further their ideas

The tremendous response the Innovators Challenge has elicited proves that innovation can arise from curious, resourceful minds with the right exposure - from using algae to generate energy from sewage, to a non-invasive solution for back pain, to an intelligent, power saving socket - that was eventually adjudged the winner - each idea displayed an understanding of India's core problems and showed that a socially responsible innovative approach can alleviate these.



Mobile Science Lab Initiative
**Sparking curiosity
and innovation
in young minds**

The Mobile Science lab initiative has achieved significant success within a year of launch. With over 85 schools covered in village schools around Anekal and Ranjangaon regions and impacting around 20,000 young minds.

The Mobile Science Labs are kindling scientific temper and a passion for innovation in tender, curious minds.



Skills Development
Program for Young Women
**Educate to be
independent**

Empowering young women with the requisite vocational skills, professional ethics and adequate mentoring, 3M's skills development initiative has changed these lives by making them employable.

These intense, inclusive training programs have resulted in about 80% of trainees being placed in diverse companies with a chance of fulfilling their aspirations of a better life.

Disaster Relief & Rehabilitation
**Helping lives,
renewing hope**

When nature's fury left Tamil Nadu flooded, 3M's contribution benefitted over 2,000 families in Tiruvallu District.

3M's humane response to this disaster has helped provide aid in the form of food and utility items apart from helping rebuild homes for affected families in the region



Renew

As the promise of a better future beckons, 3M believes that being environmentally responsible today, is the key way forward.

From partnering with suppliers to ensure eco-safe sourcing, to using natural sources at our plants to generate energy, 3M is at the forefront of championing a greener tomorrow.

Life Cycle Management Improving lives Renewing resources

3M's Life Cycle Management (LCM) process is closely interlinked with all product development and New Product Introduction.

The environmental, health and safety impact of each component is addressed for home-grown, jointly developed or procured solutions. This ensures that every product carries the pride of being ecologically sensible.

Manufacturing Plants Certified eco-safe, future ready

Safe, compliant and enriching the future – 3M's plants at all three locations in India are certified with ISO 14001:2004 for environmental management systems. This is just a small leaf in the enormous branch of eco-sensible practices we follow.

Reduction and re-use are a part of daily operations. Sewage/waste water treatment systems are in place and attention is given to reduce water consumption, reuse water wherever possible and recycle treated water.

Our plants have implemented roof top rain water harvesting to recharge ground water. Efforts are also on to reduce waste generation at source, reuse and recycle waste like converting wooden scrap to make wooden pallets. Most of the remaining industrial waste is being sent to cement plants for incineration – further reducing our carbon footprint.

The Bengaluru plant meets 75% of its energy requirement through wind power generation. 3M India is also in the process of implementing ISO 50001 Energy Management System.



Energy Conservation Saving today, for tomorrow

Across 3M India facilities - plants and offices - energy conservation systems are in place to offset our use and give back to the environment in the best way feasible.

At our plants, cycle time operations are being optimised through automation and the installation of energy efficient machinery. Harmonic mitigation in electrical systems has resulted in 5% energy savings.

Other changes include LED lighting and layout changes to consolidate air conditioning to one area.



Ten Year Financial Highlights

Particulars	12 months ended (January to December)					15 months ended (Jan to March)	12 months ended (April to March)				
	2005	2006	2007	2008	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16
Gross Sales*	40,295	54,049	64,670	78,008	1,11,740	1,23,489	1,47,123	1,65,250	1,81,809	1,92,790	2,18,714
Total Income	38,306	51,058	61,905	75,240	1,10,679	1,20,241	1,41,037	1,58,463	1,76,229	1,85,478	2,12,019
Profit Before Depreciation, Interest & Tax (PBITDA)	6,746	8,471	11,280	9,862	15,825	16,644	12,632	12,101	13,084	21,759	35,907
Profit Before Tax (PBT)	6,058	7,797	10,663	9,102	14,087	14,806	9,611	7,520	6,907	16,456	30,799
Profit After Tax (PAT)	3,842	5,042	6,768	5,745	9,284	9,881	6,477	5,227	4,299	10,834	20,093
Net Fixed Assets	2,933	4,432	9,742	14,332	18,102	25,952	31,067	42,040	42,530	38,905	35,040
Share Capital	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51
Reserves & Surplus	16,214	21,256	27,904	33,649	42,933	52,813	59,291	64,517	68,816	79,645	99,738
Net Worth	17,341	22,383	29,030	34,776	44,059	53,940	60,417	65,644	69,943	80,772	1,00,864
Retained Earnings	3,842	5,042	6,768	5,745	9,284	9,881	6,477	5,227	4,299	10,834	20,093
Employee cost to sales	12.03	12.13	12.38	12.74	11.75	12.68	13.16	13.52	13.79	13.27	11.91
Net Deferred Tax Asset	125	304	433	512	827	640	440	906	1,289	966	1,540
Capital Investment	393	2,145	5,957	5,416	5,473	10,293	9,668	12,899	4,759	1,472	1,092
Ratio Analysis											
PBT to Total Income (%)	15.81	15.27	17.22	12.10	12.73	12.31	6.81	4.75	3.92	8.87	14.53
PAT to Total Income (%)	10.03	9.88	10.93	7.64	8.39	8.22	4.59	3.30	2.44	5.84	9.48
Return on Networth (RONW)(%)	22.16	22.53	23.31	16.52	21.07	18.32	10.72	7.96	6.15	13.41	19.92
Return on Capital Employed (%)	34.94	34.83	36.73	26.17	31.97	27.45	15.91	11.46	9.88	20.37	30.54
Return on Equity(%)	22.16	22.53	23.31	16.52	21.07	18.32	10.72	7.96	6.15	13.41	19.92
EPS	34.10	44.76	60.08	51.00	82.41	87.71	57.50	46.40	38.16	96.17	178.36
No. of shareholders	8,636	8,375	8,548	8,710	9,171	9,145	9,490	9,432	9,225	10,723	12,974

Notes/Glossary:

* Sales before Excise duty charged.

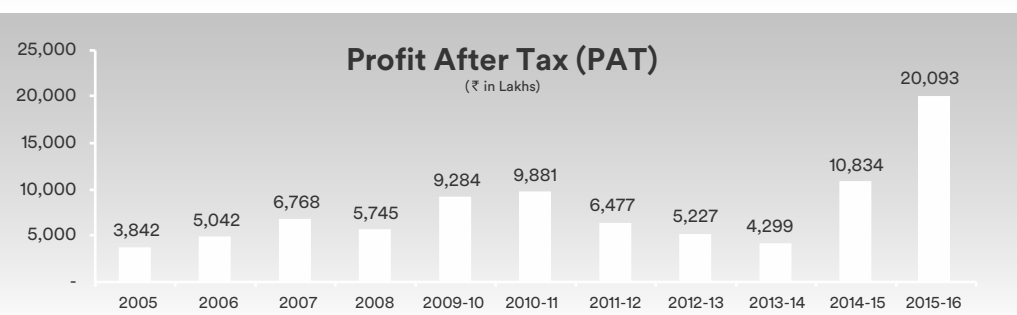
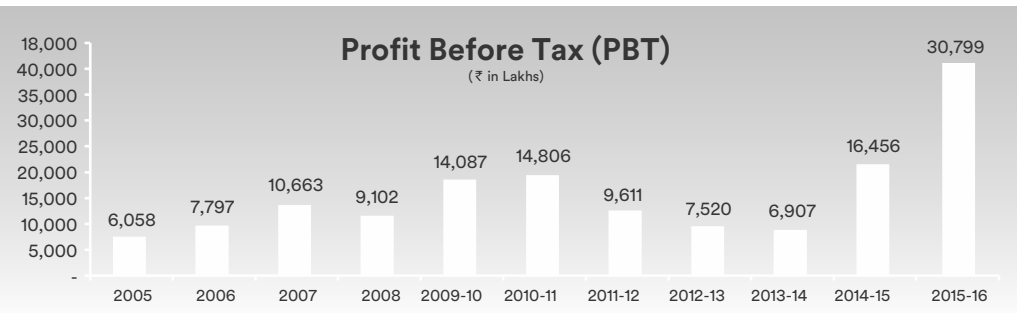
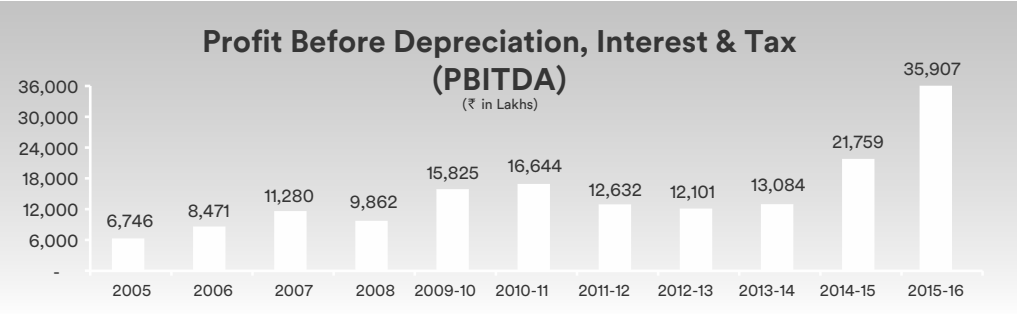
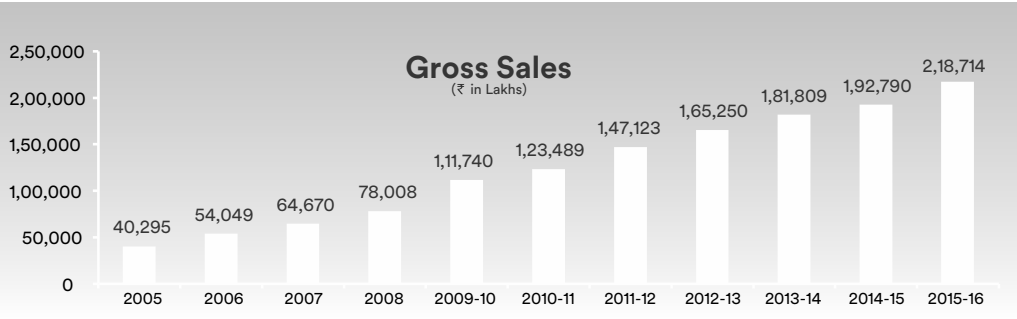
Previous year/period's figures have been regrouped/ reclassified wherever necessary to ensure uniformity.

Net worth=Share Capital+ Reserves & Surplus

RONW=PAT/ Networth

Return on Capital Employed(%)=PBT/Capital employed

Return on Equity=PAT/Networth



Board of Directors



B. S. Iyer
(up to March 31, 2016)
Chairman, Non-Executive and
Independent Director



Bharat D. Shah
(from May 27, 2016)
Chairman, Non-Executive and
Independent Director



Amit Laroya
(up to May 31, 2016)
Managing Director

(from June 1, 2016)
Non-Executive Director



Debarati Sen
(from June 1, 2016)
Managing Director



Biren Gabhawala
Non-Executive and
Independent Director



Radhika Rajan
(from May 27, 2016)
Non-Executive and
Independent Director



Albert C. Wang
Non-Executive Director



Sadhana Kaul
(up to May 27, 2016)
Non-Executive Director



Ramesh Ramadurai
Non-Executive Director



Manuel B. Pardo
Non-Executive Director



B. V. Shankaranarayana Rao
Whole-time Director

Key Managerial Personnel

Mr. Sameer Agarwal	Chief Financial Officer (up to March 31, 2016)
Mr. Panagiotis Goulakos (Panos)	Chief Financial Officer (from March 15, 2016)
Mr. V. Srinivasan	Company Secretary and Compliance Officer

Audit Committee

Mr. Biren Gabhawala	Chairman
Mr. B. S. Iyer	Member (up to March 31, 2016)
Mr. Bharat D. Shah	Member
Mr. Manuel B Pardo	Member
Ms. Radhika Rajan	Member (from May 27, 2016)

Stakeholders Relationship Committee

Mr. B. S. Iyer	Chairman (up to March 31, 2016)
Mr. Bharat D. Shah	Chairman (from May 27, 2016)
Mr. Biren Gabhawala	Member
Mr. Amit Laroya	Member (up to May 31, 2016)
Ms. Debarati Sen	Member (from June 1, 2016)
Ms. Radhika Rajan	Member (from May 27, 2016)

Corporate Social Responsibility Committee

Mr. Bharat D. Shah	Chairman
Mr. Amit Laroya	Member (up to May 31, 2016)
Ms. Debarati Sen	Member (from June 1, 2016)
Mr. B.V. Shankaranarayana Rao	Member
Mr. Ramesh Ramadurai	Member

Nomination and Remuneration Committee

Mr. Bharat D. Shah	Chairman (up to May 26, 2016)
Mr. Biren Gabhawala	Chairman (from May 27, 2016)
Mr. Albert C. Wang	Member
Mrs. Sadhana Kaul	Member (up to May 27, 2016)
Mr. Amit Laroya	Member (from June 1, 2016)

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- 500032

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

Our Vision

3M Technology Advancing Every Company

3M Products Enhancing Every Home

3M Innovation Improving Every Life



We will create a
bigger, bolder, smarter
company that inspires
every 3Mer to place
**our customers
at the heart of
everything we do.**

3M

Act to Win

Make smart choices to win with
our customers and in the marketplace

Act Bold

Develop a bold and
aggressive mind-set

Act with Passion

Create a vibrant and
energized workplace



**The
future
has begun
with us...**

3M

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: vsrinivasan@mmm. com, website: www. 3m. com/in

NOTICE TO MEMBERS

NOTICE is hereby given that the Twenty Nineth (29th) Annual General Meeting of the Company will be held at **11.00 A.M. on Friday, the 5th August 2016** at **Trinity Hall, Vivanta by Taj, 41/3, M. G. Road, Bengaluru – 560 001**, to transact the following business:

ORDINARY BUSINESS:

ADOPTION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016.

1. *To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:*

“RESOLVED THAT the Financial Statements of the Company including Audited Balance Sheet as at March 31, 2016, 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 Board’s Report including Secretarial Audit Report be are hereby received, considered and adopted.”

RE-APPOINTMENT OF MR. RAMESH RAMADURAI, WHO RETIRES BY ROTATION.

2. *To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:*

“RESOLVED THAT Mr. Ramesh Ramadurai (DIN-07109252), 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.”

APPOINTMENT OF MESSRS. BSR & CO. LLP, CHARTERED ACCOUNTANTS, BENGALURU (ICAI FIRM REGISTRATION No. 101248W/W-100022), AS AUDITORS FOR A PERIOD FIVE (5) YEARS AND FIXING THEIR REMUNERATION.

3. *To consider and, if thought fit, to pass, 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 their corresponding rules and based on the recommendation of the Audit Committee and of the Board of Directors, Messrs. BSR & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), who have offered themselves for appointment and have confirmed their eligibility under the relevant provisions of Chapter X of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, be and are hereby appointed as Statutory Auditors of the Company, to hold office for a period of five(5) years from the conclusion of the 29th Annual General Meeting up to the conclusion of fifth Annual General Meeting to be held after the 29th Annual General Meeting, subject to ratification at every Annual General Meeting, at a remuneration as may be decided by the Board of Directors of the Company every year.”

SPECIAL BUSINESS:

APPOINTMENT OF MS. RADHIKA RAJAN AS AN INDEPENDENT DIRECTOR.

4. *To consider and, if thought fit, to pass, 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 there under (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 provisions of Listing Regulations, Ms. Radhika Rajan (DIN-00499485), 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 her candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office from May 27, 2016 to May 26, 2021.”

RATIFICATION OF REMUNERATION PAYABLE TO MESSRS. RAO, MURTHY & ASSOCIATES, COST AUDITORS FOR THE FINANCIAL YEAR ENDING 2016-17.

5. *To consider and, if thought fit, to pass, 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 to Messrs. Rao, Murthy & Associates, Bengaluru (holding ICAI Registration No. 000065), Cost Auditors, appointed by the Board of Directors based on the recommendation of the Audit Committee of the Company to conduct the audit of the Cost records of the Company for the Financial year 2016-17 amounting to Rs. 430,000/- (Rupees Four Lakhs Thirty Thousand only) 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 be and is hereby ratified and confirmed.”

APPOINTMENT OF MS. DEBARATI SEN AS DIRECTOR OF THE COMPANY.

6. *To consider and, if thought fit, to pass, 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), Ms. Debarati Sen (DIN-07521172), who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on May 27, 2016 in terms of Section 161(1) of the Companies Act, 2013 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 not be liable to determination by retirement of Directors by rotation.”

APPOINTMENT OF MS. DEBARATI SEN AS MANAGING DIRECTOR OF THE COMPANY.

7. *To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:*

“RESOLVED THAT pursuant to the provisions of Sections 2(54), 196, 197, 198, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the requisite approval of the Central Government, the consent of the Company be and is hereby accorded to the appointment of Ms. Debarati Sen (holding DIN-07521172), who was appointed as a non-retiring Director of the Company by the Board of Directors with effect from June 1, 2016 under the Articles of Association of the Company, as the Managing Director of the Company for a period of five(5) years effective from June 1, 2016 up to May 31, 2021, on the terms and conditions of appointment and remuneration as contained in the agreement, and the Board of Directors be and is hereby authorized to alter and vary such terms of appointment and remuneration so as to not exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Ms. Debarati Sen.”

APPROVAL OF ESTIMATED MATERIAL RELATED PARTY TRANSACTIONS FOR THE YEAR 2016-17 WITH 3M COMPANY, USA.

8. *To consider and, if thought fit, to pass, the following resolution as an ordinary resolution:*

“RESOLVED THAT pursuant to provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, (Listing Regulations) (including any statutory modification(s) or amendments(s) or re-enactments(s) thereof, for the time being in force), approval of the members be and is hereby accorded to the following 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 Regulation 2 (zb) of the Listing Regulations:

Rs. in crores

SI No.	Nature of Transactions	Estimated value of transactions for the Financial year 2016-17
INCOME		
1.	Income from Contract Research	25.79
2.	Sale of Goods	9.31
3.	Re-charge of expenses	15.34
	Total	50.44
EXPENDITURE		
1.	Purchases of Materials	298.66
2	Royalty	24.55
3	Re-charge of expenses	1.25
4.	Corporate Management Fee	72.91
	Total	397.37

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof) be and is hereby authorized to do all such acts, deeds or things, as may be considered necessary, desirable and expedient, in order to give effect to the aforesaid resolution.”

PAYMENT OF REMUNERATION BY WAY OF COMMISSION TO NON-EXECUTIVE DIRECTORS OF THE COMPANY FOR FIVE (5) FINANCIAL YEARS COMMENCING FROM THE FINANCIAL YEAR APRIL 01, 2016.

- 9 *To consider and, if thought fit, to pass, the following resolution as a special resolution:*

“RESOLVED THAT pursuant to the provisions of Section 197 and any other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) a sum not exceeding one percent (1%) per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, be paid to and distributed amongst the Directors (other than the Managing Director or Whole-time Director of the Company) or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided and directed by the Board of Directors and such payments shall be made in respect of the profits of the Company for each financial year, for a period of five(5) financial years commencing from April 1, 2016.

RESOLVED FURTHER THAT the above remuneration shall be in addition to fee payable to the Director(s) for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board of Directors and reimbursement of expenses for participation in the Board and other meetings.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this Resolution.”

By order of the Board

V. Srinivasan

Company Secretary
ACS-16430

Place : Bengaluru
Date May 27, 2016

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 HERWITH. 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 30, 2016 (Saturday) to August 5, 2016 (Friday), 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 in securities 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- 500 032 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 the provisions of Listing Regulations.
- (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 29th 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 29th 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 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, 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 29, 2016 (Friday) 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 10.00 A.M. on August 1, 2016 (Monday) to 5.00 P.M. on August 4, 2016 (Thursday). 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 (a-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 29, 2016 (Friday) 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.
- (l) 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: [10.00 A.M. on August 1, 2016 \(Monday\) to 5.00 P.M. on August 4, 2016 \(Thursday\)](#). 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 29, 2016 \(Friday\)](#), 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. Rajeev Kumar of Karvy Computershare Pvt Ltd at 040-67161524 OR at Tel No. 1800 345 4001 (toll free).
- (n) The Company has appointed Mr. Vijayakrishna K. T, Practising 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 29, 2016 \(Friday\)](#).
- (p) [The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, July 29, 2016, 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 29, 2016 \(Friday\)](#), 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 be allowed to vote again at the meeting.
- (s) Voting at AGM: 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](http://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 evoting@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 4, 2016 \(Thursday\)](#).

- (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:

<u>EVEN</u> <u>(E-Voting Event Number)</u>	<u>USER ID</u>	<u>PASSWORD</u>
<u>XXXXXXX</u>	<u>XXXXXXX</u>	<u>XXXXXXX</u>

- (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 AS PER THE PROVISIONS OF LISTING REGULATIONS:

Item 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. Ramesh Ramadurai, 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. Ramesh Ramadurai, nature of his expertise in specific functional areas, names of companies in which he holds directorships, memberships of the Board's Committees, shareholding in the Company and relationships between Directors inter-se, as stipulated under the provisions of Listing Regulations are exhibited below.

Mr. Ramesh Ramadurai, Non-Executive Director (DIN- 07109252): Mr. Ramesh Ramadurai, 54, 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. Ramesh Ramadurai is not related to any other Directors of the Company.

Mr. Ramesh Ramadurai is neither a Director nor a member in any Company registered in India / outside India. He is a Member of Corporate Social Responsibility Committee. Accordingly, the Board recommends his re-appointment.

Except Mr. Ramesh Ramadurai, 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 Listing Regulations.

Appointment of other Directors (item Nos. 4 and 6)

For the details pertaining to Ms. Radhika Rajan and Ms. Debarati Sen, please refer to the below Explanatory Statements in respect of the Special Business set out at item Nos. 4 and 6 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.

Item 3

The Explanatory Statement for this Item No. 3 is being provided voluntarily though strictly not required as per Section 102 of the Companies Act, 2013 ("the Act"). The Members are informed that Messrs. Lovelock & Lewes (LL) are Statutory Auditors of the Company since 1995. At the Annual General Meeting (AGM) of the Company held on August 4, 2015, Messrs. Lovelock & Lewes were appointed as Statutory Auditors for a period of two years viz., FY 2015-16 & 2016-17 (subject to ratification by the shareholders at the AGM in 2016) in line with the provisions of Section 139 of the Companies Act, 2013 ("Act") read with Companies (Audit and Auditors) Rules, 2014.

Subsequent thereto, Messrs. Lovelock & Lewes informed us of the rotation of assigned partner as part of its internal policy for the financial year 2016-17. As the new Statutory Auditors for the Company were to be appointed under the Act for the FY 2017-18 onwards,

it was considered desirable to have the new Statutory Auditors appointed from the financial year 2016-17 itself. This was deliberated between the Company and Messrs. Lovelock & Lewes and was unconditionally agreed by both, so as to ensure and facilitate smooth transition of audit work. Accordingly, a written confirmation from Messrs. Lovelock & Lewes was considered at the Audit Committee and Board of Directors of the Company in their respective meetings held on May 26, 2016 and May 27, 2016.

Pursuant to and in light of the above, the Company has identified Messrs. BSR & Co., LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), Bengaluru- 560071 as new Statutory Auditor.

