

A woman in traditional Indian attire, including a blue and green sari with gold borders, is captured in a dynamic dance pose. She has her arms raised in a 'V' shape, with her hands in a specific mudra. She is wearing multiple necklaces, bangles, and a headpiece. The background is dark, and the floor is light-colored wood. A large white triangle is superimposed over the image, with its vertices at the top left, bottom left, and bottom right.

A dynamic India beckons

Annual Report
2016 - 2017



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Go forth.

Equipping 3M India to serve today's dynamic Indian market means building rapid responsiveness and flexibility into our core processes, product innovation design and development of our people, so we are right there when it matters –

to deliver solutions and to delight the lives we touch with our science.





Go forth. Customers First. Always.

The real power of our innovation is when we apply science to improve lives. Our growth story has seen several instances where we have responded to unique market challenges and ensured that we have kept pace with our customers' growing aspirations.

Customer inspired innovation has fueled our hunger to help our customers succeed. It is about understanding their business models, what they promise to their customers and what their role is in the value chain. With a mutual goal of improving lives, our partnerships involve deep collaboration, leveraging on our science to create shared value.



Go forth. Innovation for India.

3M's strong technical expertise augmented by deep local market insight continues to create product innovation that is helping improve lives as we expand our geographic presence across India.

Our 30+ state-of-the-art laboratories with over 100 engineers, have technical capabilities across design, acoustics, software/electronics and material development. From connecting our science to the real needs of people, like their right to breathe, to helping our customers imagine new-to-the-world solutions for their customers, our diverse portfolio is driving growth that is anchored to the growth engines of the country.



Go forth. From within.

As the challenges of the future beckon, we are energising and equipping 3Mers to succeed in a dynamic environment.

Developing a growth mindset geared towards digital, engaging employees at plants, impetus on grooming women leaders and driving a strong ethical and compliance culture are some of the strategic growth initiatives that 3Mers have been pro-actively pursuing to add value to the company and to our customers.



Go forth. Embrace.

3Mers actively embraced many more lives this year across our Corporate Social Responsibility (CSR) programs. Our efforts in Education, Women Empowerment, Social Innovation and the newly included focus area, Sustainability, continue to empower the communities whose lives we touch.

We are proud that 3M India's CSR has embraced more marginalised lives in rural areas, with a thrust on regional expansion in Maharashtra and the East. Our efforts continue to contribute to India's future by embracing all and inspiring inclusive growth.

Bharat D. Shah
Chairman



**“Today’s uncertain & economic
geopolitical environment calls for
greater agility and flexibility.”**

In 2016-17, we witnessed a paradigm change around the world – rapid technology advancement, tumultuous international developments in advanced economies or closer home, radical domestic policy actions like the passing of the GST bill and demonetisation.

Demonetisation has had short-term costs but holds the potential for long-term benefits. As I write this message, India is getting geared up for GST implementation which is expected to create a common tax platform, improve compliance and governance and boost investment and growth. Amidst these developments, India continued to maintain a stable macro-economy posting a GDP growth of over 6% with declining inflation and improved fiscal and external balances. With a GDP forecast of +7% level through 2019, India continues to find its place among the world's fastest growing major economies.

3M India has carefully managed the environmental challenges and stayed the course on its growth path with a consistent performance during the FY 2016-17. It has posted an annual turnover growth of 10.53% accompanied by an increase in profitability of 22.74% over the previous year. The operating margin for the current year was at 16.68% compared to 15.80% for the last year.

Our key strategy for growth in India is to expand relevance to our customers and widen our geographic presence, which is in line with the parent company's strategy. Your company has responded to several trends in the market which have contributed to growth. Pick up in private consumption, increased government expenditure on infrastructure projects along with sectoral growth in healthcare, renewable energy, roads and commercial equipment have helped deploy your company's manufacturing and R&D strengths with products for automotive, healthcare, construction and infrastructure. Private consumption and increased industrial activity and urbanisation have led to the rise in sustainability challenges such as deteriorated air and water quality. Your company's portfolio prioritisation is well aligned to such megatrends where it has applied its expertise in science to address these topical challenges. Your company continues to expand its portfolio of consumer facing products through ecommerce to grow its reach across the country. Geographic expansion was another key theme of your company's growth story with new leadership and focused business execution plans in the Eastern region of the country.