In view of above, the Board of Directors of the Company on the recommendation of Audit Committee has appointed Messrs. BSR & Co., LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), Bengaluru- 560071 as Statutory Auditors of the Company, subject to the approval of the members of the Company at this Annual General Meeting. Messrs. BSR & Co., LLP, Chartered Accountants Bengaluru- 560071 being eligible, have indicated their willingness to serve as Statutory Auditors of the Company, if appointed at this Meeting. The Company has received a Special Notice under Section 140(4) (i) of the Companies Act, 2013 read with Rule 23 of the Companies (Management and Administration) Rules, 2014 from 3M Company, USA, shareholder holding 75% of total share capital proposing the name of Messrs. BSR & Co., LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), Bengaluru- 560071, for appointment as Statutory Auditors for a period of 5 years from the conclusion of the 29th Annual General Meeting till the conclusion of the fifth Annual General Meeting thereafter. Their appointment as Statutory Auditors, if approved, by the members of the Company, will take effect from the conclusion of this Annual General Meeting. Further, as required under the provisions of Sections 139 and 141 of the Act, Messrs. BSR & Co., LLP, Chartered Accountants Bengaluru- 560071 have confirmed that their appointment, if made at this Annual General Meeting, shall be in accordance with the provisions of the Act.

None of the Promoters /Directors/Key Managerial Personnel of the Company/ their respective relatives, is, in anyway, concerned or interested, financially or otherwise, in the resolution set out at item no. 3 of the Notice.

The Board recommends the ordinary resolution set forth at Item No. 3 of the Notice, for the approval of the members of the Company.

Following Explanatory Statements are furnished in respect of Special Business:

Item 4

Ms. Radhika Rajan, 60, is a Non-Executive Independent Director of the Company. She was appointed as an Additional Director of the Company by the Board of Directors with effect from May 27, 2016, 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 Ms. Radhika Rajan as an Independent Director under Section 149 and other applicable provisions of the Companies Act, 2013 and the Rules made there under read with the provisions of Listing Regulations.

The Nomination & Remuneration Committee of the Company at its meeting held on May 26, 2016 has recommended the appointment of Ms. Radhika Rajan as an Independent Director under Section 149 of the Companies Act, 2013 from May 27, 2016 to May 26, 2021.

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

- (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 she is not disqualified under sub-section (2) of Section 164 of the Companies Act, 2013, confirming her eligibility for such appointment, and
- (iii) a declaration to the effect that she meets the criteria of independence as provided in sub-section (6) of Section 149 of the Companies Act, 2013.
- (iv) In the opinion of the Board, Ms. Radhika Rajan fulfills the conditions of her appointment as Independent Director as specified in the Companies Act, 2013, Rules made there under and the provisions of Listing Regulations and is Independent of the Management.

A Brief profile of Ms. Radhika Rajan, nature of her expertise in specific functional areas, names of companies in which she holds directorships, memberships of the Board's Committees, shareholding in the Company and relationships between directors inter-se, as stipulated as per the provisions of Listing Regulations 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.

Ms. Radhika Rajan, (DIN- 00499485):

Ms. Radhika Rajan, 60, heads DSP Investments, the umbrella Company of the Kothari Family Office, in Mumbai, India. The Kothari portfolio comprises of Indian securities, fixed-income, corporate paper and loans, and some angel and private equity investments. Previously, Radhika was President of TCG Advisory of the TCG Group, New York. In this capacity, Radhika conceived, set up, structured and managed the operations of TCG's offshore Indian Equities Funds for 7 years. Prior to joining the Fund in 2003, she advised TCG and several other private equity groups on various companies and proposed investments in the US-India corridor.

Ms. Radhika Rajan is a US citizen and long term resident of New York who relocated to India a few years earlier. She has focused on India as an investment destination since 1999, when she became New York based Executive Vice-President of Mphasis. Prior to Mphasis, Ms. Rajan worked as a global macro proprietary trader at Chemical Bank (now JPMorgan) Itochu, UBS, Bank of America, and Bank of Montreal where she created and managed several profitable trading structures. As a global macro trader, she traded and took proprietary positions in a range of currencies, cash and options and in interest rate and commodity futures and derivatives

Ms. Rajan holds an MBA degree from the Indian Institute of Management Ahmedabad and an MSc (Physics) from Indian Institute of Technology, Mumbai. She was a National Science Talent Scholar through her Masters 'degree.

Ms. Rajan is an invited author of "The Global Internet Economy," a book published by MIT Press in 2003. She is a charter member of TIE, the global Entrepreneurs organization and served as an Executive Board Member of TIE Tristate for over 5 years. TIE, a global association of entrepreneurs active in accelerating the globalization of Indian business. (www.tie.org and www.tietristate.org)

Names of other companies/firms in which Ms. Radhika Rajan hold/held office as Director/Partner is given below:

- Sonata Software Limited
- Tata Advanced Systems Limited
- Tata Sikorsky Aerospace Limited
- Nova Integrated Systems Limited
- Tata Lockheed Martin Aero Structures Limited
- TAS-AGT Systems Limited
- Sonata Information Technology Limited

Names of Committees/Chairmanships held by Ms. Radhika Rajan is given below:

Name of the Company	Membership of Committee		Chairmanship of Committees	
	Audit	Stakeholder's Relationship	Audit	Stakeholder's Relationship
Tata Advanced Systems Limited	✓			
Tata Sikorsky Aerospace Limited	✓			
Nova Integrated Systems Limited	✓			
Tata Lockheed Martin Aero Structures Limited	✓			
TAS-AGT Systems Limited	✓			
3M India Limited(from May 27, 2016)	✓	✓		

Ms. Radhika Rajan does not hold by herself or for any other person on a beneficial basis, any shares in the Company. She is not related to any other Directors of the Company.

The Board considers her appointment would be of immense benefit to the Company and it is desirable to avail services of Ms. Radhika Rajan as an Independent Director. Accordingly, the Board recommends the resolution in relation to appointment of Ms. Radhika Rajan as an Independent Director, for the approval by the members of the Company.

Except Ms. Radhika Rajan, 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 the Listing Regulations.

Item 5

The Board of Directors of the Company at its meeting held on May 27, 2016 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, 2017 for the

products covered as per the Companies (Cost Records and Audit) Rules, 2014, on an remuneration of Rs. 430, 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 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. 5.

Item 6

Based on the nomination from 3M Company, USA, the Nomination & Remuneration Committee of the Company at its meeting held on May 26, 2016 has recommended the appointment of Ms. Debarati Sen as a Director of the Company. The Board of Directors at its meeting held on May 27, 2016, appointed Ms. Debarati Sen as an Additional Director of the Company from June 1, 2013, 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 Ms. Debarati Sen for the office of Director of the Company.

Ms. Debarati Sen does not hold by herself or for any other person on a beneficial basis, any shares in the Company. She is not related to any other Directors of the Company.

She is neither a Director nor a member in any other Company registered in India. She has been appointed as a member of the Stakeholder's Relationship Committee and Corporate Social Responsibility (CSR) Committee of the Company from June 1, 2016.

A brief profile of Ms. Debarati Sen, nature of her expertise in specific functional areas is given below:

Ms. Debarati Sen (DIN-07521172):

Ms. Debarati Sen, 48, held the position of Director, Corporate Sales Operations for 3M Company, USA leading corporate initiatives critical to growth, sales effectiveness and efficiency. She was the Director for 3M's US Atlantic & Pacific Branch Operations (Puerto Rico, Hawaii, Guam & Alaska).

Ms. Debarati Sen's career spans over 24 years in Asia and US with over 18 years in 3M in various global, regional and country roles driving marketing, sales and customer engagement, product development, business development, strategy as well as mergers and acquisitions. In her last role she headed the global Oil & Gas business for 3M. She has also held the position of Vice President of Global Marketing – Equipment Protection Business at Pentair, Inc.

She is on the board of the 3M A3CTION (Asian Employee Resource Network) and an Executive Member of 3M's Women's Leadership Forum. She also volunteers her time in reducing homelessness and poverty in the community and in supporting education and empowerment in women and is on the national governing board of Jeremiah Program, a Minnesota based national charity.

Ms. Debarati holds a BS/BE in Electronics Engineering, as well as an MBA in Marketing & Finance. Her career with 3M started in India in 1996 where she was the Division Manager for Personal Safety Division for 5 years and also led the Disposable Respirator business for Asia.

Names of other companies/firms in which Ms. Debarati Sen hold/held office as Director/Partner are given below:

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

The Board considers that the appointment of Ms. Debarati Sen as a Director of the Company would be of immense benefit to the Company. Accordingly, the Board of Directors recommends her appointment as a Director of the Company whose period of office is not liable to determination by retirement of Directors by rotation.

Except Ms. Debarati Sen, 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 also be regarded as a disclosure under Listing Regulations.

Item 7

The Board of Directors at their meeting held on May 27, 2016, appointed Ms. Debarati Sen as a non-retiring Director of the Company with effect from June 1, 2016 and subject to necessary approvals as the Managing Director of the Company for a period of five (5)

years with effect from the said date. She has been appointed as a member of the Shareholders' / Investors' Grievance Committee and Corporate Social Responsibility (CSR) Committee of the Board of Directors of the Company from June 1, 2016. The appointment was made pursuant to the nomination from 3M Company, USA, nominating Ms. Debarati Sen as the Managing Director in place of Mr. Amit Laroya, who relinquished office as the Managing Director of the Company with effect from the closing hours of May 31, 2016. Application will be filed with the Central Government for the appointment of Ms. Debarati Sen as the Managing Director, since she was not staying in India for a continuous period of twelve (12) months immediately preceding the date of her appointment as the Managing Director.

The appointment of Ms. Debarati Sen is appropriate and in the best interest of the Company. The approval of the members is being sought to the terms, conditions and stipulations for the appointment of Ms. Debarati Sen as the Managing Director and the remuneration payable to her. The terms and conditions fixed by the Board of Directors at their meeting held on May 27, 2016 are keeping in line with the remuneration package that is necessary to encourage good professional managers with a sound career record to important position as that of the Managing Director.

The terms of appointment and remuneration as contained in the agreement are given below: -

Period of Appointment: Five (5) years with effect from June 1, 2016.

Salary including allowances and Incentives (excluding Perquisites): Not exceeding Rs. 39 Lakhs per month. (Upper limit for her entire tenure of (Five) 5 years)

Perquisites: She will be entitled to all the perquisites listed herein below in addition to the Salary including allowances and incentives mentioned above.

Personal Accident Insurance: In accordance with the rules of the Company as applicable to the senior managers.

Club Fees: In accordance with the rules of the Company as applicable to the senior managers.

Provident Fund: Contribution to Provident Fund in accordance with the rules of the Company as applicable to the senior managers, to the extent such contributions, either singly or put together are not taxable under the Income Tax Act, 1961.

Gratuity: In accordance with the rules of the Company as applicable to the senior managers.

Company car and driver: The Company shall provide a car with the driver for business and personal use in accordance with the rules of the Company as applicable to the senior managers.

Other perquisites: She will be entitled to all other perquisites in accordance with the rules of the Company as applicable to the senior managers. The perquisites stated shall be valued as per Income Tax Act, 1961, wherever applicable, and in the absence of any provisions in the said Act, the perquisites shall be valued at actuals.

Minimum Remuneration: Notwithstanding anything herein above stated, where in any financial year during the currency of the tenure of Ms. Debarati Sen, the Company incurs a loss or its profits are inadequate, the Company subject to the approval of Central Government shall pay the same remuneration as stated above but subject to being within the overall limits on managerial remuneration as provided under Section 197 and other applicable provisions of the Companies Act, 2013 including any statutory modification or re-enactment thereof for the time being in force, and the rules framed there under read with Schedule V to the said Act. The Board of Directors shall communicate the Central Government approval including any revision in the terms of remuneration to Ms. Debarati Sen for her acceptance.

The Contract of service of Ms. Debarati Sen is terminable with a notice period of 90 days on either side.

She is not liable to retire by rotation.

No sitting fees shall be paid for attending the meetings of the Board of Directors or Committees thereof.

Ms. Debarati Sen may be deemed to be concerned or interested in this proposal to the extent of the remuneration payable to her.

In view of the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013, the Board recommends the Ordinary Resolution set out at Item No. 7 of the accompanying Notice for the approval of the Members.

She does not hold by herself or for any other person on a beneficial basis, any shares in the Company.

Except Ms. Debarati Sen, being the appointee herself, 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 may be deemed to be the abstract of terms of contract and memorandum of interest as required under Section 190 of the Companies Act, 2013.

This Explanatory Statement may also be regarded as a disclosure under the Listing Regulations.

Item 8

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 rights to carry out the 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 its meeting held on February 5, 2016 has reviewed and after due consideration, accorded omnibus approval for the estimated value of transactions mentioned in the item No. 8 of the Notice for the year 2016-17 (estimated). An analysis of all the Related Party Transactions(RPTs) estimated / to be entered into by the Company during the year for the year 2016-17(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 Regulation 2(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

The Listing Regulations with respect to RPTs were notified on September 2, 2015, inter-alia requires that all existing material related party contracts or arrangements entered prior to September 3, 2015 and which may continue beyond such date shall be placed for approval by way of an ordinary resolution of the shareholders in the first General Meeting subsequent to the notification of the Listing Regulations.

As per the provisions of Companies Act, 2013 and Listing Regulations, 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(2015-16) and may exceed the materiality threshold as prescribed by Companies Act, 2013 and Listing Regulations. Thus, in terms of the provisions of Companies Act, 2013 and Listing Regulations, these transactions would require the approval of the members by way of an Ordinary Resolution.

As per the provisions of Listing Regulations, 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. 8.

Particulars	Information
Name of the Related party	3M Company, USA.
Nature of relationship	Holding Company (Parent)of the Company
Period for which the shareholders' approval is sought	April 1, 2016 to March 31, 2017
Name of Director(s) or key Managerial personnel who is related, if any,	None, except Mr. Albert C Wang, Mr. Manuel B Pardo, Mr. Ramesh Ramadurai, Ms. Debarati Sen, 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 2015-16.
Estimated Monetary value of such RPTs	The Company adopts April-March as its financial year. Accordingly, the current financial year FY 2016-17 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 2016-17 with 3M Company, USA to be above the Materiality threshold as prescribed under the provisions of Companies Act, 2013 and Listing Regulations.
Whether the transactions have been approved by the Audit Committee	Yes. The Audit Committee has granted omnibus approval as per the prevailing legal requirements. 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.

Considering the current volatility in the business environment, where neither nor foreign exchange rates can be predicted in advance, the Company expects the level of transactions to be above the materiality threshold as prescribed under the Listing Regulations for the period for which the approval of Members is sought as stated above.

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 Ordinary resolution set forth in item No. 8 of the Notice for the approval of the Members in terms of Regulation 23 of the Listing Regulations.

None of the Directors or Key Managerial Personnel of the Company except Mr. Albert C Wang, Mr. Manuel B Pardo, Mr. Ramesh Ramadurai, Ms. Debarati Sen, 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.

Item 9

The Members of the Company by way of Postal Ballot had approved on September 14, 2011 by way of a Special Resolution, the payment of remuneration by way of Commission to the Non-Executive Directors of the Company, of a sum not exceeding one percent (1%) per annum of the Net Profits of the Company, calculated in accordance with the provisions of the Companies Act, 1956, for a period of five (5) years commencing from April 1, 2011.

It is proposed to extend the remuneration for further period of five (5) years of the Company commencing from April 1, 2016, provided that the remuneration in the form of Commission shall not exceeding one percent (1%) per annum of the Net Profits of the Company computed in accordance with the provisions of the Companies Act, 2013. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Companies Act, 2013.

The Directors shall receive individually a sum as may be decided by the Board from time to time and this remuneration shall be in addition to fee payable to the Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meetings. Accordingly, a fresh approval of the Members is sought by way of a Special Resolution under the applicable provisions of the Companies Act, 2013 for payment of remuneration by way of Commission to the Directors of the Company, other than Managing Director and Whole-time Director, for a period of five (5) years commencing from April 1, 2016 as set out in the Resolution at Item No. 9 of the Notice.

Directors other than the Managing Director, Whole-time Director and Key Managerial Personnel of the Company are deemed to be concerned or interested in the resolution set out at item No. 9 of the Notice to the extent of the remuneration that may be received by them.

By order of the Board

V. Srinivasan

Company Secretary

ACS-16430

Place : Bengaluru

Date : May 27, 2016

BOARD'S REPORT

To the Members of 3M India Limited,

Your Directors have pleasure in presenting the 29th Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended March 31, 2016.

FINANCIAL HIGHLIGHTS

Following are the working results:

(Rs. in Lakhs)

Particulars	Year ended March 31, 2016 (Audited)	Year ended March 31, 2015 (Audited)	%age Increase(+)/ Decrease(-)
Total Income(excluding excise duty)	212,019.48	185,477.60	+14.31%
Of which – Export Sales	4,672.24	3,942.92	+18.50%
– Other Income	1,721.61	1,447.84	+18.91%
Less : Expenditure	176,112.69	163,718.62	+7.57%
Profit Before Interest and Depreciation	35,906.79	21,758.98	+65.02%
Less : Interest	218.65	342.27	-36.12%
Less : Depreciation	4,888.91	4,960.49	-1.44%
Profit Before Taxation	30,799.23	16,456.22	+87.16%
Less: Provision for Taxation	10,706.25	5,622.06	+90.43%
Profit after Taxation	20,092.98	10,834.16	+85.46%

STATE OF COMPANY'S AFFAIRS

The external environment indicates long term growth in India. Several leading financial institutions have vouched for the growth as well. While the Indian economy gives us long term optimism, currently prevailing issues also made us play cautiously in the market environment. Your Company focused on improving productivity and gearing up for the much faster paced economy that is expected over the next few years.

The mantra we followed is productivity led growth in this financial year. Productivity improvement was achieved through 5 distinct steps that the Company undertook;

- Portfolio prioritization and Commercialization focus: We focused on relentlessly prioritizing our resources to our prioritized businesses.
- Vital Few Metrics: We strengthened the predictability of our actions by focusing on a few metrics, following the Hoshin Kanri methodology of Business Process Execution.
- Market & Segment Prioritization: Developed a deep understanding of the external environment and focusing on segments that are profitable.
- Keeping the Customer First: Enhanced our customer service team and developed newer business models including ecommerce, which helped in attaining a more effective reach to our end customers.
- Developing a bigger, bolder and smarter plan through increased internal collaboration.

Change Management was integral to executing the above five steps, while keeping our employees engaged and energized. Following these steps helped us to enter a phase of "Efficient growth", which is central to our growth strategy.

The Company registered an overall turnover growth of 14.31% at Rs. 212,019.48 Lakhs for the financial year ended March 31, 2016 compared to Rs.185,477.60 Lakhs in the previous year. The Profit Before Interest and Depreciation was at Rs. 35,906.79 Lakhs compared to Rs. 21,758.98 Lakhs for the previous year. The operating margin for the current year was at 16.94% compared to 11.73% for the last year. Profit Before Tax was at Rs.30,799.23 Lakhs compared to Rs. 16,456.22 Lakhs for the previous year. Profit After Taxation was at Rs. 20,092.98 Lakhs compared to Rs.10,834.16 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.4,672.24 Lakhs for the year ended March 31, 2016 compared to Rs. 3,942.92 Lakhs in the previous year, an increase of 18.50%.

The Industrial business grew by 9.90%; Health Care business grew by 15.51%; Safety and Graphics business grew by 16.71%; Consumer business grew by 16.81% and Energy business grew by 30.12%.

The EPS (Basic and Diluted) of the Company for the year 2015-16 was Rs. 178.36 per share as compared to Rs. 96.17 per share in the previous year. Detailed analysis of the performance has been discussed in the Management's Discussion and Analysis Section of the Annual Report.

CONTRIBUTION TO EXCHEQUER

During the Financial year 2015-16, the Company through its business contributed to various taxes viz., VAT, TDS, Sales Tax, State Excise, CENVAT and Customs close to Rs. 46,707.08 Lakhs, in aggregate.

MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and/or commitments affecting the financial position of the Company since the close of the Financial year and the date of this report.

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

The Company has launched new growth plan with a long term objective and is in the process of implementing many initiatives and projects. A more detailed assessment is being carried out to estimate the required resources. As a result, it has been decided to conserve and retain the earnings and, therefore, not propose dividend or transfer any amounts to reserves.

CAPITAL INVESTMENTS

Capital Investments during the year 2015-16 were at Rs. 1,092.46 Lakhs (Net of capital work-in-progress and capital advances) (2014-15: Rs. 1,471.70 Lakhs).

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE AND SHAREHOLDER INFORMATION

A separate Report on Corporate Governance in terms of Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as "Listing Regulations") along with a Certificate from a Practising Company Secretary regarding compliance to the Conditions stipulated under Chapter IV of Regulations is annexed as "Annexure B".

DETAILS OF BOARD MEETINGS DURING THE YEAR

During the financial year ended March 31, 2016, five (5) Meetings of the Board were held on May 29, 2015, August 3, 2015, October 30, 2015, February 5, 2016 and February 26, 2016. The details of other committee meetings are given in the Corporate Governance Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. B.S. Iyer, Chairman of the Board, ceased to be a Director on the Board of the Company upon completion of his term as Independent Director with effect from the closing hours on 31st March 2016. He was associated with the Company as Director from December 2001. The Board expresses its deep appreciation of the valuable contributions made by Mr. Iyer to the progress of the Company.

At the Meeting of the Board held on May 27, 2016:

- Ms. Radhika Rajan was appointed as Additional Director categorized as Non-Executive Independent Director of the Company from May 27, 2016. The Board of Directors welcomes Ms. Radhika Rajan to the Board. The details of Ms. Radhika Rajan are furnished in the Explanatory Statement to the Notice of the Annual General Meeting pursuant to Section 102 of the Companies Act, 2013. The Board recommends her appointment.
- Ms. Debarati Sen was appointed subject to the requisite approvals from the Members and the Central Government, as Additional Director and as Managing Director of the Company for a period of five (5) years from June 1, 2016 in place of Mr. Amit Laroya. The Board of Directors welcomes Ms. Debarati Sen to the Board. The details of Ms. Debarati Sen are furnished in the Explanatory

Statement to the Notice of the Annual General Meeting. The Board recommends her appointment. She will be a Key Managerial Personnel of the Company from June 1, 2016.

- Mr. Amit Laroya shall cease to be the Managing Director of the Company from the closing hours of May 31, 2016 consequent upon his appointment as Managing Director of 3M Korea. The Board expresses its deep appreciation of the valuable contributions made by Mr. Laroya during his tenure as Managing Director of the Company to the progress of the Company. Mr. Laroya will continue as Non-Executive Director of the Company.
- Mrs. Sadhana Kaul resigned as Director of the Company with effect from the closing hours of May 27, 2016 due to her pre-occupation and other commitments. The Board expresses its appreciation of the contributions made by Mrs. Kaul during her tenure as Director of the Company.
- Mr. Bharat Shah was appointed as Chairman of the Board. The Board of Directors welcomes Mr. Bharat Shah as new Chairman of the Board.

Mr. Ramesh Ramadurai, Non-Executive Non-Independent Director will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The details of Mr. Ramesh Ramadurai are given in the Explanatory Statement to the Notice of the Annual General Meeting. The Board of Directors recommends his re-appointment.

Mr. Sameer Agarwal ceased to be Chief Financial Officer (CFO) with effect from the closing hours of March 31, 2016 and Mr. Panagiotis Goulakos (Panos), was appointed as CFO from March 15, 2016.

As at the financial year ending March 31, 2016, Mr. Amit Laroya, Managing Director, Mr. B.V. Shankaranarayana Rao, Whole-time Director, Mr. Panagiotis Goulakos (Panos), Chief Financial Officer and Mr. V. Srinivasan, Company Secretary and Compliance Officer, are the Key Managerial Personnel of the Company.

COMPOSITION OF AUDIT COMMITTEE

As at the financial year ending March 31, 2016, the Audit Committee of the Company consisted 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 (*Chairman*), Mr. B. S. Iyer (*up to March 31, 2016*), Mr. Bharat Shah and Mr. Manuel B Pardo. The Board has accepted all 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 http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary/. The composition, criteria 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 Business Conduct Concern Reporting Policy (Whistleblower Policy) for upholding 3M's Code of Conduct. The details of the said Policy are stated in the Corporate Governance Report and also available 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 Directors had laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

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 internal control framework essentially has two elements viz., (1) structures, policies and guidelines designed to achieve efficiency and effectiveness in operations and compliance with laws and regulations and (2) an assurance function provided by Internal Audit.

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. The Audit Committee also meets the Company's Statutory Auditors to ascertain their views on financial statements including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of internal control system.

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 Financial year ended March 31, 2016, 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, 2016 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 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 MGT 9 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 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 in the Secretarial Audit report for the year ended March 31, 2016.

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 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 AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and 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, provided any guarantees or made any Investments covered under Section 186 of the Companies Act, 2013.

RISK MANAGEMENT POLICY

The Company has a Risk Management Policy pursuant to the requirements of Listing Regulations. 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 to the Companies Act, 2013.

- ❖ *In Education:* The Company worked with NGO partners to inculcate the spirit of inquiry and innovative thinking among underprivileged children. We work with the Agastya Foundation on the Mobile Science Lab initiative which helps disseminate scientific practical knowledge to 100 Government schools in 2 states in India (Karnataka and Maharashtra), sparking curiosity among 20,000+ children.
- ❖ *Women Empowerment:* The Company's vision is to help develop leadership skills to empower underprivileged women through entrepreneurship and local governance. The Company works with two reputable NGOs in Bangalore to deliver a skills development program which is equipping more than 150 young women with the necessary skills to make them employable.
- ❖ *Social Innovation:* As a way to contribute to the innovation eco-system in the country, the Company supports young innovators in the age group of 18 to 30 years with an Incubation Fund and Awards Program, jointly with the Confederation of Indian Industries (CII). The program identifies unique innovations that can help solve social challenges in India. The award winners are offered grants by the Company to pursue their projects and develop prototypes for further development.

The Annual Report on CSR activities is annexed herewith as "Annexure F" including the reasons for not spending the full amount for the year 2015-16.

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 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 rights to carry out the 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.

As per the provisions of the Companies Act, 2013 and Listing Regulations, all RPTs require approval of the members by an ordinary resolution. 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 the provisions of Listing Regulations. Thus, in terms of Listing Regulations, these transactions would require approval of the members.

The RPTs are necessary, normal to business, plays a significant role in the Company's business operations and also form 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 the provisions of Listing Regulations. The Form No. AOC-2 is annexed herewith as "Annexure G".

ANNUAL BOARD EVALUATION

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

HUMAN RESOURCES

Your Company considers people as its biggest assets and is at the heart of its human resource strategy. It has put concerted efforts in talent management and succession planning practices, strong performance management and learning and training initiatives to ensure that your Company consistently develops inspiring, strong and credible leadership. Your Company has established an organization structure that is agile and focused on delivering business results. With regular communication and sustained efforts, it is ensuring that employees are aligned on common objectives and have the right information on business evolution. As at March 31, 2016, the Company had employee strength of 1,388 personnel.

PARTICULARS OF 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".

Further, the Statement showing details of employees of the Company employed 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 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 read with Listing Regulations. The same is annexed herewith as "Annexure J".

STATUTORY AUDITORS

Messrs. Lovelock & Lewes have been the Statutory Auditors of your Company since 1995. As you may be aware, at the Annual General Meeting (AGM) of the Company held on August 4, 2015, Messrs. Lovelock & Lewes were appointed as Statutory Auditors for a period of two years viz., FY 2015-16 & 2016-17 (subject to ratification by the shareholders at the AGM in 2016) in line with the provisions of Section 139 of the Companies Act, 2013 ("Act") read with Companies (Audit and Auditors) Rules, 2014.

Subsequent thereto, Messrs. Lovelock & Lewes informed us of the rotation of assigned partner as part of its internal policy for the financial year 2016-17. As the new Statutory Auditors for the Company were to be appointed under the Act for the FY 2017-18 onwards, it was considered desirable to have the new Statutory Auditors appointed from the financial year 2016-17 itself. This was deliberated between the Company and Messrs. Lovelock & Lewes and was unconditionally agreed by both, so as to ensure and facilitate smooth transition of audit work. Accordingly, a written confirmation vide letter dated May 19, 2016 from Messrs. Lovelock & Lewes was received.

Pursuant to the above, the Company has identified Messrs. BSR & Co., LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), Bengaluru- 560071 as new Statutory Auditor.

The Company has received a Special Notice under Section 140(4) (i) of the Companies Act, 2013 read with Rule 23 of the Companies (Management and Administration) Rules, 2014 from 3M Company, USA, shareholder holding 75% of total share capital proposing the name of Messrs. BSR & Co., LLP, Chartered Accountants, for appointment as Statutory Auditors for a period of 5 years (effective from the Financial Year 2016-17) from the conclusion of the 29th Annual General Meeting.

Messrs. BSR & Co. LLP, Chartered Accountants have furnished their eligibility certificate under Section 141 of the Companies Act, 2013. As required under the Listing Regulations, Messrs. BSR & Co. LLP, Chartered Accountants have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India. The Board of Directors of the Company on the recommendation of Audit Committee have appointed Messrs. BSR & Co., LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022), Bengaluru- 560071 as Statutory Auditors of the Company, subject to the approval of the members of the Company at the ensuing Annual General Meeting. The Notice of AGM contains a business to this effect for your approval.

Messrs. Lovelock & Lewes, over many years, have since 1995 successfully met the challenge that the size and scale of the Company's operations posed for auditors and have maintained the highest level of governance, rigour and quality in their audit. The Board of Directors wishes to place on record its deep appreciation and gratitude to Messrs. Lovelock & Lewes for their guidance and support as Statutory Auditors of the Company.

COST AUDIT

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the cost audit records maintained by the Company in respect of the products covered under the said rules are required to be audited by a Cost Accountant. Accordingly, the Board of Directors of the Company at its meeting held on May 27, 2016 on the recommendation of the

Audit Committee, approved re-appointment 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, 2017 on an remuneration of Rs. 430,000/- plus service tax as applicable and out of pocket expenses at actuals. The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

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 ratification of the remuneration payable to Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru is included in the Notice convening the Annual General Meeting.

Disclosure on cost audit: For the financial year ending March 31, 2015, the due date of filing the Cost Audit Report submitted by Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, was September 27, 2015 and the same was filed with the Ministry of Corporate Affairs on September 24, 2015 vide SRN No. S39552641.

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 2015-2016:

No of complaints received: 2

No of complaints disposed off: 2

- There were no qualifications by the Auditors in their report forming part of this financials for the year ended March 31, 2016.
- 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.

LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the year 2016-2017 to National Stock exchange of India Limited (NSE) and BSE Limited (BSE) where the Company's Shares are listed. The new SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 came into effect from December 1, 2015 with a view to consolidate and streamline the provisions of the Listing Agreement for different segments of capital markets to ensure better enforceability. The Company has complied with the said Regulations by entering into new Listing Agreement with BSE and NSE.

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, 2016 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 within 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, plants have now started sending industrial waste to 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. As part of World Environmental day initiative, the plants have taken 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 supported by Corporate EHS. Plant Safety committees, which include shop floor employees and chaired by Plant managers, are 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. During this period under consideration, there were no lost time accidents across three plants. 3M Ahmedabad plant has been audited by 3M Global EHS auditors and the auditors commended the plant for complying with 3M Global EHS policies. During this period under consideration, 3M Ranjangaon plant received National Safety Systems Excellence award from FICCI, post a rigorous site audit and review by FICCI safety experts.

AWARDS AND RECOGNITION

- 3M India Ranjangaon plant's commitment to stringent safety systems at the workplace earned national recognition with the FICCI "Safety Systems Excellence Award". The award recognizes companies for the robustness of their safety systems and not for performance alone. The selection across Indian companies is conducted through a rigorous four-stage process which includes on-site audit by safety experts and a final selection by the Hon'ble Jury for the awards.
- 3M India received various awards for demonstrating quality & technical excellence for some of the Company's key account customers. The Company was awarded a "Certificate of Appreciation for Outstanding Support in Sales Promotion" by Honda Cars at their Annual Supplier convention. Toyoda, a supplier of Toyota, recognized the Company for outstanding effort and commitment in the area of quality and delivery. Honda Motorcycle and Scooters also recognized 3M India for outstanding contribution towards Honda's two-wheeler business.
- 3M India's top consumer brand, Scotch-Brite® released a television commercial last year which was selected for the best advertisement award in the home care category at the first edition of the IndIAA Awards. These awards were instituted by the India Chapter of International Advertising Association. The awards recognized 16 brands from a final shortlist of 76 nominees that were selected from over 500 entries by an eminent panel of business and brand leaders.
- 3M India Ranjangaon plant received 3M Corporate recognition for quality and manufacturing excellence with global awards for 3 projects - 1 for quality achievement and 2 for process technology excellence.
- 3M India also received accolades for excellence in marketing, innovation and support functions with regional awards.

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 27, 2016

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.

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, 2016, the Company had employee strength of 1,388 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 at 2.3% for 2016 and 2.7% for 2017. Some near term economic indicators have shown improvement leading to the improved future forecast. In USA, domestic activity remains modest and the average GDP growth for 2016 may fall below 2%. Eurozone is slated to grow at 0.5% to 0.6% in the first quarter of this year. In China, growth is expected to be 6.2 to 6.5%. Foreign Exchange rates continue to cause turmoil in the economy.

India Economic Overview

India has a strong GDP forecast for the next 5 years, indicating a +7% level for the next few years. The IIP has not been at the expected levels of 8% however. Inflation has been under control, and relative to most economies, the exchange rate has not risen as sharply. Some of the key trends in the market are;

- **Pickup in consumption:** We see strong growth in retail, construction and healthcare. With the increasing income in the middle class, we are also seeing a larger use of life style products with Indian consumers.
- **Increased focus on sustainability:** We are seeing a rising focus in the government as well as consumers for air quality and water quality. Several reforms are being introduced by the government to improve the environment, including green initiatives.
- **Rapid adoption of ecommerce:** Ecommerce is helping companies better target their customers, and make themselves more relevant. It is also helping them reach more efficiently into Tier II towns.
- **Make in India campaigns leading to increased FDI in India:** Several industries have benefitted from the Make in India campaign, especially Electronics, Automobiles, Defence and SME sectors. Increased manufacturing in India will also help improve the Tier 1 and Tier 2 supply market in India.
- **Smart cities:** Through this initiative, the government has showcased their focus on providing more urban solutions to the country. The government is working closely with system integrators and partners to plan for a more sustainable future for Indian cities.

RESULTS OF THE OPERATIONS OF THE COMPANY

The Company registered an overall turnover growth of **14.31%** at Rs. **212,019.48** Lakhs for the financial year ended March 31, 2016 compared to Rs.185,477.60 Lakhs in the previous year. The Profit Before Interest and Depreciation was at Rs. **35,906.79** Lakhs compared to Rs. 21,758.98 Lakhs for the previous year. The operating margin for the current year was at **16.94%** compared to 11.73% for the last year. Profit Before Tax was at Rs.**30,799.23** Lakhs compared to Rs. 16,456.22 Lakhs for the previous year. Profit After Taxation was at Rs. **20,092.98** Lakhs compared to Rs.10,834.16 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.**4,672.24** Lakhs for the year ended March 31, 2016 compared to Rs. 3,942.92 Lakhs in the previous year, an increase of **18.50%**.

Other Operating Income:

The other income was at Rs. **1,721.61** Lakhs for the year 2015-16 when compared to Rs. 1,447.84 Lakhs for the previous year 2014-15.

Cost of Goods sold:

The % of cost of raw material consumed as against sales for the year 2015-16 has gone down to **56.68%** as against 59.32% for the previous year 2014-15 mainly on account of increase in productivity, portfolio prioritization etc.,.

Employee Benefits Expense:

Employee cost as a % of sales for the year 2015-16 stood at **11.91%** (previous year 13.27%) at Rs. **25,252.77** Lakhs (previous year : Rs. 24,616.49 Lakhs), lower by **10.26%**. Sales per employee have improved by **20.32%** to **Rs.152.75** Lakhs (no. of employee's **1,388**) in the current year 2015-16 from Rs. 126.95 Lakhs (no. of employees 1,461) for the previous year 2014-15.

Finance Cost:

The interest cost for the year 2015-16 was at Rs.**218.65** Lakhs compared to Rs. 342.27 Lakhs in the previous year 2014-15. The interest cost is on account of lease rentals of vehicles and office equipment.

Interest earned:

The Company earned **Rs. 1,335.40 Lakhs** on the surplus during the year 2015-16 when compared to Rs. 66.59 Lakhs 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 2015-16 was Rs. **178.36** per share as compared to Rs. 96.17 per share in the previous year.

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, 2016 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.20,092.98** Lakhs is retained in profit and loss account for the year ended March 31, 2016. The Reserves & Surplus was at **Rs. 99,737.82** Lakhs including the current year retained profit.

Shareholder's Fund:

The total shareholder funds increased to Rs. **100,864.33 Lakhs** as at March 31, 2016 from Rs. 80,771.35 Lakhs as of the previous financial year 2014-15 end, representing a growth of **24.87%** mainly on account of retained profits of the current year.

Depreciation:

The depreciation charge for the current year is lower at Rs. **4,888.91** Lakhs as against a charge of Rs. 4,960.49 Lakhs of previous year 2014-15 due to full year amortization of Technical Center (CTC) equipment at Gurgaon.

Fixed Assets-Capital Expenditure:

The gross Fixed Assets as at March 31, 2016 was **Rs.58,461.81** Lakhs as compared to Rs. 58,712.71 Lakhs of previous financial year 2014-15. The Company has incurred a capital expenditure of Rs. **1,092.46** Lakhs (Net of capital work-in progress and capital advances) during the year 2015-16 (previous year : Rs. 1,471.70 Lakhs), a decrease of **25.77%** year on year.

Inventories:

Inventory as at March 31, 2016 amounted to Rs. **29,051.15** Lakhs as against Rs. 29,556.55 Lakhs of previous financial year 2014-15. The inventory ratio has decreased to **88** days as at March 31, 2016 from 98 days of previous year 2014-15.

Trade Receivables:

Trade Receivables as at March 31, 2016 amounted to Rs. **28,273.89** Lakhs as against Rs. 24,912.02 Lakhs of previous year 2014-15. The debtor's turnover ratio was at **49** days (previous year: 49 days).

Cash and Bank balances:

The total balance of cash and bank balances as at March 31, 2016 was **Rs.37,087.50** Lakhs as compared to Rs. 11,390.95 Lakhs as at March 31, 2015.

Overall analysis of the financial statements:

Particulars	Year Ended March 31, 2016		Year Ended March 31, 2015	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Revenue(Net)	210,297.87	99.19	184,029.76	99.22
Other income	1,721.61	0.81	1,447.84	0.78
Total Revenue	212,019.48	100.00	185,477.60	100.00
Cost of Materials consumed	62,907.96	29.67	60,892.42	32.83
Purchases of stock-in-trade	58,315.20	27.50	52,314.30	28.21
Changes in inventories of finished goods, work-in-progress and stock-in –trade	(1,041.88)	(0.49)	(3,187.45)	(1.72)
Employee Costs	25,252.77	11.91	24,616.49	13.27
Other Expenses	30,678.64	14.47	29,082.86	15.68
Profit Before Finance Costs and Depreciation	35,906.79	16.94	21,758.98	11.73
Finance Costs	218.65	0.10	342.27	0.18
Depreciation	4,888.91	2.31	4,960.49	2.67
Total Expenditure	181,220.25	85.47	169,021.38	91.13
Profit Before Tax	30,799.23	14.53	16,456.22	8.87
Tax	10,706.25	5.05	5,622.06	3.03
Profit After Tax	20,092.98	9.48	10,834.16	5.84

Segment wise performance:

The Industrial business grew by **9.90%**; Health Care business grew by **15.51%**; Safety and Graphics business grew by **16.71%**; Consumer business grew by **16.81%** and Energy business grew by **30.12%**.

(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 microstructured 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 Ended 31.03.16	12 Months Ended 31.03.15
Financial Highlights	Segment Revenue	87,928.20	80,005.78
	Profit Before Interest & Tax	14,318.71	9,117.03
	Capital Employed	29,181.79	32,083.27
Highlights	- Industrial Business continues to focus on high gross margins product categories while rationalizing low profitable ones to stabilize profits. - The Industrial Retail business comprising wood working, decorative & auto refinish excelled in penetrating into lower tiers of the Indian market. In 2015 they also embarked into the Micro Enterprises & Mill Stores market space. 3M Acoustics insulation continue to be specified in the leading new compact car models launched. - Despite the currency translation, the Industrial adhesives & tapes team achieved high bottom line growth through portfolio prioritization and increased local asset utilization. 2015 saw the business drive distinct impetus on training, for both 3M employees & channel partners, where other than the regular product, behavioral training modules were covered. 3M continues to invest in the Car Care segment with new formats which include mobile detailing and fuel station centers fueling further growth in this space. - Strong focus on Digital Marketing to drive sales through online asset creation and engagement. 3M ventured into the e-commerce space with Automotive After-Market products with a plan to add products from other business groups. 3M Abrasive products ramped up local conversion to ensure faster execution of custom requirements - Customer well-received 3M's 'Precision Shaped Grain' portfolio products across the Bonded & Flexible abrasives market segments. 3M continued their market leader position in the Paint Finishing System segment.		

(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 Ended 31.03.16	12 Months Ended 31.03.15
Financial Highlights	Segment Revenue	31,437.64	27,217.41
	Profit Before Interest & Tax	3,917.76	1,709.71
	Capital Employed	12,554.11	12,521.68

Highlights	• Products manufactured in Medical plant in Ranjangaon have found good acceptance amongst end customers and this has resulted in significant business growth. • The Go-to-Market strategy to expand reach into smaller cities through the extended sales representative model has been successfully scaled up leading to higher level of penetration of 3M products in markets that were earlier not covered. • 3M Healthcare has partnered with leading hospitals to upgrade Operating Room practices and sterilization assurance standards • Sales through e-commerce for both medical and dental products have gained traction and we are seeing continued year on year growth. • 3M Healthcare continued its focus on reinforcing customer relationships and had launched a number of customer education initiatives. • "Healthcare Academy" which offers basic and premium online courses for our customers has seen encouraging registrations since launch. This should go a long way to improve patient care through education of caregivers
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(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.

		<i>Rs. in lakhs</i>	
		12 Months Ended 31.03.16	12 Months Ended 31.03.15
Financial Highlights	Segment Revenue	52,658.89	45,118.03
	Profit Before Interest & Tax	3,723.23	1,366.62
	Capital Employed	14,445.77	15,993.55
Highlights	• Personal Safety Division is making significant progress in the fast growing Pharmaceutical sector through focused Key Account Programs. It has created the India Pharmaceutical Advisory Council to ensure increased Safety at high risk and hazardous pharma manufacturing zones. The division continues to increase its penetration into the SME segment through various awareness and contact programs and other onsite SME activation programs. • The Traffic Safety & Security Division continues their good work in the road safety market with launch of new products like Conspicuity Tapes, Vertical Delineators, Solar RPMs, flexible median markers, etc. The division continues to educate the market with night demos, Key opinion leader(KOL) programs, contractor programs, etc., while participating in key industry events like Inter traffic, Indian Road Federation(IRF) Road Safety Week, Indian Road Congress(IRC) Annual Exhibitions, CII Conferences, NHAI events, etc., to propagate use of road safety products to save lives on the road. • The Traffic Safety & Security Division has launched new products like Automated Number Plate Recognition (ANPR) cameras, Variable Message Signs to cater to the Smart City Requirements in India. ANPR Cameras help the city authorities automate enforcement of traffic rules thereby making the roads safer to drive on.		

Highlights	- Commercial Solutions division is now vertically aligned into focusing on premises and brand ownership thereby helping customers in creating brand experiences within & outside the organization. The division saw a lot of success in the refurbishment and vehicle personalization market spaces and continues to invest in awareness building programs. - Commercial Solutions division also expanded on its University program for training maintenance professionals (over 500) via focused on site training workshops, Applicator Trainings, etc.,
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(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 Ended 31.03.16	12 Months Ended 31.03.15
Financial Highlights	Segment Revenue	21,946.59	18,788.94
	Profit Before Interest & Tax	3,319.98	972.79
	Capital Employed	7,844.74	12,071.67
Highlights	- In the year 2015, focused on growth of Scotch-Brite products especially in scouring and kitchen wipe segments. - Continued growth with distribution expansion program to increase availability of Home Care range of products in Tier B&C towns. - Focused on growth in Modern Trade by partnering with Key players for categories in Home Care & Stationery products. - Continued investment in "Scotch-Brite" brand in Television and trade to create pull for our products, especially in the utensil and wipes portfolio. - Accelerated sales through ecommerce channel with focus on product portfolio, good digital content and on-line demand generation programs. - Continue to build trade loyalty for our products and brands through retailer engagement programs.		

(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™ Scotchkote™ Fusion Bonded Epoxy Powders and Scotchkote™ 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™ Scotchcast™ 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 Ended 31.03.16	12 Months Ended 31.03.15
Financial Highlights	Segment Revenue	11,654.31	8,956.68
	Profit Before Interest & Tax	3,123.29	1,444.98
	Capital Employed	4,778.48	6,280.35

Highlights	- Weakness in the global Oil & Gas scenario lead to project delays. However, there was traction in some domestic projects in Telecom and Oil & Gas sectors which reversed the trend for infrastructure protection products. - High Temperature Scotchkote Fusion Bonded Epoxy powder was used to coat offshore pipelines. - For Renewable energy business, there was increased usage of Energy Management and safety films due to enhanced focus on energy efficiency & green buildings, security concerns and the growing usage of glass in commercial and residential complexes.
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Action Plans:

Our action plans are well aligned to the market opportunities.

- Seeing the pickup in consumption while the IPI remains stagnant, 3M has increased focus on consumption driven businesses. This has yielded strong results for us with 60% of our growth coming from a few top actions in consumption businesses, like adoption of newer business models, and increased spend on digital marketing. We have also focused our geographic penetration plans mainly for consumption driven businesses.
- 3M is also tapping on the increased sustainability focus of companies as well as the government through introduction of products and green initiatives. 3M has increased focus on sciences that save lives, save resources, save energy and improve productivity efficiently.
- 3M targets to have 10% of its sale through ecommerce in the next 5 years. 3M has beaten its own plans for ecommerce in 2015, and is laying a foundation for much faster growth through ecommerce in the coming years, through strategic tie ups.
- 3M is known globally to be a leading manufacturer. The Make in India initiative is helping 3M deploy its manufacturing strength within the country. The evolving Electronics, Defence and Automobile manufacturing will help 3M lay a very strong foundation for local manufacturing in the country.
- 3M's philosophy for smart cities is to help develop the market for smart cities through collaboration with other relevant stakeholders with similar interests. We are working closely with the government to help India develop smart cities.

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

We are optimistic about our future in India. We have built the right processes in the system to ensure we are ready for scale up when the economy achieves the aspirations the government has set for India. Our well entrenched business models will ensure that we grow as well as help the nation grow, through our strong technological platforms, evolving business models, and focus on a sustainable future.

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

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.

"Customer First" was recognized as the central theme. This was included in our Strategic Plan, and in all our actions across Business / functions. As an outcome this workshop clearly identified the need to accelerate Efficient Growth.

There was a visible shift that the Company made in refocusing the Organization to Customer First. We took the entire Organization thru the Change Management process and transferred the ownership for Change during the "We Will" workshop.