Today's uncertain and volatile economic and geopolitical environment calls for greater agility and flexibility to adapt fast and stay resilient. I'm pleased to share that your company has made several investments in building the capability of not only of its employees but also of its extended team of partners and suppliers through focused people development programs, digital initiatives and greater collaboration to solve problems for end customers. Your company has also substantially increased its community investments to include marginal sections of society as well as expanded its engagement with communities in other regions. With an eye on maintaining a healthy balance sheet and thinking big on new opportunities and market segments, your company is poised to grow the trajectory over the next few years.

I would like to congratulate the 3M India team for continuing to show progress in performance as well as in building a strong brand in the country. Under the able leadership of Ms. Debarati Sen, who took office during FY 2016-17, your company has demonstrated a hunger to succeed and harness the environmental developments and challenges with an agile mindset oriented towards growth.

I'm grateful for the opportunity to execute my responsibilities as Chairman of your company and thank the Board of Directors for their collaboration and you, dear shareholders for your unstinted support. I wish the 3M India team the very best to put in a solid growth performance in FY 2017-18 and in the years ahead.

Thank you.

A black and white portrait of Debarati Sen, a woman with dark, wavy hair, smiling. The background is a light, textured grey. The image is framed by a dark border with faint, stylized line art patterns on the left and right sides.

Debarati Sen
Managing Director

“We are using our science to build an agile, future-ready company that is keeping pace with India's growing aspirations.”

With over a year in my role as Managing Director of 3M India Limited, I would like to first, thank our shareholders and the Board of Directors for your support as we excelled in a year that was characterized by volatility in the external environment internationally as well as in India.

3M India has been on a path of transformation to win in a fast changing economic environment and world order. Agility and flexibility is a must to ensure a profitable and sustainable future. In India, we are fortunate to be operating in a macro-economic environment that is showing strong GDP forecast and increasing fiscal discipline and transparency with Government initiatives to stimulate growth, digitise the economy and simplify the tax administration in the country.

We have entered a new regime with policy initiatives such as demonetisation and GST. I'm pleased to share that 3M India maintained a strong and consistent top and bottom line performance during the FY 2016-17, demonstrating market differentiated growth. The growth rate during FY 2016-17 of 10.53% was achieved despite a nearly flat IPI and managing the impact of demonetisation. Our 2016-17 growth story was marked by key initiatives that demonstrated agility with a focus on our customers by leveraging our science and diverse technological platforms.

Driving agility by keeping our customers first

- 3M India's rapid response to the air pollution crisis in the National Capital Region (NCR) last year, ensured timely availability of our best in-class respirators to help citizens and administration, while spreading awareness on air particulate matter and the right kind of device for protection.
- Our products and solutions are helping standardize infection prevention protocols in Tier A and Tier B hospitals across India. 3M India Healthcare Academy helped several hospitals through education and training on different healthcare domains, aiding medical professionals to respond with better and more efficient patient care.
- A focus on strategic partnerships rather than transactional relationships with our top automotive customers led to solutions that helped in the faster roll out of vehicles to consumers in a year that saw a significant rise in passenger vehicle production

Investing in innovation

R&D remains the heartbeat of our enterprise. With our scientific edge and focus on practical value, 3M India R&D Labs contributed with new solutions in the areas of infrastructure, safety and healthcare. Some examples include:

- A sustainable solution for road safety - the solar powered raised pavement markers
- High quality, weather- proof graphic materials which enhance passenger experiences in railway coaches
- Protective coatings for water pipelines that are ensuring potable water for human consumption
- Smart variable messaging systems that are dotting highways enabling better traffic management
- Practical, time-saving healthcare solutions that are helping doctors and nurses provide effective patient care in hospitals

Managing our health of business and cash flow

Throughout the year under review, the company's focus on driving performance was around key enterprise critical parameters (profitability, sales productivity and cash flow) which were aligned with the priorities of 3M Corporation's drive towards efficient growth. As we enter the new GST regime, the company is well prepared to meet the timelines for the roll out and compliant with the new GST regulations.

Entering new geographies to expand our relevance

3M India is aligned with the Government of India's focus on developing the East & North East regions of the country. During the FY 2016-17, we expanded our presence and reach into these states with focused business execution plans for deeper penetration across our businesses as well as community outreach through our corporate social responsibility efforts.

Building a diverse and high performance team

Several capability building initiatives were introduced to encourage and reward a growth mindset in our workforce:

- Leadership development programs
- Plant employee engagement
- Company-wide compliance initiatives
- Community volunteerism
- Strengthening our channel partner community

Committed to improving our business, our planet and every life

We understand and take our responsibility as a leading global diversified company when it comes to business and society, helping drive sustainable solutions that aim for large and meaningful impact. The year also saw enhanced corporate social responsibility efforts with more investments in diverse programs and expanded reach to more communities. From an operational excellence standpoint, we also strive to deliver excellence in our operations and across our supply chain to advance our sustainability goals and help our customers reach theirs.