There were several initiatives including identifying Customer First projects across businesses and functions, forming cross functional/ multi level teams to deep dive into these projects. Leadership programs and other learning interventions captured these themes as well. There was a wide coverage of Customer First deliverables which were mapped for all employees as part of their goals & objectives in the Performance Management system.

Productivity was another theme that was driven with a lot of focus and direction. Re purposing of talent, restructuring, revamping the Sales Incentive Plan, in addition to motivating employees through rewards and recognitions programs. The year continued to be extremely challenging in view of the economy. There was a positive sentiment which was further accentuated by the programs that were created as above. The employees took complete ownership and delivered exemplary results across various parameters. We enhanced Productivity thru Price and Lean Six Sigma (LSS) to drive Cost of Goods Sold (COGS) target, we built Stretch COGS Improvement, sharpened Operating Plan delivery with a focus on mix and also improved headcount productivity.

There was also a significant and positive movement of the Contribution Income (COI) that built credibility of the Organization, whilst boosting the confidence of the team. Employees and teams rose to the occasion to the satisfaction of the leaders. They were inspired and motivated to deliver despite the resource constraints and the external environment combined.

The year also witnessed the HR function initiating several large initiatives including XChange, an inter corporate Hipo capability building program, where 3M took the lead to form a learning consortium. This was a huge success and received phenomenal feedback from the participants. Leadership Edge was another initiative which focused on intense external coaching for our senior leaders. The feedback from the pilot group has been overwhelming.

The 3M India CSR initiatives reflects a socially responsible organization that inspires its people to contribute to the communities whose lives we impact. Under the umbrella initiative of 3M Gives, we engage our employees through the program called – EMBRACE. All financial contributions and volunteering efforts are focused around three areas viz., Education, Women Empowerment and Social innovation.

Every year, 3M observes Global Volunteering Day, when 3Mers around the world engage in volunteering activities. In 2015, more than 300 employees from 10 3M locations in India spent half a day doing community service with the Company's CSR projects.

All of you would be aware that Chennai was ravaged by floods in Nov/ Dec 2015. Several lives were lost and properties damaged. The Company formed a very close bond with its employees and their families and supported them during these trying times both emotionally and financially.

We continued to build and strengthen the HR Business acceleration with visits and interventions with key Customers. We went beyond just sharing HR Best practices into helping some of the Customers build HR processes as well. This initiative has further strengthened the HR credibility with the business and also helped Business leaders to leverage the benefits and make it a differentiator. 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 moved to a new level a well with its focus on Diversity & Inclusion. Senior women leaders took Reflections workshops which focused on employees careers, to key Customers which earned huge admiration for 3M.

Through all this, the Company continued enhancing its discipline on Operational excellence. There was tremendous rigor built into the performance management system and there was enough evidence on the ground to demonstrate the visible change in culture of compliance.

On behalf of the Board of Directors

Place : Bengaluru
Date : May 27, 2016

Amit Laroya
Managing Director
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 carries on its business on a daily basis, enabling the Company to outperform and lead the way to sustainable growth. The governance principles provide sufficient 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) including Key Managerial Personnel 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. The Company has adhered to Clause 49 of the Listing Agreement with the Stock Exchanges and also with the SEBI (LODR) Regulations, 2015 after the same became applicable.

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 at the financial year ending March 31, 2016, 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 the provisions of the Companies Act, 2013 and the Listing Regulations, 2015. None of the Directors of the Company is related to each other and with any employees of the Company.

All the Independent Directors of the Company are in compliance with Companies Act, 2013 and the SEBI (LODR) Regulations, 2015.

Brief Profile of the Directors of the Company:

Mr. B.S. Iyer, Independent Director (DIN-00138425) – (up to March 31, 2016): Mr. B.S. Iyer, 66, 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 was appointed as Chairman of the Board from the conclusion of the Annual General Meeting held on August 4, 2014. At the Annual General Meeting held on August 4, 2015, he was appointed as an Independent Director for a period from March 27, 2015 to March 31, 2016.

Mr. Albert C Wang, Non-Executive Director (DIN- 05234667): Mr. Albert Wang, 47, joined 3M Group 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) – (up to May 31, 2016 as Managing Director): Mr. Amit Laroya, 51, 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 and 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 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, 56, 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) – (up to May 27, 2016): Mrs. Sadhana Kaul, 52, 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, 51, was appointed to the Board of the Company as an Additional Director from August 5, 2014. At the Annual General Meeting held on August 4, 2015, he was appointed as an Independent Director for a period of Five (5) years from August 4, 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, 69, was appointed to the Board of the Company as an Additional Director from March 27, 2015. At the Annual General Meeting held on August 4, 2015, he was appointed as an Independent Director for a period of Five (5) years 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, 54, 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, 54, 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 (up to March 31, 2016)

– Nil

Mr. Albert C Wang

– Nil

Mr. Ramesh Ramadurai

– Nil

Mr. Manuel B Pardo

– Nil

Mr. B.V. Shankaranarayana Rao

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

Mrs. Sadhana Kaul (up to May 27, 2016)

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

Mr. Amit Laroya (up to May 31, 2016 as Managing Director)

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

Mr. Biren Gabhawala

– eClerx Services Limited, Director

– C.M. Gabhawala & Co, Partner

Mr. Bharat D Shah

- Atlas Documentary Facilitators Company Private Limited, Director

- Faering Capital Trustee Company Private Limited, Director

- HDFC Securities Limited, Chairman

- Hexaware Technologies Limited, Director

- Exide Industries Limited, Director

- IDFC Alternatives Limited, Director

- Salisbury Investments Private Limited, Director

- Strides Shasun Limited, Director

- AGS Transact Technologies Limited, Director

- India Transact Services Limited, Director

- Tata Sky Limited, Director

Names of Committees/Chairmanships held details of the Directors are given below:

Name of the Director	Name of the Company	Membership of Committee		Chairmanship of Committees	
		Audit	Stakeholder's Relationship	Audit	Stakeholder's Relationship
Mr. B.S. Iyer (up to March 31, 2016)	3M India Limited	✓	✓		✓
Mr. Albert C Wang	Nil				
Mr. Ramesh Ramadurai	Nil				
Mr. Manuel B Pardo	3M India Limited	✓			
Mr. B.V. Shankaranarayana Rao	Nil				
Mrs. Sadhana Kaul (up to May 27, 2016)	Nil				
Mr. Amit Laroya (up to May 31, 2016)	3M India Limited		✓		
Mr. Biren Gabhawala	• 3M India Limited	✓	✓	✓	
	• eClerx Services Limited	✓	✓	✓	
Mr. Bharat D Shah	• 3M India Limited	✓	✓		
	• Hexaware Technologies Limited	✓	✓		
	• IDFC Alternatives Limited	✓			
	• AGS Transact Technologies Limited	✓			
	• Strides Shasun 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 / Committee Meetings is given in writing to each Director. The yearly calendar of the meetings is finalized before the beginning of the year. Additional Meetings are held when necessary. 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 Listing Regulations. The Meetings are governed by a structured agenda. The Board papers, agenda and other explanatory notes are circulated to the Directors seven (7) days prior to the Meetings. In addition, for any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board/Committee Meeting for ratification. The Minutes of the Committee Meetings are sent to all Directors individually within the time limits prescribed under the Companies Act, 2013 and are further tabled at the Board Meetings. The Company Secretary is responsible for convening the Board and Committee meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the meetings. He acts as an interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects.

Details of Board Meetings during the financial year:

During the financial year from April 01, 2015 to March 31, 2016, five (5) Meetings of the Board were held; on May 29, 2015, August 3, 2015, October 30, 2015, February 5, 2016 and February 26, 2016. The last Annual General Meeting (AGM) was held on August 4, 2015.

None of the Directors is a Director in more than ten (10) Public Limited Companies or acts as an Independent Director in more than seven (7) Listed Companies. The Managing Director and the Whole-time Director do not serve as Independent Director on any Listed Company. Further, none of the Directors acts as a member of more than ten (10) committees or acts as Chairman of more than five (5) committees across all Public Limited Companies in which he/she is a Director.

Particulars of the Directorships of Board, membership and office of the Chairman of Board Committees across all Companies as on March 31, 2016 and attendance at the Board Meetings of the Company are exhibited below:

Name & Designation of the Director	Category	No. of Meetings		No. of Directorships and Committee Memberships / Chairmanships			Whether attended last AGM
		Held	Attended	Directorships held@	Committee Memberships#	Committee Chairmanships#	
Mr. B.S. Iyer (Chairman) (Director) (up to March 31, 2016)	Non-Executive & Independent Director	5	5	1	2	1	Yes
Mr. Albert C Wang (Director)	Non-Executive Director (Promoter Group)	5	1	1	Nil	Nil	No
Mr. Biren Gabhawala (Director)	Non-Executive & Independent Director	5	3	2	4	2	Yes
Mr. Bharat D Shah (Director)	Non-Executive & Independent Director	5	3	9	7	Nil	Yes
Mr. Ramesh Ramadurai (Director)	Non-Executive Director (Promoter Group)	5	1	1	Nil	Nil	No
Mr. B.V. Shankaranarayana Rao (Whole-time Director)	Executive Director (Promoter Group)	5	5	2@@	Nil	Nil	Yes
Mrs. Sadhana Kaul (Director) (up to May 27, 2016)	Non-Executive Director (Promoter Group)	5	1	2@@	Nil	Nil	Yes
Mr. Amit Laroya (Managing Director) (up to May 31, 2016)	Executive Director (Promoter Group)	5	5	2@@	1	Nil	Yes
Mr. Manuel B Pardo (Director)	Non-Executive Director (Promoter Group)	5	1	1	1	Nil	No

@ 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 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, Listing Regulations 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, 2015 to March 31, 2016.

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, 2016.

Place : Bengaluru
Date May 9, 2016

(Amit Laroya)
Managing Director
DIN: 00098933

AUDIT COMMITTEE

The Audit Committee of the Company functions in accordance with the requirements of Section 177 of the Companies Act, 2013 and the Listing Regulations.

Terms of Reference of Audit Committee:

The terms of reference of the Audit Committee as per guidelines set out under the Listing Regulations 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 120 days 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) Modified opinion (s) 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:

Up to March 31, 2016, the Audit Committee of the Company consisted 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 (up to March 31, 2016), Mr. Bharat D Shah and Mr. Manuel B Pardo.

Mr. Biren Gabhawala is the Chairman of the Audit Committee. 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 from April 01, 2015 to March 31, 2016, four (4) Meetings of the Audit Committee were held; *on May 29, 2015, August 3, 2015, October 30, 2015, and February 5, 2016.* The numbers of Meetings attended during the year under review are as under:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. B.S. Iyer (up to March 31, 2016)	4	4
Mr. Biren Gabhawala (Chairman)	4	3
Mr. Bharat D Shah	4	3
Mr. Manuel B Pardo	4	1

NOMINATION AND REMUNERATION COMMITTEE (NRC)

In compliance with Section 178 of the Companies Act, 2013 and the Listing Regulations the Board has formed the "Nomination and Remuneration Committee". The terms of reference of the Committee inter alia, the following:

- Chairperson:** Chairperson of the Committee shall be an Independent Director as may be elected by the members of the Committee.
- 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.
- Frequency of meetings:** The Committee may meet at such times and at such intervals as it may deem necessary.
- 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 Regulations 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.

The Remuneration Policy for Directors, Key Managerial Personnel and for other employees 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.

The Diversity of the Board aims to:

- enhance the quality of performance of the Board,
- usher in independence in the performance of the Board,
- achieve sustainable and balanced performance and development in the Company,
- support the attainment of strategic objectives of the Company,
- remove the gender bias in the Board, and,
- Compliance of applicable law/s and good corporate practices.

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 incumbent 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 compa 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 Non-Executive Non-Independent Directors are not paid any Sitting Fees and Commission.

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 provisions of Listing Regulations 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:

Up to March 31, 2016, 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. Bharat D Shah is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee.

During the financial year from April 01, 2015 to March 31, 2016, one (1) Meeting of the Nomination and Remuneration Committee was held on February 4, 2016. The number of Meeting attended during the year under review are as under:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. Bharat D Shah (Chairman)	1	1
Mr. Biren Gabhawala	1	1
Mr. Albert C Wang	1	Nil
Mrs. Sadhana Kaul (up to May 27, 2016)	1	Nil

Remuneration to Directors:

As at the end of financial year March 31, 2016, 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 and 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, 2016:**(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. Shankaranaryana Rao (Whole-time Director)	Nil	1,63,54,761	6,57,622	Nil	1,70,12,383	March 31, 2017
Mr. Amit Laroya (Managing Director)	Nil	4,13,79,610	13,16,401	16,45,502	4,43,41,513	September 30, 2018

(b) Non-Executive Independent Directors:

Name of the Director	No. of Shares Held	Sitting Fees for Board Meetings (paid during 2015-16) (Rs.)	Sitting Fees for Committee Meetings (paid during 2015-16) (Rs.)	Commission (Rs.)	Total (Rs.)
Mr. B.S. Iyer (up to March 31, 2016)	66*	1,00,000	1,80,000	15,00,000**	17,80,000
Mr. Biren Gabhawala	Nil	60,000	1,60,000	15,00,000**	17,20,000
Mr. Bharat D Shah	Nil	60,000	1,80,000	15,00,000**	17,40,000

* Jointly as a 2nd shareholder with his wife

**Remuneration by way of Commission for the financial year 2015-16 will be paid to the Independent Directors after the accounts for the financial year 2015-16 have been adopted and approved by the members at the ensuing AGM.

The Non-Executive Directors viz., Mr. Albert C Wang, Mrs. Sadhana Kaul, Mr. Ramesh Ramadurai and Mr. Manuel B Pardo do not receive Sitting Fees and Commission. None of the Non-Executive Directors has any pecuniary relationship with the Company.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

In compliance with the provisions of Section 178(5) of the Companies Act, 2013 and the provisions of the Listing Regulations, the Board has formed the "Stakeholders' Relationship 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.
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:

Up to March 31, 2016, 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. B. S. Iyer, Mr. Amit Laroya, Mr. Biren Gabhawala and Mr. Bharat D Shah.

During the financial year April 01, 2015 to March 31, 2016, four (4) Meetings of the Shareholders' Grievance Committee/ Stakeholders' Relationship Committee were held; on May 29, 2015, August 3, 2015, October 30, 2015 and February 5, 2016. 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 Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. B.S. Iyer (Chairman)	4	4
Mr. Amit Laroya (up to May 31, 2016)	4	4
Mr. Biren Gabhawala	4	3
Mr. Bharat D Shah	4	3

Mr. B.S. Iyer, Non-Executive and Independent Director, was the Chairman (up to March 31, 2016) 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, 2015.	Nil
No. of complaints received during the period April 01, 2015 to March 31, 2016.	33
No. of Shareholders' complaints resolved during the period April 01, 2015 to March 31, 2016.	33
No. of Shareholders' complaints pending as on March 31, 2016.	Nil

The Share Transfer Committee comprising of Mr. Amit Laroya, Managing Director and Mr. B.V. Shankaranarayana Rao, Whole-time Director met on *May 11, 2015, June 16, 2015, August 5, 2015, August 18, 2015, September 16, 2015, September 30, 2015, October 19, 2015, November 27, 2015 and February 5, 2016* 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. 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:

- Chairman:** Chairman of the CSR Committee shall be an Independent Director as may be elected by the members of the CSR Committee.
- Quorum:** Quorum of the CSR Committee shall be minimum of two (2) members provided one (1) of them shall always be an Independent Director.
- Frequency of meetings:** The CSR Committee may meet at such times and at such intervals as it may deem necessary.
- 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.
- 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:

Up to March 31, 2016, the CSR Committee of the Company consists of four (4) Directors, of which one (1) each are Non-Executive Independent Director and Non-Executive Director and two (2) are Executive Directors. The Members of the Committee are Mr. Bharat D Shah, Mr. Amit Laroya, Mr. B.V. Shankaranarayana Rao and Mr. Ramesh Ramadurai. Mr. Bharat D Shah is the Chairman of the CSR Committee.

During the financial year April 01, 2015 to March 31, 2016, one (1) meeting of the CSR Committee was held on *October 30, 2015*. The attendance of the members at the CSR Committee Meeting held during the year are as under:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. Bharat D Shah (Chairman)	1	1
Mr. Amit Laroya (up to May 31, 2016)	1	1
Mr. B.V. Shankaranarayana Rao	1	1
Mr. Ramesh Ramadurai	1	1

PERFORMANCE EVALUATION OF BOARD/DIRECTOR'S

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, 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/ Committee's, 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. The Directors were satisfied with the evaluations results which reflected the overall engagement and effectiveness of the Board and its Committees.

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on *February 4, 2016, 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, Chairman of the Committee's 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. Bharat D Shah and Mr. Biren Gabhawala were present at the Meeting.

RISK MANAGEMENT

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 Sections 177(9) & (10) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and the provisions of Listing Regulations, 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 financial year 2015-16 and for the estimated / proposed transactions for the financial year 2016-17 to be entered into by the Company after considering all the conditions of the provisions of the Listing Regulations. The Company has already obtained the approval of the Shareholders of all the material RPTs for the year 2015-16 at the AGM held on August 4, 2015.

The Company proposes to seek the approval of the Shareholders for all material RPTs for the estimated/proposed transactions for the financial year 2016-17 as an Ordinary Resolution as per the Notice of the 29th 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) of the (Companies (Accounting standards) Rule, 2006, as amended) and other relevant provisions of the Companies Act, 2013.

Proceeds from Public issues, rights issue, preferential issues etc: The Company has not made any capital issues during the financial year 2015-16.

General Body Meetings:

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

Date	Meeting	Location	Time
July 23, 2013	AGM	The Grand Ball Room, The Chancery Pavilion 135, Residency Road, Bengaluru – 560 025	10.30 A.M.
August 4, 2014	AGM	The Grand Ball Room, The Chancery Pavilion 135, Residency Road, Bengaluru – 560 025	10.30 A.M.
August 4, 2015	AGM	The Grand Ball Room, The Chancery Pavilion 135, Residency Road, Bengaluru – 560 025	11.00 A.M.

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

July 23, 2013	Nil.
August 4, 2014	Nil.
August 4, 2015	Approval of Related party Transactions(RPTs) for the years 2014-15 and 2015-16 with 3M Company, USA

The voting results of the remote e-voting and poll in respect of the special resolutions passed at the AGM held on August 4, 2015 is given below:

Resolution number	Particulars	Voted in favour	Voted against	Percentage (In favour)	Result
10	Approval of Material Related Party Transactions for the year 2014-15 with 3M Company, USA.	13,72,919	259	99.98	Passed
11	Approval of Material Related Party Transactions for the year 2015-16 with 3M Company, USA.	13,72,914	264	99.98	Passed

There is one item which requires to be passed as a special resolution at the ensuing Annual General Meeting (AGM) to be held on August 5, 2016.

There are no items requiring resolution by Postal Ballot at the ensuing Annual General Meeting (AGM) to be held on August 5, 2016.

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 the provisions of Listing Regulations. 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, 2015, the Company has formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

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 has not made 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:

Secretarial Audits were carried out periodically by a qualified Practising 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

Chairman's Office:

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 per the provisions of Listing Regulations. The Company also displays in their website, the quarterly report sent to the Stock Exchanges on the Compliance on Corporate Governance, Shareholding pattern, quarterly financial results and other corporate announcements. 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, 2016.

Reporting of Internal Auditor: The Company has an in house Internal Auditor and reports to the Audit Committee.

General Shareholder information:

Annual General Meeting	August 5, 2016, (Friday) Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001. <i>Time: 11.00 A.M.</i>
Date of Book Closure	July 30, 2016 (Saturday) – August 5, 2016 (Friday) (both days inclusive)
Dividend payment date	N. A.
Financial Results calendar (Tentative)	<i>First week of August, 2016</i> – Unaudited Results for the quarter and three months ended June 30, 2016. <i>First week of November, 2016</i> – Unaudited Results for the quarter and six months ended September 30, 2016. <i>First week of February, 2017</i> – Unaudited Results for the quarter and nine months ended December 31, 2016. <i>Last week of May, 2017</i> – Audited Results for the year ended March 31, 2017.
Listing on Stock Exchanges	National Stock Exchange of India Limited (Code –3MINDIA) BSE Limited (Code – 523395)
International Securities Identification Number (ISIN)	INE470A01017
Corporate Identification Number (CIN)	L31300KA1987PLC013543

The Company has paid Annual Listing fees, as prescribed, to the National Stock Exchange of India Limited and BSE Limited for the financial year 2016-17.

Annual Custody / Issuer Charges:

The Company has paid the Annual Custody / Issuer charges for the financial year 2016-17 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- 500 032.
Ph: 040-67161524

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

Share Transfer System:

Shares sent for transfer in physical form are registered and dispatched within 30 days of receipt of the documents, if documents are found to be in order. Shares under objection are returned within 30 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.

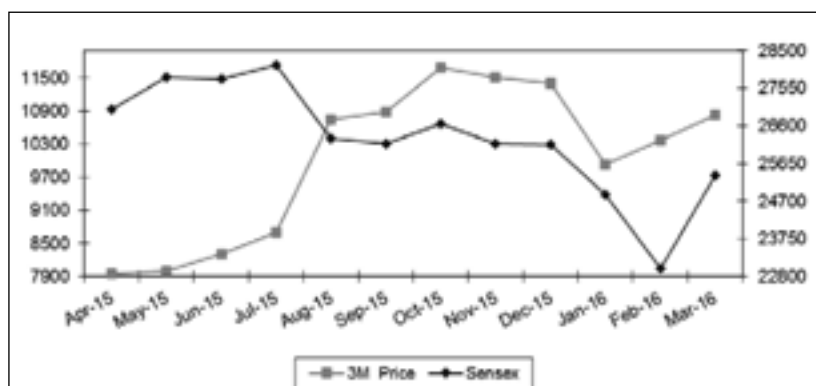
All requests for dematerialization of shares, which are in order, are processed within 21 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Price Data for the year 2015-16:

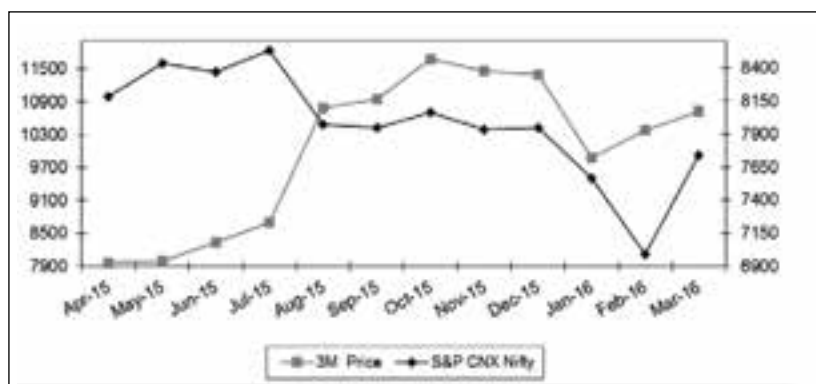
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	No. of shares traded	High (Rs.)	Low (Rs.)	No. of shares traded
April 2015	9,600	7,500	8,520	9,585	7,537	24,284
May 2015	8,370	7,502	2,534	8,500	7,500	10,247
June 2015	9,349	8,000	6,907	9,375	7,810	19,465
July 2015	8,900	8,050	11,293	8,900	8,006	41,888
August 2015	12,500	8,824	34,253	12,565	8,798	87,528
September 2015	12,899	10,155	8,534	11,375	10,200	18,709
October 2015	12,710	10,800	6,488	12,774	10,815	20,706
November 2015	12,220	10,888	3,903	12,274	10,950	16,978
December 2015	11,590	10,373	5,656	11,569	10,355	28,088
January 2016	11,470	9,405	4,651	11,455	9,463	12,889
February 2016	12,155	9,687	10,786	12,163	9,515	39,100
March 2016	10,999	10,450	18,610	11,025	10,402	20,263

Stock Performance:

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



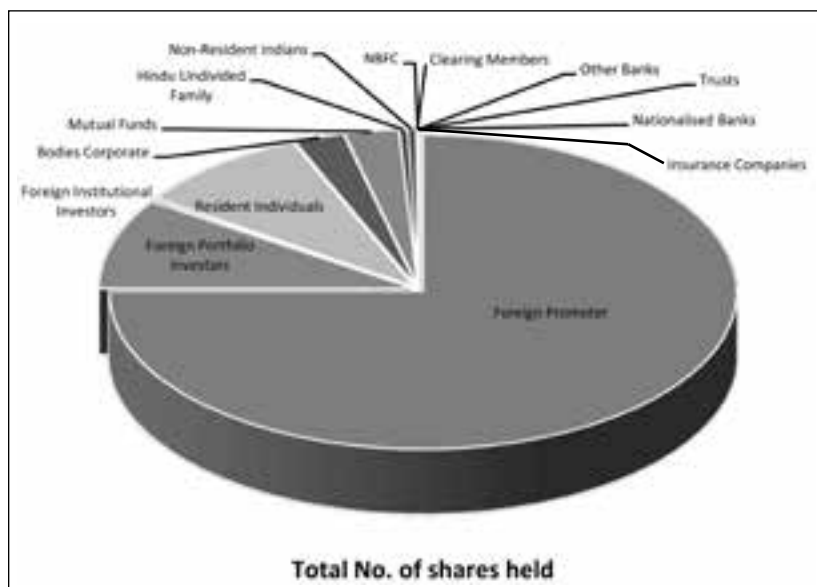
NSE-S&P CNX Nifty Vs 3M Share price (Monthly Closing Price)



Consolidated Shareholding Pattern as on March 31, 2016:

Category	No. of Members	Total No. of shares held	% to capital
Foreign Promoter*	1	84,48,802	75.00
Foreign Portfolio Investors	16	10,52,931	9.35
Foreign Institutional Investors	4	29,501	0.26
Resident Individuals	11,764	10,21,053	9.06
Bodies Corporate	414	2,90,552	2.58
Mutual Funds	11	3,13,441	2.78
Hindu Undivided Family	393	47,444	0.42
Non-Resident Indians	344	48,110	0.43
Clearing Members	14	9,205	0.08
NBFC	5	2,149	0.02
Other Banks	3	1,291	0.01
Trusts	3	511	0.01
Nationalised Banks	1	20	
Insurance Companies	1	60	
Total	12,974	1,12,65,070	100.00

* None of Foreign promoter shares has been pledged as on March 31, 2016



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, 2016:

Category	No. of Holders	Total Shares	% To Equity
PHYSICAL	1,331	95,028	0.84
N S D L	8,446	1,07,80,523	95.70
C D S L	3,197	3,89,519	3.46
TOTAL	12,974	1,12,65,070	100.00

Top Ten (10) Members of the Company as on March 31, 2016:

Client id	Name of the Members	No. of shares held	% to paid-up capital	Category
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
10024287	Acacia Banyan Partners	1,26,045	1.12	FPI
10049887	IDFC Premier Equity Fund	1,19,866	1.06	MUT
10001099	SBI Emerging Businesses Fund	70,000	0.62	MUT
10000916	SBI Magnum Global Fund	50,000	0.44	MUT
10000949	SBI Magnum Balanced Fund	47,000	0.42	MUT
	Total	98,99,918	87.88	

Distribution of Shareholding as on March 31, 2016:

Range of Shares	No. of Members	% to total Shareholders	No. of Shares held	Amount (Rs.)	% to Total Shares
1-5000	12,644	97.46	5,87,266	58,72,660	5.21
5001-10000	157	1.21	1,19,593	11,95,930	1.06
10001-20000	82	0.63	1,18,664	11,86,640	1.05
20001-30000	23	0.18	57,878	5,78,780	0.51
30001-40000	17	0.13	60,293	6,02,930	0.54
40001-50000	6	0.04	28,736	2,87,360	0.26
50001-100000	23	0.18	1,63,116	16,31,160	1.45
100001 and above	22	0.17	1,01,29,524	10,12,95,240	89.92
TOTAL	12,974	100.00	1,12,65,070	11,26,50,700	100.00

Dematerialization of Shares and Liquidity:

99.16% of the total equity capital was held in dematerialised form as on March 31, 2016.

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. 145, Mumbai-Pune Road, Pimpri, Pune – 411 018.

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: 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, 2016 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,

Place : Bengaluru
Date : May 24, 2016

Amit Laroya
Managing Director
DIN: 00098933

Panagiotis Goulakos
Chief Financial Officer

CERTIFICATE OF COMPLIANCE

Certificate from Mr. Vijayakrishna K T, Practising Company Secretary, Bengaluru confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34 of the Listing Regulations read with Schedule V is attached to the Board's 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
Date : May 27, 2016

Amit Laroya
Managing Director
DIN: 00098933

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

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS AND THE SEBI (LODR) REGULATIONS, 2015

To
The Members of
3M India Limited
Bangalore

I have examined the compliance of the conditions of Corporate Governance by 3M India Limited for the year ended 31st March, 2016 as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges and Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 provisions as specified in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with Stock Exchanges.

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.

Place : Bangalore
Date : 27th May, 2016

Vijayakrishna K T
Practising Company Secretary
FCS-1788
CP-980

EXTRACT OF ANNUAL RETURN

As on the financial year ended March 31, 2016

[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 . CIN: 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- 500 032
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:-

Sl. No.	Name and Description of Main Products / Services	NIC Code of the Product/ Service	% to Total Turnover of the 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
1	3M Company 3M CENTER, St. PAUL, MN, USA-55144-10000	NA	Holding	75%	2(46) and 2(87)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% chan ge during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
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	75.00	84,48,802	Nil	84,48,802	75.00	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	75.00	84,48,802	Nil	84,48,802	75.00	Nil
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	84,48,802	Nil	84,48,802	75.00	84,48,802	Nil	84,48,802	75.00	Nil
B. Public Shareholding									
(1) Institutions									
(a) Mutual Funds/UTI	3,44,274	440	3,44,714	3.06	3,13,001	440	3,13,441	2.78	(0.28)
(b) Banks/FI	940	20	960	0.01	1,291	20	1,311	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) FIs	58,741	Nil	58,741	0.52	29,501	Nil	29,501	0.26	(0.26)
(h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Others(specify) - Foreign Portfolio Investor (Corporate)	10,34,159	Nil	10,34,159	9.18	10,52,931	Nil	10,52,931	9.35	0.17
Sub-Total (B)(1)	14,38,114	520	14,38,634	12.77	13,96,724	520	13,97,244	12.40	(0.37)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non-Institutions									
(a) Bodies Corporate									
i. Indian	3,00,124	2,520	3,02,644	2.69	2,88,332	2,220	2,90,552	2.58	(0.11)
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	8,25,770	96,876	9,22,646	8.19	8,51,837	92,288	9,44,125	8.38	0.19
ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	1,01,478	Nil	1,01,478	0.90	1,24,372	Nil	1,24,372	1.10	0.20
(c) Others (specify)									
i. 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
iii. Foreign Bodies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
iv. NRI/OCBs	49,412	Nil	49,412	0.44	48,110	Nil	48,110	0.43	(0.01)
v. Clearing Members/Clearing House	489	Nil	489	0.00	9,205	Nil	9,205	0.08	0.08
vi. Trusts	965	Nil	965	0.01	511	Nil	511	0.01	Nil
vii. Limited Liability Partnerships	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
viii. Foreign Portfolio Investor (Corporate)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ix. Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
x. NBFCs Registered with RBI	Nil	Nil	Nil	Nil	2,149	Nil	2,149	0.02	0.02
Sub Total (B)(2)	12,78,238	99,396	13,77,634	12.23	13,24,516	94,508	14,19,024	12.60	0.37
Total Public Shareholding (B)=(B)(1)+(B)(2)	27,16,352	99,916	28,16,268	25.00	27,21,240	95,028	28,16,268	25.00	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
GRAND TOTAL(A+B+C)	1,11,65,154	99,916	1,12,65,070	100.00	1,11,70,042	95,028	1,12,65,070	100.00	Nil

(ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
	No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
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)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	No Change			
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for 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):

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		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.	Bright Star Investments Private Limited	1,66,700	1.48	1,66,700	1.48
5.	Acacia Banyan Partners	1,26,045	1.12	1,26,045	1.12
6.	IDFC premier Equity Fund	1,30,396	1.16	1,19,866	1.06
7.	SBI Emerging Business Fund	1,10,000	0.98	70,000	0.62
8.	SBI Magnum Global Fund	50,000	0.44	50,000	0.44
9.	SBI Magnum Balanced Fund	50,000	0.44	47,000	0.42
10.	Govindlal M Parikh Chinmay G Parikh	38,115	0.34	38,115	0.34
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	Increase in shareholding details – Nil Decrease in shareholding details IDFC Premier Equity Fund: (Transfer) 10,530 shares on 05.02.2016 SBI Emerging Business Fund: (Transfer) 5,000 shares on 30.06.2015 3,499 shares on 17.07.2015 31,501 shares on 31.07.2015 SBI Magnum Balanced Fund: (Transfer) 3,000 shares on 31.07.2015			

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	Mr. B.S. Iyer (as a second holder) – 35 shares Other Directors and KMPs - Nil			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Increase in shareholding details <i>Mr. B.S. Iyer (as a second holder):</i> Transfer 7 shares on 03.06.2015 3 shares on 05.06.2015 21 shares on 02.11.2015 Other Directors and KMPs – Nil Decrease in shareholding details – Nil			
	At the End of the year	Mr. B.S. Iyer (as a second holder) – 66 shares Other Directors and KMPs – Nil			

V. INDEBTEDNESS

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

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

Sl. No.	Particulars of Remuneration	Managing Director (Rs.)	Whole-time Director (Rs.)	Total Amount (Rs.)
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	2,89,66,191	1,46,85,688	4,36,51,879
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	15,67,102	21,600	15,88,702
	(c) Profits in lieu of salary under 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 a % of profit	Nil	Nil	Nil
	- Others, specify			
5.	Others, Please specify			
	- Restricted Stock Units(RSU's) and Stock Appreciation Rights(SARs) of the Parent Company	1,24,13,419	16,69,073	1,40,82,492
TOTAL (A) (Rs.)		4,29,46,712	1,63,76,361	5,93,23,073
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 Profits 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 applicable ceiling is Rs. 3,079.92 Lakhs . The remuneration paid is well within the prescribed limits.		

B. Remuneration to other Directors:

Particulars of Remuneration	Name of the Directors			Total Amount (Rs.)
	Mr. B.S Iyer (up to March 31, 2016)	Mr. Biren Gabhawala	Mr. Bharat D Shah	
Independent Directors				
Fee for attending Board / Committee meetings	2,80,000	2,20,000	2,40,000	7,40,000
Commission for the year FY 2015-16 (to be paid in the FY 2016-17)	15,00,000	15,00,000	15,00,000	45,00,000
Others, please specify	Nil	Nil	Nil	Nil
Total (1) (Rs.)	17,80,000	17,20,000	17,40,000	52,40,000

Particulars of Remuneration	Name of the Directors				Total Amount (Rs.)
	Mr. Albert C Wang	Mrs. Sadhana Kaul	Mr. Ramesh Ramadurai	Mr. Manuel B Pardo	
Other Non-Executive Directors					
Fee for attending Board / Committee meetings	Nil	Nil	Nil	Nil	Nil
Commission for the year 2015-16(to be paid in 2016-17)	Nil	Nil	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil	Nil	Nil
Total (2)	Nil	Nil	Nil	Nil	Nil
Total (B) = (1+2) (Rs.)					52,40,000
Ceiling as per the Act (Section 197)		The remuneration payable to all Non-Executive Directors and Independent Directors shall not exceed 1% of the Net Profits of the Company. The applicable ceiling is Rs.307.99 Lakhs. The remuneration paid is well within the prescribed limits.			
Total (A+B) (Rs.)					6,45,63,073
Overall ceiling as per the Act (Section 197)		The total managerial remuneration payable to its Directors, including Managing Director and Whole-time Director and its Manager in respect of any financial year shall not exceed 11% of the Net Profits of the Company. The applicable ceiling is Rs.3,387.91 Lakhs. The remuneration paid is well within the overall limits.			

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

Sl. No.	Particulars of Remuneration	Chief Financial Officer* (up to March 31, 2016)	Chief Financial Officer** (from March 15, 2016)	Company Secretary	Total (Rs.)
1.	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,25,86,586	13,23,595	35,56,480	1,74,66,661
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission -as % of profit - others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify-	Nil	Nil	Nil	Nil
	Total (C)	1,25,86,586	13,23,595	35,56,480	1,74,66,661

Note: *Mr. Sameer Agarwal ceased to be CFO on March 31, 2016 and **Mr. Panagiotis Goulakos was appointed as CFO from March 15, 2016.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

On behalf of the Board of Directors

Place : Bengaluru
Date : May 27, 2016

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 31.03.2016

[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 31.03.2016 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 31.03.2016 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, 2015;
 - (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;
 - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) There are no specific laws applicable to the Company pursuant to the business carried by the Company.
- (vii) The other general laws as may be applicable to the Company including the following:

(1) Employer/Employee Related laws & Rules:

- i. Industries (Development & Regulation) Act, 1951
- ii. The Factories Act, 1948 (in case of manufacturing companies, where applicable)
- iii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959

- iv. The Apprentices Act, 1961
- v. The Employees Provident Fund & Miscellaneous Provisions Act, 1952
- vi. The Employees State Insurance Act, 1948
- vii. The Workmen's Compensation Act, 1923
- viii. The Maternity Benefits Act, 1961
- ix. The Payment of Gratuity Act, 1972
- x. The Payment of Bonus Act, 1965
- xi. The Industrial Disputes Act, 1947
- xii. The Trade Unions Act, 1926
- xiii. The Payment of Wages Act, 1936
- xiv. The Minimum Wages Act, 1948
- xv. The Child Labour (Regulation & Abolition) Act, 1970
- xvi. The Contract Labour (Regulation & Abolition) Act, 1970
- xvii. The Industrial Employment (Standing Orders) Act, 1946
- xviii. Equal Remuneration Act, 1976
- xix. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979
- xx. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xxi. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996
- xxii. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
- xxiii. Dangerous Machines (Regulation) Act, 1983
- xxiv. Indian Boilers Act, 1923
- xxv. The Karnataka Shops & Establishments Act, 1961
- xxvi. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xxvii. The Labour Welfare Fund Act, 1965
- xxviii. The Karnataka Daily Wage Employees Welfare Act, 2012
- xxix. For majority of Central Labour Laws the State has introduced Rules [names of each of the Rules is not included here]

(2) Environment Related Acts & Rules:

- i. The Environment Protection Act, 1986
- ii. The Water (Prevention & Control of Pollution) Act, 1974
- iii. The Water (Prevention & Control of Pollution) Cess Act, 1977
- iv. The Air (Prevention & Control of Pollution) Act, 1981
- v. The Government Order Under Environment (Protection) Act, 1986
- vi. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
- vii. The Karnataka Ground Water (Regulation for Protection of Sources of Drinking Water) Act, 1999

3) Economic/Commercial Laws & Rules:

- i. The Competition Act, 2002
- ii. The Indian Contract Act, 1872
- iii. The Sales of Goods Act, 1930

- iv. The Forward Contracts (Regulation) Act, 1952
- v. The Indian Stamp Act, 1899
- vi. The Transfer of Property Act, 1882

4) Other Laws:

- a) Explosives Act
- b) Legal Metrology Act

I have also examined compliances with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS – 1 and SS – 2 (applicable from 1st July, 2015).
- (ii) The Listing Agreements entered into, by the Company with the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE) and the SEBI (LODR) Regulations, 2015, wherever applicable.

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

Further I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

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 : May 27, 2016

(Vijayakrishna K T)
Practising Company Secretary
FCS-1788
CP-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]

1. 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:

- Investing in energy efficient and automated projects that lower the cycle time of operations.
- Installation of Variable Frequency Drives for various applications like Blower's and Pump's Motors.
- Installation of lighting transformers.
- Using high efficiency motors.
- Reducing the idle running and maintaining continuous production runs.
- Improving the productive time of the machines.
- Layout changes to consolidate all air conditioning needs under one area.
- Harmonic Mitigation through active filters to reduced Harmonic presence in electrical System, this resulted in 5% energy savings by eliminating harmonics.
- Efficiency analysis for Compressed Air distribution system & resizing Air pipe Lines to reduce the pressure setting.
- Compressed Air Leakage Audit through Dynamic Noise Discrimination ultrasonic technology to detect and arrest air leakages.
- HVAC- Water chiller load optimization and AHU Volume Optimization for all the air conditioning.
- Pump flow Optimization through trimming the impeller for Thermic Fluid system.
- Installation of UV lamps in RO water system to reduce the Bio Load thus reducing the water consumption by reducing sanitization frequency.
- Replacement of Metal halide Lamps with LED Lamps.
- Use of renewable energy: 75% of 3M Bengaluru plant energy needs are met through wheeling of wind energy.

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.

2. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT**A. RESEARCH & DEVELOPMENT:**

1. 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.
2. **Benefits derived as a result of the above Research & Development**
 - ❖ 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.
 3. **Future plan of action**
 - ❖ Build capabilities in technology and product development to serve the needs of Indian customers.
 - ❖ Development of products specific for Indian market, especially in the areas 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.
 4. **Expenditure on Research & Development** *(Rs. in Lakhs)*

a) Capital	395.91
b) Revenue	4,302.05
c) Total	4,697.96
d) Total Research & Development expenditure as a percentage of total turnover.	2.22%

B. TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION1. 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 nonwovens 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.2,405.25 Lakhs for the financial year 2015-16 (PY: Rs.1,970.22 Lakhs).

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. *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. 2,114.28 Lakhs (PY: Rs. 2,142.38 Lakhs) for contract research and Rs. 1,462.28 Lakhs (PY: Rs. 1,653.28 Lakhs) for support Services /Corporate Management Fees.

2. *Foreign exchange earnings and outgo:*

During the period under review, Foreign Exchange earnings were Rs. 7,644.95 Lakhs (PY: Rs. 7,028.07 Lakhs) and Foreign Exchange outgo was Rs. 86,310.47 Lakhs (PY: Rs. 82,094.58 Lakhs).

On behalf of the Board of Directors

Place : Bengaluru
Date : May 27, 2016

Amit Laroya
Managing Director
DIN: 00098933

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

ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR 2015-16

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:

EDUCATION: 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 change-makers 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 entrepreneurship and participation in local governance.

CSR policy is been displayed at: http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary/.

2. **The Composition of the CSR Committee.**

- | | |
|---------------------------------|----------|
| ➤ Mr. Bharat D Shah | Chairman |
| ➤ Mr. Amit Laroya | Member |
| ➤ Mr. B.V. Shankaranarayana Rao | Member |
| ➤ Mr. Ramesh Ramadurai | Member |

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

Average of the last 3 financial years= Rs. 10,294.24 Lakhs

4. **Prescribed CSR Expenditure (two per cent(2%) of the amount as in item 3 above)**

Rs. 205.88 Lakhs

5. **Details of CSR spent during the financial year.**

Total amount spent for the financial year = Rs. 87.97 Lakhs

6. **Amount unspent, if any.**

Rs. 117.91 Lakhs

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. 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 Sub heads: (1)Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure up to to the reporting period	Amount spent: Direct or through implementing agency *
1.	Education:	Education Support two (2) Mobile Science Labs that educate 100 schools in two states in India Volunteering initiatives with schools	Anekal, Bengaluru, Karnataka, Ranjangaon, Pune, Maharashtra	Education Allocation: Rs. 61.70 Lakhs	Education Rs. 42,05,270	Education Rs. 42,05,270	Education Rs. 42,05,270
2.	Social Innovation:	Social Innovation Support an Incubation Fund Program for Young Innovators through a Nationwide Innovation Challenge	PAN India	Social Innovation Allocation: Rs. 51.40 Lakhs	Social Innovation Rs. 9,84,117	Social Innovation Rs. 9,84,117	Social Innovation Rs. 9,84,117
3.	Women Empowerment	Women Empowerment Support two(2) Skills Development Programs covering 150 young women	Bengaluru	Women Empowerment Allocation: 41.10 lakhs	Women Empowerment Rs. 22,95,030	Women Empowerment Rs. 22,95,030	Women Empowerment Rs. 22,95,030
4.	National Calamity	National Calamity Disaster relief support during intense flooding in Tamil Nadu region	Chennai, Tamil Nadu	National Calamity Funding Allocation: Rs. 51.68 Lakhs	National Calamity Rs. 13,12,500	National Calamity Rs. 13,12,500	National Calamity Rs. 13,12,500
	TOTAL			Rs. 205.88 Lakhs	Rs. 87,96,917	Rs. 87,96,917	Rs. 87,96,917

8. Give details of implementing agency:

United Way of Bengaluru: 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 for-profit corporation, headquartered at 701 North Fairfax Street, Alexandria, Virginia, USA 22314-2045.

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

There were several challenges to establish a sustainable CSR model that would comply with the requirements of the Companies Act, 2013 and put in place CSR team and identification of right projects. In spite of these challenges, the Company conducted various CSR activities in collaboration with United Way, Bengaluru in a responsible and accountable manner. This was possible only because of creating of a strong foundation and adopting an informed approach while the Company initiated a series of fresh projects in 2015-16. The Company could not entirely consume the allocated CSR Budget, given the Company's agenda to utilise the funds in justifiable, sustainable and measurable activities. Therefore, a sum of Rs. 117.91 Lakhs remained unspent from the CSR budget of 2015-16. The Company has medium and long term plans in scaling up of the above mentioned activities in a structured and controlled manner to ensure maximum impact. The Company is confident of meeting the objectives in the forthcoming years.

10. 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.

On behalf of the Board of Directors

Place : Bengaluru
Date : May 27, 2016

Amit Laroya
Managing Director
DIN: 00098933

Bharat D Shah
(Chairman CSR Committee)
DIN: 00136969

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

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain 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 –

Sl 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 Research	billing in USD on a quarterly basis
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 within 15 days from the end of the month
6.	Corporate Management Fee	billing in USD, yearly

(Rs. in crores)

Sl No.	Nature of Transactions	Transaction value for the Financial Year 2015-16 (Actuals)	Estimated value of Transactions per annum for the Financial year 2016-17
INCOME			
1.	Income from Contract Research	21.14	25.79
2.	Sale of Goods	5.79	9.31
3.	Re-charge of expenses received	9.41	15.34
4.	Sale of Capital Goods	Nil	Nil
	Total	36.34	50.44
EXPENDITURE			
1.	Purchases of Materials	267.02	298.66
2.	Royalty	24.05	24.55
3.	Re-charge of expenses paid	Nil	1.25
4.	Corporate Management Fee	59.79	72.91
	Total	350.86	397.37

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

Amit Laroya
Managing Director
DIN: 00098933

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

Place : Bengaluru
Date : May 27, 2016

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014:

(i)	The ratio of the remuneration of each director and KMP to the median remuneration of the employees of the Company for the financial year 2015-16.	<u>Whole-time Directors and KMP:</u> 1. Amit Laroya, Managing Director= 36.36 2. B.V. Shankaranarayana Rao, Whole-time Director=14.37 3. Sameer Agarwal, CFO = 11.06 4. V. Srinivasan, CS =3.13 <u>Independent Directors:</u> 1. Mr. B.S. Iyer= 1.56 2. Mr. Biren Gabhawala= 1.51 3. Mr. Bharat Shah = 1.53 Median remuneration of employees=Rs. 11.38 lakhs for the year 2015-16
(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 2015-16.	Managing Director = 8% Whole-time Director = 5% Chief Financial Officer = 7% Company Secretary = 7.5%
(iii)	The percentage increase in the median remuneration of employees in the financial year 2015-16.	9.69%
(iv)	The number of permanent employees on the rolls of Company.	1,388 permanent employees as of March 31, 2016
(v)	The explanation on the relationship between average increase in remuneration and Company performance for the year 2015-16.	Revenue Increase – 14.31% PAT Increase – 85.46% Average increase in remuneration for 2015-16 = 10.4%
(vi)	Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company for the year 2015-16.	<u>CFO</u> Company performance(2015-16) = Revenue Increase=14.31%, PAT increase =85.46%, Company performance(2014-15) = Revenue Increase=5.25%, PAT increase =152.01%, Remuneration increase in 2015-16 = 7% <u>Company Secretary(CS)</u> Company performance(2015-16) = Revenue Increase =14.31%, PAT increase =85.46%, Company performance(2014-15) = Revenue Increase=5.25%, PAT increase =152.01% Remuneration increase in 2015-16 = 7.5%
(vii)	Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year(2015-16) and previous financial year(2014-15) 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(2015-16) and previous financial year(2014-15).	Market Capitalisation as on March 31, 2015 (closing price at BSE * No. of shares viz., Rs.7,969 *11265070) = Rs. 8,977 crores, Market Capitalisation as on March 31, 2016 (closing price at BSE * No. of shares viz., Rs.10,783 *11265070) = Rs. 12,147 crores Variation =increased by Rs. 3,170 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, 2016 = (closing price per share/EPS) = Rs. 10,783/Rs. 178.37= 60.45 % 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, 2016=Rs. 10,783, Public Issue price= Rs. 10 (February 1991))=increased by 1,07,730 %.
(viii)	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year(2015-16) 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.	9.69% Average increase in the remuneration of the employees other than the Managerial Personnel and that of the Managerial Personnel is in line with the Industry practice and is within the normal range.
(ix)	Comparison of the each remuneration of the Key Managerial Personnel against the performance of the Company for the year 2015-16.	The details are provided in point (vi) above.
(x)	The key parameters for any variable component of remuneration availed by the directors.	<u>Managing Director & Whole-time Director:</u> Based on Company's and the Parent Company's Sales and Profitability. <u>Independent Directors:</u> Sitting Fees are paid for attending meetings of the Board / Committees and Annual commission of Rs. 15 lakhs are paid per Independent Director. The other Non-Executive Directors do not receive any remuneration
(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

Amit Laroya
Managing Director
DIN: 00098933

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

Place : Bengaluru
Date : May 27, 2016

ANNEXURE 'I' TO BOARD'S REPORT

Information as per Section 197(12) of the Companies Act, 2013, read with the Rule 5(1)(2) & (3) of the Companies (Appointment & Remuneration) Rules, 2014 and forming part of the Report of the Directors for the year ended March 31, 2016.

Sl. No.	Name	Age Yrs	Designation	Remuneration Rs. (Gross)	Qualifications	Date of joining	Date of leaving	Particulars of last employment, Name of the employer and post last held
1	2	3	4	5	6	7	8	9
EMPLOYED THROUGHOUT THE YEAR								
1	Pankaj Kumar Tyagi	51	Senior General Manager, Infrastructure Protection Division	76,47,432	B.Sc, MA	20-Sep-93	NA	Johnson & Johnson Pvt Ltd, Professional Services Officer
2	Atul Shukla	48	Vice-President-Traffic Safety & Security Business	1,15,04,214	B.E., Masters in Marketing Management	19-Aug-96	NA	Colour Chem Ltd, Marketing Executive
3	Ajay Jain	44	Vice-President-Automotive Aftermarkets	74,54,836	B.Sc, MBA	8-Apr-97	NA	Ranbaxy Laboratories Ltd, Sales Officer
4	Rajiv Gupta	45	Vice-President – Infection Prevention Division	64,66,646	B.E	14-Apr-97	NA	Escorts JCB Ltd, Area Manager – Karanataka
5	Ashok Bhat	54	Vice President – Business Development Manager – APAC	62,47,908	Diploma	24-Jul-97	NA	Carborundum Universal Ltd, Assistant Manager- Dealer Sales
6	Ninad Gadgil	45	Sr Vice President-Marketing Excellence	1,06,95,856	B.E, MBA	15-Jun-98	NA	The Paper Products Ltd., Deputy Manager
7	Sanjit Salapathy	48	Sr Vice President-Consumer Business	1,03,36,461	B.Sc, PGDM	4-Nov-98	NA	Funkool (I) Ltd., Area Sales Manager
8	Sameer Agrawal	42	Chief Financial Officer	1,25,86,586	B.Com, FCA	9-Jan-12	NA	Ingersoll Rand India Ltd, Finance Controller
9	Anil HAK	49	Senior General Manager-Advanced Material division	60,88,646	B.E, PGDM – Marketing	12-Feb-03	NA	Henkel Adhesive Technologies India Pvt Ltd, National Sales Manager – Automotive
10	Vinod T Varghese	44	Senior General Manager-Human Resources	60,24,855	B.Com, PGDM	14-May-12	NA	COIT, Associate Director – Human Resources
11	V Vijay Krishnan	42	Sr Vice President-Safety & Graphics Business	1,06,37,777	B.E, MBA	2-Aug-04	NA	Grindwell Norton Ltd, National Sales Manager
12	Ashutosh Shirodkar	45	Vice-President – Industrial Adhesives and Tapes Division	73,61,883	Diploma in Chemical Technology	3-Aug-05	NA	Hunter Douglas India Pvt. Ltd, Sales Manager – Façade Systems
13	Pawan Kumar Singh	45	Senior General Manager-Urban Services Solutions	65,39,334	B-Tech- Civil, M-Tech – Transport Planning, PGDBA	5-Sep-05	NA	CM5 Traffic Systems Ltd, Area Manager
14	Pankaj Kumar	45	Senior General Manager-Personal Safety Division	63,19,336	B.E	16-Dec-05	NA	ICI India Ltd, Sales Manager
15	Jerry Daniel	48	Vice-President – Automotive Division	61,00,821	B.E, PGDM – Marketing	15-Jan-13	NA	Minda Valeo Security, Director – Marketing & Sales
16	Anupam Wason	46	Vice-President-Business Development(US)	98,20,102	B.E, MBA	12-Feb-07	NA	Lifelong India Ltd, Vice President in New Business and Product Development Division
17	Sunil Banthiya	51	Sr Vice President-Total Supply Chain & Mfg	1,57,71,357	B.Tech	10-Jun-13	NA	Avery Dennison India Pvt Ltd, Director-Operations & Supply Chain
18	Amit Laroya	52	Managing Director	4,13,79,610	Economic Hons, MBA(Mktg & Finance)	1-Jul-90	NA	3M Company USA, Global Director-Strategy & Corporate Development and Director of International Strategic Planning & M&A
19	Milind Manohar Jogalekar	44	Senior General Manager-Taxation	65,55,310	ICWA, D.F.M	16-Jun-14	NA	Lenovo India Pvt Ltd, Head Taxation – India Region
20	Pawan Singhal	53	General Counsel	1,25,12,365	B.Com(Hon)/ACMA,FCS,LLB	1-Aug-14	NA	AstraZeneca Pharma India Limited, Vice-President-Legal
21	Prashanth Senthanam	38	Senior General Manager-Finance Counsel	60,96,922	B.Com, CA and PGDM	6-Oct-14	NA	Pepsico India, Vice President – Financial Planning
22	Aparna Devagiri	47	Senior General Manager-Human Resources	72,69,268	B.A, MSW	26-Dec-07	NA	Strides Arcolab Limited – Head HR
23	Applish K.A.	51	Senior General Manager-Business Services group	69,40,309	MBA	4-Nov-91	NA	NA
24	Maclean Raphael	51	Sr Vice President-Human Resources	1,29,90,138	Masters in Personnel Management and Industrial Relations	1-Apr-09	NA	Wipro e Peripherals Ltd, Vice President – HR
25	Raja Krishnamurthy	48	Sr Vice President-Technical / Laboratory	1,65,28,522	B.Tech, MBA, Phd	14-May-09	NA	DOW Chemical International Pvt Ltd, General Manager
26	Jayanand Vasudeorao Kagainalkar	51	Sr Vice President-Total Supply Chain & Mfg	66,35,015	B.E, PGDM – Operations Management	11-Jul-07	NA	Tata CHKK Springs, GM Operations
27	Golla Vswanadha Sai	51	Senior General Manager-Quality, Environment, Health & Safety	77,23,186	B.Tech, ICWAI(Inter), International Diploma in Health & Safety	17-May-10	NA	Cadbury India Ltd, Asst Vice President
28	Lala Chandrashekher Das	50	Sr Vice President-Healthcare Business	1,29,93,988	B.E, PGDBM	1-Jul-11	NA	Nobel Biocare India Pvt Ltd, Country Manager
29	Mukund P T	52	Sr Vice President-Industrial Business	1,79,05,857	B.E (Mech)	18-Sep-89	NA	Harita Roloform Pvt Ltd, Marketing Manager
30	Shankaranarayana Rao B V	56	Whole-time Director	1,63,54,761	B. Com, MBA, ICWAI (Inter)	16-Apr-90	NA	Mysore Paper Mills Ltd, Finance Officer
31	Abhijeet Arun Saunglikar	52	Vice-President-Technical	1,17,86,688	B.Sc	1-Aug-09	NA	Cravatex Ltd, Production Supervisor
EMPLOYED FOR PART OF THE YEAR								
1	Harish Banwari	55	Vice-President- Business Development (APAC)	1,13,02,187	B.E, MBA	25-Jan-16		I.P.C.L Vadodra, Deputy Marketing Manager
2	Asif Ahmad	52	Senior General Manager-Government Markets	69,78,722	B.Com	20-May-15	NA	Vodafone South Ltd, Country Head-Corporate Affairs
3	Sachdeva D S	50	Sr Vice President-Consumer Business	78,25,691	B.E, M.B.A	31-Jul-15	NA	Balsara Home Products Limited, General Manager Sales
4	Panagiotis Goulakos (Panos)	51	Chief Financial Officer	13,23,595	BBA,BA,Country Management Certificate, Holland	15-Mar-16	NA	3M Poland, Finance Manager and IT
5	Satyendra Joshi	53	Senior General Manager-CRM	51,15,072	B.Sc (Honours), MBA	04-Jan-16	NA	3M UK, Manager-Marketing

Notes: 1. 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 one listed above is related to any of the Directors of the Company.

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

4. All the employees nature of employment is contractual

On behalf of the Board of Directors

Amit Laroya

Managing Director

DIN: 00098933

B.V. Shankaranarayana Rao

Whole-time Director

DIN: 00044840

Place : Bengaluru

Date : May 27, 2016

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 the provisions of Listing Regulations

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.

(Biren Gabhawala)

DIN: 03091772

Date: April 1, 2016

(Bharat Shah)

DIN: 00136969

Date: April 13, 2016

INDEPENDENT AUDITORS' REPORT

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, 2016, 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 Section 143(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 auditors' 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. 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, 2016, 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, 2016', 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 B a statement on the matters specified in paragraphs 3 and 4 of the Order.
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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' 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, 2016 on its financial position in its financial statements – Refer Note 6;
 - ii. The Company has long-term contracts as at March 31, 2016 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at March 31, 2016.
 - 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, 2016.

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

Dibyendu Majumder
Partner
Membership Number: 057687

Place : Bangalore
Date : May 27, 2016

ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph 10 (h) 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, 2016.

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of 3M India Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Dibyendu Majumder
Partner
Membership Number: 057687

Place : Bangalore
Date : May 27, 2016

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, 2016.

- 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.
- (c) The title deeds of immovable properties, as disclosed in Note 10 on fixed assets to the financial statements, are held in the name of the Company. Also refer explanatory note (i) of Note 10.
- ii. The physical verification of inventory excluding stocks with third parties have been conducted at reasonable intervals by the Management during the year. In respect of inventory lying with third parties, these have substantially been verified / confirmed by them. 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, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- 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. Pursuant to the rules made by the Central Government of India, the Company is required to maintain cost records as specified under Section 148(1) of the Act in respect of its products. We have broadly reviewed the same, 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, professional tax, service tax, value added tax and sales 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, duty of customs, duty of excise, 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 as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

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	57.38	—	57.38	Assessment Year 2007 - 08	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax and Interest	157.16	75.00	82.16	Assessment Year 2008 - 09	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax and Interest	264.08	225.00	39.08	Assessment Year 2009 - 10	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax and Interest	1,275.73	—	1,275.73	Assessment Year 2010 - 11	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax and Interest	1,009.25	250.00	759.25	Assessment Year 2011 - 12	Income Tax Appellate Tribunal
The Income Tax Act, 1961	Income Tax and Interest	567.28	—	567.28	Assessment Year 2012 - 13	Commissioner of Income Tax (Appeals)

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	50.24	—	50.24	Assessment Year 2013 - 14	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax and Interest	51.11	—	51.11	Assessment Year 2014 - 15	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	0.63 9.86	— —	0.63 9.86	Financial Years 2009 - 10 2010 - 11	The Senior Joint Commissioner, Commercial Tax
The Central Sales Tax (West Bengal) Rules, 1958	Central Sales Tax and interest	10.70 50.77 37.00	— — —	10.70 50.77 37.00	Financial Years 2010 - 11 2011 - 12 2012 - 13	The Senior Joint Commissioner, Commercial Tax
Maharashtra Value Added Tax Act, 2002	Value Added Tax, interest and penalty	539.50 1,406.66 1,320.77 3,565.54 1,709.87 1,465.30	66.08 124.04 100.00 147.81 116.78 200.00	473.42 1,282.62 1,220.77 3,417.73 1,593.09 1,265.30	Financial Years 2005 - 06 2006 - 07 2007 - 08 2008 - 09 2009 - 10 2010 - 11	Deputy Commissioner of Sales Tax, Mumbai
Maharashtra Value Added Tax Act, 2002	Value Added Tax, interest and penalty	1,893.27	—	1,893.27	Financial Year 2011 - 12	Assistant 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 49.99 677.71 870.57 125.01	— 10.00 18.97 — 9.00 21.10	101.11 51.31 31.02 677.71 861.57 103.91	Financial Years 2005 - 06 2006 - 07 2007 - 08 2008 - 09 2009 - 10 2010 - 11	Deputy Commissioner of Sales Tax, Mumbai
Central Sales Tax Act, 1956 (Central Sales Tax (Bombay) Rules, 1957)	Central Sales Tax, interest and penalty	5,096.44	—	5,096.44	Financial Year 2011 - 12	Assistant Commissioner of Sales Tax, Mumbai
Central Sales Tax Act, 1956	Central Sales Tax and penalty	368.34 420.06 231.44	— — —	368.34 420.06 231.44	Financial Years 2010 - 11 2011 - 12 2012 - 13	Excise and Taxation Officer-cum-Assessing Authority, Gurgaon
Central Sales Tax Act, 1956	Central Sales Tax	8.06	4.03	4.03	Financial Year 2011 - 12	Telangana VAT Appellate Tribunal
Central Sales Tax Act, 1956	Central Sales Tax	5.74	—	5.74	Financial Year 2012 - 13	Assistant Commissioner (CT) LTU, Saroornagar Division, Hyderabad
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 57.55	— —	312.99 57.55	Financial Years 2010 - 11 2011 - 12	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) – I, Bangalore

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, interest and penalty	144.75 139.71 768.87	118.78 113.94 300.66	25.97 25.77 468.21	Financial Years 2010 - 11 2011 - 12 2012 - 13	Deputy Commissioner of Commercial Taxes, Bangalore
Karnataka Value Added Tax Act, 2003	Value Added Tax, interest and penalty	66.82	20.05	46.77	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	16.56 4.30 35.73 27.28 27.78 24.91 1.60	33.10 8.60 71.45 54.54 55.51 49.81 1.60	Financial Years 2007 - 08 2008 - 09 2009 - 10 2010 - 11 2011 - 12 2012 - 13 2013 - 14	Appellate Deputy Commissioner, Chennai
Gujarat Value Added Tax Act, 2003	Value Added Tax, interest and penalty	20.37 5.36	4.65 —	15.72 5.36	Financial Years 2010 - 11 2011 - 12	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 17.62	3.75 —	— 17.62	Financial Years 2010 - 11 2011 - 12	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
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
Central Excise Act, 1944 (Cenvat Credit Rules, 2004)	Penalty	711.11	—	711.11	Financial Years 2010 - 11 2011 - 12 2012 - 13 2013 - 14 2014 - 15	Customs, Excise and Service Tax Appellate Tribunal, Bangalore
Central Excise Act, 1944 (Cenvat Credit Rules, 2004)	Penalty	409.00	—	409.00	Financial Years 2010 - 11 2011 - 12 2012 - 13 2013 - 14 2014 - 15	Principal Commissioner of Central Excise, Bangalore

- viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. 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 by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

- xi. The Company has paid for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.
- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

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

Dibyendu Majumder
Partner
Membership Number: 057687

Place : Bangalore
Date : May 27, 2016

BALANCE SHEET AS AT MARCH 31, 2016

3M India Limited

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

	Note	As at March 31, 2016	As at March 31, 2015
Equity and Liabilities			
Shareholders' funds			
Share capital	3	1,126.51	1,126.51
Reserves and surplus	4	99,737.82	79,644.84
Non-current liabilities			
Long-term borrowings	5	572.49	754.37
Long-term provisions	6	2,317.99	1,853.89
Current liabilities			
Trade payables	7		
Total outstanding dues to micro enterprises and small enterprises		429.60	107.51
Total outstanding dues to creditors other than micro enterprises and small enterprises		21,096.78	15,560.13
Other current liabilities	8	14,187.51	12,828.47
Short-term provisions	9	441.09	934.20
Total		139,909.79	112,809.92
Assets			
Non-current assets			
Fixed assets	10		
Tangible assets		34,488.42	38,323.46
Intangible assets		430.49	451.53
Capital work-in-progress		120.77	129.97
Deferred tax assets (net)	11	1,540.30	966.25
Long-term loans and advances	12	4,885.10	3,308.92
Other non-current assets	13	131.60	133.51
Current assets			
Inventories	14	29,051.15	29,556.55
Trade receivables	15	28,273.89	24,912.02
Cash and cash equivalents	16	37,087.50	11,390.95
Short-term loans and advances	17	3,032.79	3,251.85
Other current assets	18	867.78	384.91
Total		139,909.79	112,809.92

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

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

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]

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

Place: Bangalore
Date: May 27, 2016

Place: Bangalore
Date: May 27, 2016

Panagiotis Goulakos
Chief Financial Officer

V. Srinivasan
Company Secretary
[ACS – 16430]

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016 3M India Limited

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

	Note	Year ended March 31, 2016	Year ended March 31, 2015
Income			
Revenue from operations (gross)	19	218,713.97	192,789.92
Less: Excise duty		8,416.10	8,760.16
Revenue from operations (net)		210,297.87	184,029.76
Other income	20	1,721.61	1,447.84
Total Revenue		212,019.48	185,477.60
Expenses			
Cost of materials consumed	21	62,907.96	60,892.42
Purchases of traded goods	22	58,315.20	52,314.30
Changes in inventories of finished goods, work-in-progress and traded goods	23	(1,041.88)	(3,187.45)
Employee benefits expense	24	25,252.77	24,616.49
Finance costs	25	218.65	342.27
Depreciation and amortisation expense	26	4,888.91	4,960.49
Other expenses	27	30,678.64	29,082.86
Total Expenses		181,220.25	169,021.38
Profit Before tax		30,799.23	16,456.22
Tax expense:			
Current tax		11,448.52	5,061.04
Tax adjustments relating to previous year		(168.22)	238.72
Deferred tax charge/ (credit)		(574.05)	322.30
Profit for the year		20,092.98	10,834.16
Earnings per equity share: [Nominal Value per share: Rs. 10 (2015: Rs.10)]			
- Basic		178.36	96.17
- Diluted		178.36	96.17

The accompanying 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 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]

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

Panagiotis Goulakos
Chief Financial Officer

V. Srinivasan
Company Secretary
[ACS – 16430]

Place: Bangalore
Date: May 27, 2016

Place: Bangalore
Date: May 27, 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

3M India Limited

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

	Year ended March 31, 2016	Year ended March 31, 2015
A. Cash flow from operating activities		
Profit Before Taxation	30,799.23	16,456.22
Adjustments for:		
Depreciation and amortisation expense	4,888.91	4,960.49
Schedule II adjustments (refer note 10)	—	(5.47)
Provision for doubtful debts	1,139.31	1,190.62
Bad debts written off	471.54	200.63
Provision for doubtful advances and deposits (net of write back)	308.28	308.15
Liabilities/ provisions no longer required written back	(191.55)	(231.05)
Unrealised net (gain)/ loss on foreign currency transactions and translation	(1.37)	17.14
Loss on sale of tangible assets (net)	20.57	39.10
Interest income	(1,335.40)	(66.59)
Interest expense	218.65	342.27
Operating profit before working capital changes	36,318.17	23,211.51
Changes in working capital:		
Increase/ (Decrease) in Trade payables	5,932.19	2,724.41
Increase/ (Decrease) in Long-term provisions	464.10	757.61
Increase/ (Decrease) in Short-term provisions	10.01	(471.68)
Increase/ (Decrease) in Other current liabilities	1,492.18	(46.00)
(Increase)/ Decrease in Other non-current assets	1.91	472.99
(Increase)/ Decrease in Trade receivables	(4,972.72)	224.84
(Increase)/ Decrease in Inventories	505.40	(3,732.76)
(Increase)/ Decrease in Long-term loans and advances	(1,333.68)	(784.92)
(Increase)/ Decrease in Short-term loans and advances	103.49	1,177.54
(Increase) / Decrease in Other current assets	(268.64)	(384.91)
Unrealised net (gain)/ loss on foreign currency transactions and translation	1.37	(17.14)
Cash generated from operations	38,253.78	23,131.49
Taxes paid (net of refunds)	(12,310.04)	(5,394.94)
Net cash generated from operating activities	25,943.74	17,736.55
B. Cash flow from investing activities		
Purchase of tangible/intangible assets	(1,092.46)	(523.28)
Sale of tangible assets	172.75	26.15
Interest received	1,121.17	66.59
Net cash from/ (used) in investing activities	201.46	(430.54)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

3M India Limited

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

	Year ended March 31, 2016	Year ended March 31, 2015
C. Cash flow from financing activities		
Repayment of long-term borrowings (finance lease)	(315.02)	(697.57)
Repayment of Short-term borrowings	—	(10,845.40)
Interest paid	(133.63)	(342.27)
Net cash used in financing activities	(448.65)	(11,885.24)
Net increase in cash and cash equivalents (A+B+C)	25,696.55	5,420.77
Cash and cash equivalents as at the beginning of the year	11,390.95	5,970.18
Cash and cash equivalents as at the end of the year	37,087.50	11,390.95
Cash and cash equivalents comprise of (refer note 16):		
<i>Balances with banks:</i>		
Current accounts	8,487.50	7,790.95
Deposits with original maturity of less than three months	28,600.00	3,600.00
	37,087.50	11,390.95

Notes:

- 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.
- The above Cash Flow Statement has been compiled from and is based on the Balance Sheet as at March 31, 2016 and the related Statement of Profit and Loss for the year ended March 31, 2016.
- 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 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]

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

Place: Bangalore
Date: May 27, 2016

Place: Bangalore
Date: May 27, 2016

Panagiotis Goulakos
Chief Financial Officer

V. Srinivasan
Company Secretary
[ACS – 16430]

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. 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 Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Companies Act, 2013.

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated March 30, 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e., April 01, 2016.

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 previous 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.

Asset	Useful Life
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 amortisation 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	Useful Life
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 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 tax.

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 unutilised 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.

l) 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".

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 March 31, 2016	As at March 31, 2015
3. Share capital		
Authorised:		
11,265,070 (2015:11,265,070) Equity Shares of Rs. 10 each	1,126.51	1,126.51
Issued, Subscribed and Paid Up:		
11,265,070 (2015:11,265,070) Equity Shares of Rs. 10 each	1,126.51	1,126.51
Total	1,126.51	1,126.51

	As at March 31, 2016		As at March 31, 2015	
a) <i>Reconciliation of the number of shares</i>				
Equity Shares:	Number of Shares	Amount	Number of Shares	Amount
Balance as at the beginning of the year	11,265,070	1,126.51	11,265,070	1,126.51
Shares issued during the year	—	—	—	—
Shares bought back during the year	—	—	—	—
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 shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

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

	As at March 31, 2016		As at March 31, 2015	
c) Shares held by holding Company				
Equity Shares	Number of Shares	Amount	Number of Shares	Amount
3M Company, USA	8,448,802	844.88	8,448,802	844.88
d) Shares held by each shareholder holding more than 5 per cent of the aggregate shares in the Company				
Equity Shares	Number of Shares	% of Holding	Number of Shares	% of Holding
3M Company, USA, the holding Company	8,448,802	75.00%	8,448,802	75.00%

	As at March 31, 2016	As at March 31, 2015
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4. Reserves and surplus*Securities premium account*

Balance as at the beginning of the year	949.90	949.90
Add: Additions during the year	—	—
Less: Amount utilised during the year	—	—
Balance as at the end of the year	949.90	949.90

General reserve

Balance as at the beginning of the year	32.25	32.25
Add: Transferred from Surplus in Statement of Profit and Loss during the year	—	—
Balance as at the end of the year	32.25	32.25

Surplus in the Statement of Profit and Loss

Balance as at the beginning of the year	78,662.69	67,834.00
Add: Net Profit for the current year	20,092.98	10,834.16
Less: Schedule II adjustments (refer note 10)	—	5.47
Balance as at the end of the year	98,755.67	78,662.69
Total	99,737.82	79,644.84

5. Long-term borrowings*Secured*

Long term maturities of finance lease obligations	572.49	754.37
Total	572.49	754.37

Finance Lease Obligation:

Finance lease obligations are secured by hypothecation of assets underlying the leases. Finance lease obligations are payable on monthly/quarterly payment of equated monthly installments beginning from the month subsequent to taking the lease.

6. Long-term provisions*Provision for employee benefits*

Provision for gratuity (refer note 33)	903.38	719.96
Provision for compensated absences	411.11	308.68

Others

Provision for warranty	408.42	347.07
Provision for sales tax	595.08	478.18
Total	2,317.99	1,853.89

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

Particulars	As at March 31, 2015	Additions	Reversals	As at March 31, 2016
a) Warranty	347.07	61.35	—	408.42
b) Sales tax	478.18	196.26	79.36	595.08
Total	825.25	257.61	79.36	1,003.50

Notes:

- 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.
- 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, 2016	As at March 31, 2015
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Contingent liabilities not provided for :

- a) Guarantees:
- | | | |
|-------------------------------|----------|----------|
| – Issued by Company's bankers | 2,466.46 | 2,262.48 |
|-------------------------------|----------|----------|
- b) Claims against the Company not acknowledged as debts:
- | | | |
|---|----------|-----------|
| – Income Tax matters [net of amount paid under protest Rs. 633.71 lakhs (2015: Rs. 383.71 lakhs)] | 2,882.22 | 2,384.00 |
| – Custom Duty (refer note (ii) below) | 1,961.51 | 1,961.51 |
| – Sales Tax matters [net of amount paid under protest Rs. 1,587.43 lakhs (2015: Rs. 449.18 lakhs)] (refer note (iii) below) | 2,090.62 | 10,816.61 |
| – Service Tax matters [net of amount paid under protest Rs. 121.60 lakhs (2015: Rs. 121.60 lakhs)] | 544.46 | 544.46 |
| – Excise matters [net of amount paid under protest Rs. Nil] | 1,120.11 | — |
- c) Bills discounted
- | | | |
|--|-------|-------|
| | 82.19 | 96.63 |
|--|-------|-------|
- d) Certain industrial/ customer disputes are pending before various judicial authorities – amounts not ascertainable.

Notes:

- (i) Income tax matters mainly relate to intercompany charges.
- (ii) 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.
- (iii) 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. During the year, Company has received orders from Assistant Commissioner of Sales Tax, Mumbai for the year 2007-08, 2010-11 and 2011-12 demanding differential tax, interest and penalty of Rs. 9,950.78 lakhs. 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.

- (iv) During February 2014, the Directorate of Revenue Intelligence (DRI) conducted a search under section 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.
- (v) Future cash outflow in respect of b) above are determinable only on receipt of judgments/ decisions pending with various forums/authorities.

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

	As at March 31, 2016	As at March 31, 2015
<i>Capital Commitments:</i>		
Estimated value of contracts in capital account remaining to be executed	251.41	344.21
7. Trade payables		
Total outstanding dues to micro enterprises and small enterprises (refer note 34)	429.60	107.51
Total outstanding dues to creditors other than micro enterprises and small enterprises	21,096.78	15,560.13
Total	21,526.38	15,667.64
8. Other current liabilities		
Current maturities of finance lease obligations (refer note 5)	543.48	676.62
Deposits from customers	1,474.46	1,391.13
Statutory liabilities	1,943.20	2,056.82
Other liabilities	10,226.37	8,703.90
Total	14,187.51	12,828.47
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. Section 125 of Companies Act, 2013 which corresponds to Sec 205C of the Companies Act, 1956 has not yet been enforced.		
9. Short-term provisions		
<i>Provision for employee benefits</i>		
Provision for compensated absences	53.45	43.44
<i>Others</i>		
Provision for tax [(net of advance tax Rs. 11,167.54 lakhs (2015: Rs. 4,170.30 lakhs)]	387.64	890.76
Total	441.09	934.20

NOTES TO THE FINANCIAL STATEMENTS

10. Fixed Assets

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

	Particulars	Gross Block				Accumulated Depreciation/ Amortisation				Net Block	
		As at 1 April 2015	Additions	Disposals	As at 31 March 2016	As at 1 April 2015	For the Year	Disposals	As at 31 March 2016	As at 31 March 2016	
a	Tangible Assets										
	Own Assets										
	Land	227.95	–	–	227.95	–	–	–	–	227.95	
	Buildings	17,669.25	9.96	–	17,679.21	2,515.37	631.37	–	3,146.74	14,532.47	
	Plant and Machinery	29,724.25	715.83	617.18	29,822.90	10,705.14	2,615.76	431.57	12,889.33	16,933.57	
	Furniture and Fixtures	1,958.40	3.75	2.78	1,959.37	679.72	190.64	2.59	867.77	1,091.60	
	Vehicles	23.41	–	–	23.41	20.54	1.63	–	22.17	1.24	
	Office Equipments	2,275.69	27.25	15.79	2,287.15	1,623.12	308.53	14.19	1,917.46	369.69	
	Data Processing Equipments	273.21	–	0.42	272.79	214.96	58.25	0.42	272.79	–	
	Leasehold Improvements	2,235.31	–	0.54	2,234.77	1,636.02	312.03	0.54	1,947.51	287.26	
	<i>Assets taken on finance lease</i>										
	Data Processing Equipments	1,157.47	305.07	147.27	1,315.27	428.66	401.25	147.27	682.64	632.63	
	Leasehold Improvements	410.00	–	410.00	–	378.16	31.84	410.00	–	–	
	Furniture and Fixtures	36.37	–	–	36.37	36.37	–	–	36.37	–	
	Vehicles	1,196.67	132.23	283.07	1,045.83	626.46	284.51	277.15	633.82	412.01	
	Total	57,187.98	1,194.09	1,477.05	56,905.02	18,864.52	4,835.81	1,283.73	22,416.60	34,488.42	
b	Intangible Assets										
	Own Assets (Acquired)										
	Goodwill	600.17	–	–	600.17	600.17	–	–	600.17	–	
	Computer software	466.47	32.06	–	498.53	402.11	48.06	–	450.17	48.36	
	Land – Leasehold (refer note (a) below)	458.09	–	–	458.09	70.92	5.04	–	75.96	382.13	
	Total	1,524.73	32.06	–	1,556.79	1,073.20	53.10	–	1,126.30	430.49	
	Total	58,712.71	1,226.15	1,477.05	58,461.81	19,937.72	4,888.91	1,283.73	23,542.90	34,918.91	

NOTES TO THE FINANCIAL STATEMENTS

10. Fixed Assets (Contd.)

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

	Particulars	Gross Block			Accumulated Depreciation/ Amortisation				Net Block
		As at 1 April 2014	Additions	Disposals	As at 31 March 2015	As at 1 April 2014	For the Year	Disposals / Adjustments	As at 31 March 2015
a	Tangible Assets								
	Own Assets								
	Land	227.95	–	–	227.95	–	–	–	227.95
	Buildings	17,670.44	–	1.19	17,669.25	1,882.73	633.83	1.19	2,515.37
	Plant and Machinery	29,826.39	987.10	1,089.24	29,724.25	9,115.94	2,615.73	1,026.53	10,705.14
	Furniture and Fixtures	1,898.60	79.69	19.89	1,958.40	515.29	183.02	18.59	679.72
	Vehicles	22.43	0.98	–	23.41	14.38	6.16	–	20.54
	Office Equipments	2,292.09	14.74	31.14	2,275.69	1,341.33	311.69	29.90	1,623.12
	Data Processing Equipments	275.47	–	2.26	273.21	116.51	100.71	2.26	214.96
	Leasehold Improvements	2,242.25	2.37	9.31	2,235.31	1,363.08	282.25	9.31	1,636.02
	<i>Assets taken on finance lease</i>								
	Data Processing Equipments	928.96	655.68	427.17	1,157.47	568.30	287.53	427.17	428.66
	Leasehold Improvements	410.00	–	–	410.00	266.50	111.66	–	378.16
	Furniture and Fixtures	36.37	–	–	36.37	36.12	0.25	–	36.37
	Vehicles	1,453.55	301.65	558.53	1,196.67	776.56	328.50	478.60	626.46
	Total	57,284.50	2,042.21	2,138.73	57,187.98	15,996.74	4,861.33	1,993.55	18,864.52
b	Intangible Assets								
	Own Assets (Acquired)								
	Goodwill	600.17	–	–	600.17	600.17	–	–	600.17
	Computer software	455.55	10.92	–	466.47	307.99	94.12	–	402.11
	Land – Leasehold (refer note (a) below)	458.09	–	–	458.09	65.88	5.04	–	70.92
	Total	1,513.81	10.92	–	1,524.73	974.04	99.16	–	1,073.20
	Total	58,798.31	2,053.13	2,138.73	58,712.71	16,970.78	4,960.49	1,993.55	19,937.72
	Total								38,774.99

NOTE:

(a) Leasehold land represents amounts paid to Maharashtra Industrial Development Corporation (MIDC) for land including premium, paid towards fulfillment of compliance of 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 the financial year 2011-12. The said demand is with respect to the differential premium for seeking change of Company's name from Birla 3M India 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). The Court vide an Order dated 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. A formal transfer order is awaited from MIDC.

(b) During the previous year, the Company had 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, depreciation of Rs. 5.47 lakhs (net of deferred tax) on account of assets whose useful life is already exhausted as on 1st April 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.

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

11. 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 are:

Particulars	Asset		Liability	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Depreciation	—	—	1,378.24	1,710.49
Provision for doubtful debts/ advances	2,042.09	1,541.10	—	—
Provision allowed on payments, write off	876.45	1,135.64	—	—
	2,918.54	2,676.74	1,378.24	1,710.49
Net deferred tax asset	1,540.30	966.25	—	—
Net deferred tax (credit)/ charge for the year	(574.05)	322.30	—	—

The tax impact for the above purpose has been arrived by applying a tax rate of 34.608% (2015: 34.608%) 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. Nil (2015: Rs. 236.71 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.

	As at March 31, 2016	As at March 31, 2015
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12. Long-term loans and advances

Unsecured, considered good, unless otherwise stated

Capital advances	25.05	149.54
<i>Security deposits</i>		
Unsecured, considered good	1,283.78	990.84
Unsecured, considered doubtful	67.51	67.51
	1,351.29	1,058.35
Provision for doubtful security deposits	(67.51)	(67.51)
	1,283.78	990.84

Other loans and advances

Advance recoverable in cash or kind or for value to be received

Unsecured, considered good	28.39	17.24
Unsecured, considered doubtful	254.32	362.82
Advance Income Tax [Net of provision for taxation Rs. 36,801.16 lakhs (2015: Rs. 31,908.34 lakhs)]	1,194.87	753.27
Balance with Statutory/ Government Authorities		
Unsecured, considered good	2,353.01	1,398.03
Unsecured, considered doubtful	892.52	709.41
	4,723.11	3,240.77
Provision for doubtful advances	(1,146.84)	(1,072.23)

Total

4,885.10 3,308.92

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

	As at March 31, 2016	As at March 31, 2015
13. Other non-current assets		
<i>Long-term trade receivables</i>		
Unsecured, considered good	131.60	133.51
Unsecured, considered doubtful	—	82.94
	131.60	216.45
Less: Provision for doubtful receivables	—	(82.94)
Total	131.60	133.51
14. Inventories		
Raw materials	6,588.37	8,243.32
[including in-transit Rs. 2,422.17 lakhs (2015: Rs. 2,088.01 lakhs)]		
Work-in-progress	965.89	1,256.85
Finished goods	7,973.72	8,063.70
Traded goods	13,010.68	11,520.83
[including in-transit Rs. 2,602.25 lakhs (2015: Rs. 3,275.39 lakhs)]		
Packing materials	512.49	471.85
Total	29,051.15	29,556.55
a) <i>Details of inventory of traded goods</i>		
Abrasive	1,112.66	1,009.10
Fusion bonded epoxy coating	23.15	113.57
Medical surgical & dental products	2,226.69	1,738.89
Self adhesive films	3,756.20	3,420.13
Others	5,891.98	5,239.14
Total	13,010.68	11,520.83
b) <i>Details of inventory of work-in-progress</i>		
Abrasive	—	53.89
Fusion bonded epoxy coating	0.48	3.98
Medical surgical & dental products	—	138.63
Self adhesive films	—	463.12
Others	965.41	597.23
Total	965.89	1,256.85
c) <i>Details of inventory of finished goods</i>		
Abrasive	307.86	278.32
Fusion bonded epoxy coating	733.84	207.00
Medical surgical & dental products	1,385.53	985.18
Self adhesive films	3,005.16	1,945.53
Others	2,541.33	4,647.67
Total	7,973.72	8,063.70

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

	As at March 31, 2016	As at March 31, 2015
15. Trade receivables		
<i>Secured, considered good</i>		
Outstanding for a period exceeding six months from the date they are due for payment	113.80	471.08
Others	1,215.97	727.64
<i>Unsecured, considered good</i>		
Outstanding for a period exceeding six months from the date they are due for payment	293.35	433.49
Others	26,650.77	23,279.81
<i>Unsecured, considered doubtful</i>		
Outstanding for a period exceeding six months from the date they are due for payment	3,387.90	2,240.89
Others	512.76	437.52
Less: Provision for doubtful debts	(3,900.66)	(2,678.41)
Total	28,273.89	24,912.02
16. Cash and cash equivalents		
<i>Balances with banks</i>		
Current accounts	8,487.50	7,790.95
Deposits with original maturity of less than three months	28,600.00	3,600.00
Total	37,087.50	11,390.95
17. Short-term loans and advances		
<i>Unsecured, considered good, unless otherwise stated</i>		
Security deposits	102.03	621.12
<i>Other loans and advances</i>		
Advances recoverable in cash or kind or for value to be received		
Unsecured, considered good	410.58	1,032.84
Unsecured, considered doubtful	115.57	—
Loans and advances to related parties	661.38	325.90
Prepaid expenses	553.71	351.17
Balance with Statutory/ Government Authorities	1,305.09	920.82
	3,046.33	2,630.73
Provision for doubtful advances	(115.57)	—
	2,930.76	2,630.73
Total	3,032.79	3,251.85
18. Other current assets		
Unbilled revenue	653.55	384.91
Interest accrued on fixed deposits	214.23	—
Total	867.78	384.91

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

	Year ended March 31, 2016	Year ended March 31, 2015
19. Revenue from operations		
<i>Sale of products</i>		
Finished goods	112,176.30	102,411.65
Traded goods	103,728.07	87,195.34
<i>Other operating revenue</i>		
Income from contract research [refer note 42 (c)]	2,114.28	2,142.38
Income from management support services [refer note 42 (b)(ii)]	486.58	845.04
Income from duty drawback	119.48	141.94
Scrap sales	89.26	53.57
Revenue from operations (gross)	218,713.97	192,789.92
Less: Excise duty	8,416.10	8,760.16
Revenue from operations (net)	210,297.87	184,029.76
Details of product sold		
a) <i>Finished goods (net of excise duty)</i>		
Abrasive	2,608.58	2,663.92
Fusion bonded epoxy coating	7,283.55	5,252.98
Medical surgical & dental products	10,476.26	8,067.63
Self adhesive films	33,147.29	28,986.94
Others	50,244.52	48,680.02
Total	103,760.20	93,651.49
b) <i>Traded Goods</i>		
Abrasive	13,463.49	10,860.38
Fusion bonded epoxy coating	3,776.38	4,050.64
Medical surgical & dental products	11,193.92	10,639.59
Self adhesive films	29,092.01	26,262.92
Others	46,202.27	35,381.81
Total	103,728.07	87,195.34
20. Other income		
Interest income on bank deposits	1,335.40	66.59
Liabilities/ provision no longer required written back	241.41	231.05
Net gain on foreign currency transactions and translation	144.80	1,150.20
Total	1,721.61	1,447.84
21. Cost of materials consumed		
<i>Raw materials</i>		
Cost of raw materials consumed	59,654.03	57,793.65
Cost of packing materials consumed	3,253.93	3,098.77
	62,907.96	60,892.42
<i>Details of raw material consumed</i>		
Abrasive	369.72	1,910.07
Fusion bonded epoxy coating	680.33	5,461.71
Medical surgical & dental products	6,308.41	5,108.86
Self adhesive films	20,145.01	16,184.42
Others	32,150.56	29,128.59
Total	59,654.03	57,793.65

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

	Year ended March 31, 2016	Year ended March 31, 2015
22. Purchases of traded goods		
Traded goods purchased	58,315.20	52,314.30
<i>Details of purchase of traded goods</i>		
Abrasive	7,236.83	6,075.90
Fusion bonded epoxy coating	4,442.20	2,966.94
Medical surgical & dental products	11,488.06	6,623.35
Self adhesive films	13,941.77	19,880.18
Others	21,206.34	16,767.93
Total	58,315.20	52,314.30

	Year ended March 31, 2016	Year ended March 31, 2015
23. Changes in inventories of finished goods, work-in-progress and traded goods		
<i>Stock at the beginning of the year</i>		
- 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
	20,841.38	17,681.72
<i>Less : Stock at the end of the year</i>		
- Work-in-progress	965.89	1,256.85
- Finished goods	7,973.72	8,063.70
- Traded goods	13,010.68	11,520.83
	21,950.29	20,841.38
(Increase)/ Decrease in stocks	(1,108.91)	(3,159.66)
Increase/(Decrease) in excise duty	67.03	(27.79)
Total	(1,041.88)	(3,187.45)

	Year ended March 31, 2016	Year ended March 31, 2015
24. Employee benefits expense		
Salaries, wages and bonus [refer note 27 (b) and note 41]*	21,726.66	20,769.33
[including provision for compensated absences Rs. 112.44 lakhs (2015: Rs. 38.66 lakhs)]		
Contribution to provident and other funds (refer note 33)	1,529.65	1,970.71
[including provision for gratuity Rs. 433.42 lakhs (2015: Rs. 862.75 lakhs)]		
Staff welfare expenses	1,996.46	1,876.45
Total	25,252.77	24,616.49

* Net of recoveries of Rs. 101.82 lakhs (2015: Rs. 109.31 lakhs) from 3M Electro & Communication India Private Limited, a subsidiary of 3M Company, USA.

25. Finance costs		
Interest expense	133.63	314.74
Interest on shortfall of advance tax	85.02	27.53
Total	218.65	342.27
26. Depreciation and amortisation expense		
Depreciation on tangible assets	4,835.81	4,861.33
Amortisation on intangible assets	53.10	99.16
Total	4,888.91	4,960.49

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

	Year ended March 31, 2016	Year ended March 31, 2015
27. Other expenses		
Consumption of stores and spare parts	613.08	518.98
Power and fuel*	1,315.65	1,145.24
Water charges*	35.41	31.22
Lease rental (refer note 37)*	1,858.09	2,312.88
Repairs and maintenance		
- Building*	367.73	333.17
- Plant and machinery	665.47	582.98
- Others *	245.16	212.52
Insurance	202.44	188.04
Rates and taxes	318.10	326.31
Communication *	286.42	437.55
Travel and conveyance	2,452.78	2,442.30
Legal and professional charges [refer note (a) below]	1,025.61	913.52
Selling, distribution and advertisement expenses	6,331.99	5,632.99
Warranty (refer note 6)	61.35	12.34
Commission on sales	373.54	287.75
Freight outward (net)	677.61	1,077.34
Royalty [refer note 42 (a)]	2,611.44	2,161.74
Corporate management fees (net) [refer note 42 (b)(i)]	6,481.84	6,293.14
Directors' sitting fees	7.40	7.27
Bad debts written off	471.54	200.63
Provision for doubtful debts (net of write back)	1,139.31	1,190.62
Expenditure towards Corporate Social Responsibility activities [refer note (c) below] (CSR)	87.97	49.41
Provision for doubtful advances and deposits (net of write back)	308.28	308.15
Loss on sale of fixed assets (net)	20.57	39.10
Bank charges	40.64	59.34
Miscellaneous expenses *	2,679.22	2,318.33
Total	30,678.64	29,082.86
* Net of recoveries amounting to Rs. 191.68 lakhs (2015: Rs. 191.68 lakhs) and including payment of Rs. 78.74 lakhs (2015: 73.39) 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	65.81	51.62
- Tax audit fees	7.35	7.35
In other capacity		
- Certification and other services	18.53	24.53
Reimbursement of expenses	3.23	3.47
Total	94.92	86.97
(b) Research & Development expenses (refer note 32)		
Salaries & wages (refer note 24)	2,286.62	2,092.67
Other expenses (refer note 27)	2,015.43	2,011.83
Total	4,302.05	4,104.50
(c) Corporate Social Responsibility Expenditure		
Gross Amount required to be spent by the Company during the year	205.88	160.25
Amount Spent during the year	87.97	49.41

Particulars	In cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset	—	—	—
(ii) On purposes other than (i) above	87.97 (49.41)	117.91 (110.84)	205.88 (160.25)

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

	Year ended March 31, 2016	Year ended March 31, 2015
28. Value of imports on C.I.F basis (excluding goods-in-transit)		
Raw materials	27,197.86	27,856.93
Traded goods	49,853.98	45,334.45
Stores and spares	31.82	34.20
Capital goods	285.39	364.06
Total	77,369.05	73,589.64
29. Expenditure in foreign currency (accrual basis)		
Travelling expenses	279.00	363.83
Corporate management fee	6,063.94	5,933.05
Royalty	2,405.25	1,970.22
Foreign services employees expense	10.01	36.15
Others (net of tax)	183.22	201.69
Total	8,941.42	8,504.94

	Year ended March 31, 2016		Year ended March 31, 2015	
30. Value of imported and indigenous raw material, stores & spares and packing materials consumed (As certified by the management)				
	%	Rs.	%	Rs.
Raw material				
- Imported	78%	46,530.14	69%	39,877.62
- Indigenous	22%	13,123.89	31%	17,916.03
	100%	59,654.03	100%	57,793.65
Stores and spares				
- Imported	4%	24.53	25%	129.75
- Indigenous	96%	588.55	75%	389.23
	100%	613.08	100%	518.98
Packing material				
- Imported	—	—	—	—
- Indigenous	100%	3,253.93	100%	3,098.77
	100%	3,253.93	100%	3,098.77

	Year ended March 31, 2016	Year ended March 31, 2015
31. Earnings in foreign exchange (accrual basis)		
Export of goods F.O.B basis	4,762.60	3,926.41
Freight and insurance on exports	112.48	114.24
Contract research	2,114.28	2,142.38
Sale of capital assets	169.01	—
Re-charge of other services	486.58	845.04
Total	7,644.95	7,028.07

32. Research and Development

In 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.

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

33. Employee benefits

- a) The Company has recognised, in the Statement of Profit and Loss for the year ended March 31, 2016 an amount of **Rs. 1,096.23 lakhs** (2015: Rs. 1,107.96 lakhs) as expenses under defined contribution plans.

Benefits/ Contribution to

Provident fund	984.84	962.90
Superannuation fund	110.85	140.88
Employee State Insurance Corporation	0.54	4.18
Total	1,096.23	1,107.96

- b) The Company operates post retirement defined benefit plan for retirement gratuity which is funded.

- c) Details of the post retirement gratuity plan are as follows:

I. *Reconciliation of opening and closing balances of obligation*

Obligation as at the beginning of the year	2,427.43	1,765.48
Current service cost	295.89	234.37
Interest cost	179.04	143.89
Actuarial (gains)/ losses	58.84	704.01
Benefits paid	(263.96)	(420.32)
Obligation as at the end of the year	2,697.24	2,427.43

II. *Change in Plan Assets (Reconciliation of opening and closing balances)*

Fair value of Plan Assets as at the beginning of the year	1,707.47	1,658.27
Expected return on plan assets	136.04	115.85
Actuarial gains/ (losses)	(35.69)	103.67
Contributions	250.00	250.00
Benefits paid	(263.96)	(420.32)
Fair value of plan assets as at the end of the year	1,793.86	1,707.47

III. *Reconciliation of fair value of assets and obligations*

Present value of obligation as at end of the year	2,697.24	2,427.43
Fair value of plan assets as at the end of the year	(1,793.86)	(1,707.47)
Unfunded amount recognised in the Balance Sheet	903.38	719.96

Recognised under:

Long term provision (refer note 6)	903.38	719.96
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IV. *Expense recognised during the year*

Current service cost	295.89	234.37
Interest cost	179.04	143.89
Expected return on plan assets	(136.04)	(115.85)
Actuarial (gains)/ losses	94.53	600.34
Expense/ (income) recognized during the year (refer note 24)	433.42	862.75

V. *Investment details of plan assets*

Insurer managed fund	100%	100%
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VI. *Assumptions*

Discount rate (per annum)	7.90%	7.80%
Estimated rate of return on plan assets (per annum)	7.80%	8.00%
Rate of escalation in salary (per annum)	6.00%	6.00%

Mortality Rate	Year ended March 31, 2016		Year ended March 31, 2015	
	Indian Assured Lives Mortality (2006-08) (modified) Ult.		Indian Assured Lives Mortality (2006-08) (modified) Ult.	
Withdrawal Rates	Age	Rate	Age	Rate
	Under 30 years	15%	Under 30 years	15%
	31 – 34 years	10%	31 – 34 years	10%
	35 – 44 years	5%	35 – 44 years	5%
	45 – 50 years	3%	45 – 50 years	3%
	51 – 54 years	2%	51 – 54 years	2%
	55 – 60 years	1%	55 – 60 years	1%

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

VII. Experience history

	2016 (12 months)	2015 (12 months)	2014 (12 months)	2013 (12 months)	2012 (12 months)
Defined benefit obligation at the end of the year	(2,697.24)	(2,427.43)	(1,765.48)	(1,744.56)	(1,271.74)
Plan assets at end of the year	1,793.86	1,707.47	1,658.27	1,370.40	1,018.35
Fund status	(903.38)	(719.96)	(107.21)	(374.16)	(253.39)
Experience Gain/ (Loss) adjustments on plan liabilities	(84.52)	(396.83)	76.43	(208.43)	(194.95)
Experience Gain/ (Loss) adjustments on plan assets	(35.69)	103.67	20.58	31.81	8.11
Actuarial Gain/ (Loss) due to change on assumptions	25.68	(307.18)	201.35	(83.78)	52.14

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 (2015: Rs. Nil) is expected to be paid to the plan during the year ending March 31, 2017. The contribution expected to be made by the Company for the year ending March 31, 2017 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 portfolio during the year.

34. Dues to Micro and Small enterprises

		March 31, 2016	March 31, 2015
(a)	(i) The principal amount remaining unpaid as at year end	370.30	76.50
	(ii) Interest due thereon remaining unpaid as at year end	21.97	22.90
(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:		
	(i) Delayed payment of principal amount paid beyond the appointed date during the entire accounting period.	1,989.20	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.	6.32	6.45
(d)	The amount of interest accrued and remaining unpaid as at year end		
	(i) Total interest accrued during the period	28.29	29.35
	(ii) Total Interest remaining unpaid out of the above as at period end.	28.29	29.35
(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.	59.30	31.01

35. 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, inter-alia, 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, 2015 prescribed certificate of the accountant has been obtained and this did not envisage any tax liability. For the fiscal year March 31, 2016, 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.

36. 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 Private Limited	EMFI SAS
		3M Asia Pacific Pte. Ltd.	3M Innovation Properties Company
		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. Ltd.
		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 Svenska AB	3M Philippines, Inc.
		3M Taiwan Limited	3M Sanayi AS Ticaret
		3M Technologies (S) Pte Ltd	3M Oesterreich GMBH
		3M Health Care Sales Limited	3M Pakistan Private Limited
iii)	Key Management Personnel	Amit Laroya	
		B.V. Shankaranarayana Rao	
		Sameer Agarwal (upto March 31, 2016)	
		Panagiotis Goulakos (from March 15, 2016)	
		V. Srinivasan	

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

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)	26,702.17 (26,450.76)	32,634.58 (32,802.78)	— (—)	59,336.75 (59,253.54)
b. Remuneration to Directors	— (—)	— (—)	612.97 (444.66)	612.97 (444.66)
c. Corporate management fee	5,978.94 (5,771.71)	84.99 (161.34)	— (—)	6,063.93 (5,933.05)
d. Royalty	2,405.25 (1,970.22)	— (—)	— (—)	2,405.25 (1,970.22)
e. Recharge of expenses paid	— (36.15)	88.75 (94.29)	— (—)	88.75 (130.44)
II. Income				
a. Sale of goods	579.24 (255.44)	4,329.64 (3,799.46)	— (—)	4,908.88 (4,054.90)
b. Income from contract research	2,114.28 (2,142.38)	— (—)	— (—)	2,114.28 (2,142.38)
c. Income from management support services	469.66 (832.78)	16.92 (12.26)	— (—)	486.58 (845.04)
III. Others				
Recharge/ reimbursement of expenses received (refer note d below)	470.99 (421.38)	1,201.69 (847.40)	— (—)	1,672.68 (1,268.78)
IV. Sale of capital goods	— (—)	169.01 (—)	— (—)	169.01 —
V. Balances				
a. Trade receivables	378.00 (248.54)	1,722.65 (441.77)	— (—)	2,100.65 (690.31)
b. Other receivables	215.73 (—)	734.02 (572.31)	— (—)	949.75 (572.31)
c. Trade payables	7,402.02 (5,261.59)	7,843.12 (4,984.67)	— (—)	15,245.14 (10,246.26)
d. Other payables	— (132.63)	— (19.27)	— (—)	— (151.90)

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

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

Particulars	Relationship	Transactions		Balances	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
I.a. Purchase of materials (net of returns)					
3M Innovation Singapore Pte Ltd	Fellow Subsidiary	11,134.00	10,253.37	1,485.58	1,644.05
3M APAC RDC Pte Limited	Fellow Subsidiary	6,169.01	5,925.62	1,475.63	617.59
Particulars	Relationship			Year ended March 31, 2016	Year ended March 31, 2015
I.b. Remuneration to Directors					
Amit Laroya (refer note d below)	Key Management Personnel			442.63	286.55
B.V. Shankaranarayana Rao	Key Management Personnel			170.34	158.11
Particulars	Relationship	Transactions		Balances	
		March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
I.e. Recharge of expenses paid					
3M Electro & Communication India Private Limited	Fellow Subsidiary	78.74	94.29	—	19.27
II.a. Sale of goods					
3M Gulf Limited	Fellow Subsidiary	2,070.40	2,901.64	448.25	263.85
3M Italia S.P.A	Fellow Subsidiary	—	416.83	149.01	2.60
III. Recharge/reimbursement of expenses received					
3M Electro & Communication India Private Limited	Fellow Subsidiary	543.44	300.99	—	139.80
3M Philippines, Inc.	Fellow Subsidiary	—	—	—	106.62
3M China Limited	Fellow Subsidiary	235.73	268.77	273.32	168.35
3M Asia Pacific Pte Limited	Fellow Subsidiary	151.22	131.14	—	—
P.T. 3M Indonesia	Fellow Subsidiary	—	133.39	124.09	100.67
IV. Sale of Capital Goods					
3M Health Care Sales Ltd	Fellow Subsidiary	169.01	—	—	—

Notes:

- 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.
- 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 year.
- 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.
- Does not include Rs. Nil (2015: Rs. 133.39) lakhs recharged to P.T. 3M Indonesia and Rs. Nil (2015: Rs. 33.08 lakhs) recharged to 3M Company, USA towards share based payments.
- Figures in brackets relates to the previous year.

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

37. 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, 2016 is as under:

	March 31, 2016	March 31, 2015
<i>Minimum lease payments</i>		
Lease rental charged to Statement of Profit and Loss	1,858.09	2,312.88
Minimum lease payments not later than one year	1,672.00	1,288.27
Minimum lease payments later than one year but not later than five years	1,367.60	1,073.89
Minimum lease payments later than five years	—	—

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, 2016 are as under:

<i>Minimum lease payments</i>		
Minimum lease payments not later than one year	611.88	753.38
Minimum lease payments later than one year but not later than five years	581.39	791.89
Minimum lease payments later than five years	—	—
<i>Present value of minimum lease payments</i>		
Minimum lease payments not later than one year	543.48	676.62
Minimum lease payments later than one year but not later than five years	572.49	754.37
Minimum lease payments later than five years	—	—

38. Derivative instruments and unhedged foreign currency exposure*a. Derivatives outstanding as at the reporting date*

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	—	0.80
Canadian Dollar	231.54	44.54
Euro	2,281.61	1,142.09
Great Britain Pound	55.15	145.19
Japanese Yen	1,247.21	647.35
Polish Zloty	23.63	0.54
Swedish Krona	—	3.30
Singapore Dollar	1,485.58	1,644.05
United States Dollar	12,902.23	8,361.08

Trade receivables

United States Dollar	1,595.18	1,122.83
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c. Mark-to-Market losses

Mark-to-Market losses provided for	—	—
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(All amounts in Rs. Lakhs, unless otherwise stated)

	March 31, 2016	March 31, 2015
39. Earning per share		
Net profit attributable to equity shareholders	20,092.98	10,834.16
Weighted average number of equity shares outstanding during the year	11,265,070	11,265,070
Face value of equity share (Rs.)	10	10
Basic and diluted earnings per share (Rs.)	178.36	96.17
40. Segment reporting		
<i>Segment revenue (net sale/ income)</i>		
a) Industrial	87,928.20	80,005.78
b) Health Care	31,437.64	27,217.41
c) Safety and Graphics	52,658.89	45,118.03
d) Consumer	21,946.59	18,788.94
e) Energy	11,654.31	8,956.68
f) Others *	4,672.24	3,942.92
Total revenue	210,297.87	184,029.76
<i>Segment results (Profit Before Interest and Tax)</i>		
a) Industrial	14,318.71	9,117.03
b) Health Care	3,917.76	1,709.71
c) Safety and Graphics	3,723.23	1,366.62
d) Consumer	3,319.98	972.79
e) Energy	3,123.29	1,444.98
f) Others	893.30	739.52
Total segment results	29,296.27	15,350.65
Less : Interest expense	218.65	342.27
Add: Other un-allocable income net off un-allocable expenditure	1,721.61	1,447.84
Profit Before tax	30,799.23	16,456.22
Tax expense	10,706.25	5,622.06
Profit After Tax	20,092.98	10,834.16
<i>Segment assets</i>		
a) Industrial	37,859.64	38,846.50
b) Health Care	15,805.16	14,801.78
c) Safety and Graphics	20,993.51	20,513.28
d) Consumer	9,153.74	12,996.47
e) Energy	6,519.23	7,430.12
f) Unallocated corporate assets	49,578.51	18,221.77
Total assets	139,909.79	112,809.92
<i>Segment liability</i>		
a) Industrial	8,677.85	6,763.23
b) Health Care	3,251.05	2,280.10
c) Safety and Graphics	6,547.74	4,519.73
d) Consumer	1,309.00	924.80
e) Energy	1,740.75	1,149.77
f) Unallocated corporate liabilities	17,519.07	16,400.94
Total liability	39,045.46	32,038.57

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

	March 31, 2016	March 31, 2015
<i>Capital expenditure</i>		
a) Industrial	133.65	73.69
b) Health Care	66.95	77.88
c) Safety and Graphics	16.25	81.29
d) Consumer	128.63	139.01
e) Energy	84.39	16.22
f) Unallocated capital expenditure	787.08	1,092.52
Total capital expenditure	1,216.95	1,480.61
<i>Depreciation/ amortisation expense</i>		
a) Industrial	2,200.01	2,786.82
b) Health Care	488.89	478.07
c) Safety and Graphics	733.34	684.14
d) Consumer	342.22	331.53
e) Energy	635.56	615.00
f) Unallocated depreciation expenses	488.89	64.93
Total depreciation/ amortisation expense	4,888.91	4,960.49
<i>Non cash expenses other than depreciation/ amortisation expense</i>		
a) Industrial	62.93	351.09
b) Health Care	238.66	328.81
c) Safety and Graphics	1,224.23	229.21
d) Consumer	108.16	454.36
e) Energy	92.44	92.97
f) Unallocated non cash expenses	192.71	115.58
Total non cash expenditure	1,919.13	1,572.02
*includes export sales	4,672.24	3,942.92

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.

The products included in each of the reported segments are as follows:

- 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.
- 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.
- 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

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

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 business includes products such as Fusion Bonded Epoxy coatings, Sun films and renewable energy.

41. 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. 105.45 lakhs** (2015: Rs. 73.05 lakhs) and cumulatively amounting to **Rs. 552.01 lakhs** (2015: Rs. 446.56 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of **Rs. 8.72 lakhs** (2015: Rs. 7.24 lakhs) is pending remittance to the holding Company and the same is included under Other Current Liabilities (refer note 8).

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. 678.59 lakhs** (2015: Rs. 449.35 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 **14,735** stock appreciation rights (SARs) (2015: 11,258) and **3,515** restricted stock units (RSUs) (2015: 2,727) on various dates of which none are vested. However **2,502** stock appreciation rights (SARs) (2015: 3,867) and **2,991** restricted stock units (RSUs) (2015: 2,678) were settled on account of being fully vested and exercised/forfeited resulting in an outstanding balance of **69,379** stock appreciation rights (SARs) (2015: 57,146) and **12,465** restricted stock units (RSUs) (2015: 11,941) at the end of the year.

The above disclosure as per Guidance Note on Accounting for Employee Share based Payment issued by Institute of Chartered Accountants of India is made to the extent the necessary information is available with the Company.

42. 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.2,405.25 lakhs** (2015: Rs. 1,970.22 lakhs) for the year ended March 31, 2016.
- 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

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

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, 2016	March 31, 2015
- Laboratory and technical assistance manufacturing services	440.33	509.94
- Selling and marketing services	3,903.68	4,165.82
- Information technology services	1,122.84	722.64
- Other managerial services	987.72	894.74
Total	6,454.57	6,293.14
- Foreign services employees expense are included in employee costs amounting to	10.01	36.15

The Company has accrued an amount of Rs. 1,772.00 lakhs (2015: Rs. 1,640.09 lakhs) in respect of estimated liability for the above services during period January 1, 2016 to March 31, 2016; the actual liability would be ascertained by December 2016.

- (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 recognised a receivable of Rs. 1,462.28 lakhs (2015: Rs. 1,653.28 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. 2,114.28 lakhs (2015: 2,142.38 lakhs).

43. 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

Dibyendu Majumder
Partner
Membership No: 057687

Place: Bangalore
Date: May 27, 2016

Place: Bangalore
Date: May 27, 2016

For and on behalf of the Board

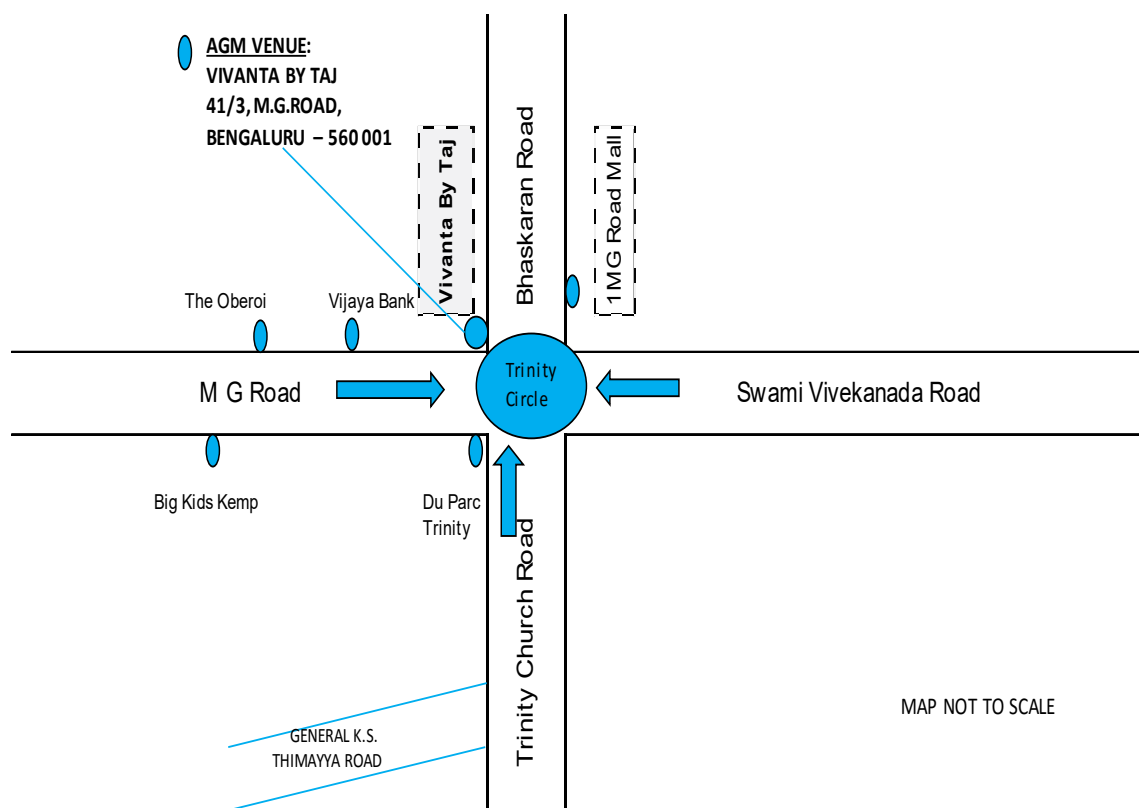
Amit Laroya
Managing Director
[DIN – 00098933]

Panagiotis Goulakos
Chief Financial Officer

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

V. Srinivasan
Company Secretary
[ACS – 16430]

**ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING OF THE COMPANY
TO BE HELD ON AUGUST 5, 2016 AT TRINITY HALL, VIVANTA BY TAJ, 41/3, M.G. ROAD, BENGALURU – 560 001.**



ATTENDANCE SLIP
(To be presented at the entrance)

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: vsrinivasan@mmm.com, website: www.3m.com/in

29TH ANNUAL GENERAL MEETING ON FRIDAY, AUGUST 5, 2016 AT 11.00 A.M. at Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001.

I/We hereby record my / our presence at the 29th Annual General Meeting of the Company on **Friday, August 5, 2016 at Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001 at 11.00 A.M.**

Member's Folio/DPID-Client ID No.

Member's/ Proxy's name in Block Letters

Member's/ Proxy's Signature

Note:

1. Sign this attendance slip and hand it over at the attendance verification counter at the entrance of the meeting Hall.
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.
4. Electronic copy of the Annual Report for 2015-16 and Notice of the Annual General Meeting (AGM) along with 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.
5. Physical copy of the Annual Report for 2015-16 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 a hard copy.

The electronic voting particulars are set out below:

EVEN (E-Voting Event Number)	USER ID	PASSWORD
XXXXXXX	XXXXXXX	XXXXXXXX

Please refer Notice for instructions on remote e voting.

E-voting facility is available during the following voting period

Commencement of remote e-voting	End of remote E-voting
Monday, August 1, 2016 (from 10.00 AM)	Thursday, August 4, 2016 (up to 5.00 PM)

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: vsrinivasan@mmm.com, website: www.3m.com/in

Name of the member(s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP/ID:

I/We, being the member (s) of shares of the above named Company, hereby appoint :

- (1) Name:_____ Address:_____
E-mail id:_____ Signature:_____or failing him;
- (2) Name:_____ Address:_____
E-mail id:_____ Signature:_____or failing him;
- (3) Name:_____ Address:_____
E-mail id:_____ Signature:_____or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 29th Annual General Meeting of the Company, to be held on **August 5, 2016, Friday at 11.00 A.M. at Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
ORDINARY BUSINESS			
1	Adoption of Financial Statements for the year ended March 31, 2016.		
2.	Re-appointment of Mr. Ramesh Ramadurai, who retires by rotation.		
3.	Appointment of Messrs. BSR & Co. LLP, Chartered Accountants, Bengaluru (ICAI Firm Registration No. 101248W/ W-100022), Bengaluru- 560071), as Auditors for a period five (5) years and fixing their remuneration.		
SPECIAL BUSINESS			
4.	Appointment of Ms. Radhika Rajan as an Independent Director.		
5.	Ratification of remuneration payable to Messrs. Rao, Murthy & Associates, Cost Auditors for FY 2016-17.		
6.	Appointment of Ms. Debarati Sen as Director of the Company.		
7.	Appointment of Ms. Debarati Sen as Managing Director of the Company.		
8.	Approval of Material Related Party Transactions for the year 2016-17 with 3M Company, USA.		
9.	Payment of remuneration by way of Commission to Non-Executive Directors of the Company for five (5) financial years commencing from the Financial Year April 01, 2016.		

Signed this..... day of..... 2016

Signature of shareholder

Signature of Proxy holder(s)

Affix
Revenue
Stamp

Note :

- 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.
- For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 29th Annual General Meeting.
- 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.
- Please complete all details including details of member(s) in above box before submission.

NOTES

NOTES



3M India Limited

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