Going forward, growing aspirations of the middle class coupled with the Government's investments in infrastructure initiatives and domestic growth focus have prompted us to be very bullish on sectors such as consumer, healthcare and safety where we see huge opportunities for 3M India to contribute. We are excited to harness the passion of our employees and our stakeholders to build and support a vibrant India.

I would like to appreciate our employees across all functions who have helped achieve our results and who continue to be driven by a purpose to build a brand that is more relevant to our customers in India. Our employees' achievements are also widely acknowledged through accolades and recognition by our customers, peers and our parent company. I'm grateful for the opportunity to lead this highly motivated and inspired workforce.

I would like to thank the Chairman of the Board, Mr. Bharat Shah as well as the Board of Directors for their support and guidance to take 3M India to the next stage of our growth journey.

Thank you.

Go Forth.
Customers First. Always.

We use science to empower day-to-day living with solutions that enable a better quality of life and work.

Bridging people and protection

The smog crisis in the National Capital Region (NCR) last November had dangerous concentrations of microscopic PM2.5. These potentially lethal particulate matter can lead to asthma and can even cause cancer. Filtering PM2.5 needs respirators and not masks, as public perception suggested.

3M's scientific expertise helped negate the effect of PM2.5 – our N95 respirators with 'Advanced Electret Filter Media' provided the ideal solution to protect affected citizens. The N95 respirator's electrostatically charged open construction fibres help trap over 95% of particulate matter while aiding easy breathing.

A simultaneous public awareness campaign on the differences between a mask and a respirator garnered 3M India visibility as an expert on the air quality issue, across the media spectrum from TV to press. The hugely successful campaign saw our respirators become the 'go to' brand, ensuring that we made the lives of citizens safer.



Bonding that drives partnerships forward

When new-age SUVs required parts that had to be fastened securely, and deliver on aesthetic and safety fronts, Automotive Original Equipment Manufacturers (AOEMs) turned to 3M India for a feasible solution. With our expertise in pressure sensitive adhesive technology we designed a variety of applications using 3M™ Acrylic Foam tapes in close collaboration with AOEMs. These tapes helped bond durable parts without the corrosion and rattling associated with traditional mechanical fasteners, thus aiding faster assembly of SUVs.

This success highlights 3M India's end-to-end solution capability – from design to execution and delivery, with innovations that help deepen our relationship with our Automotive customers.



Driving the mission of reducing infection in hospitals through education

Instrument sterilization is typically accorded a 'low priority' in Indian hospitals. 3M India took on the huge challenge of changing mindsets and partnered with relevant bodies to ensure patients receive uncompromised medical care.

3M Healthcare Academy's host of certification courses and training initiatives established the Center of Excellence Program for the Central Sterile Services Departments in hospitals, to create awareness, educate and develop guidelines. This initiative, along with nurses training and operation theatre excellence certification are sowing the seeds of knowledge and paving the way forward to reduced infections in hospitals.



Raising the standards of travel on tracks

The 'image' of Indian rail travel was undergoing a transformation. 3M India helped the Indian Railways imagine solutions that could enhance passenger experience and comfort through enhanced exteriors and interiors with the help of weather-resistant body wraps and interior finishes.

Working within tight timelines, the 3M India team engaged with key stakeholders, understood specific needs and used our expertise in surface materials and in-house design capability to refresh and re-vamp coaches inside-out. Going a step further, we also drew from our diverse portfolio of solutions to provide better passenger comfort with reduced energy consumption in AC coaches with potential savings.



Refreshing spaces in 'wow' time

India's offices are stretching the imagination to be creative and inspiring workspaces, catering to the millennial generation. Facility managers are often challenged to give interior spaces a makeover at short notice, without affecting business continuity.

"Refreshing" is increasingly being preferred over fresh construction. 3M's innovative interior finishes like DI-NOC™ and Glass Finish can renew spaces with minimum downtime. The ease, convenience and durability of our solutions have made our products top-of-mind among facility managers and the architect community. Hotels, offices and commercial spaces refreshed with 3M solutions are now able to build greater customer satisfaction and brand loyalty.

Go Forth. Innovation for India

Our potent combination of local insight and technical expertise deliver solutions that respond to unique Indian needs.

Making visibly happier journeys

- **3M™ Variable Messaging System**
- **3M™ Solar Raised Pavement Marker**
- **3M™ Flexible Median Marker**

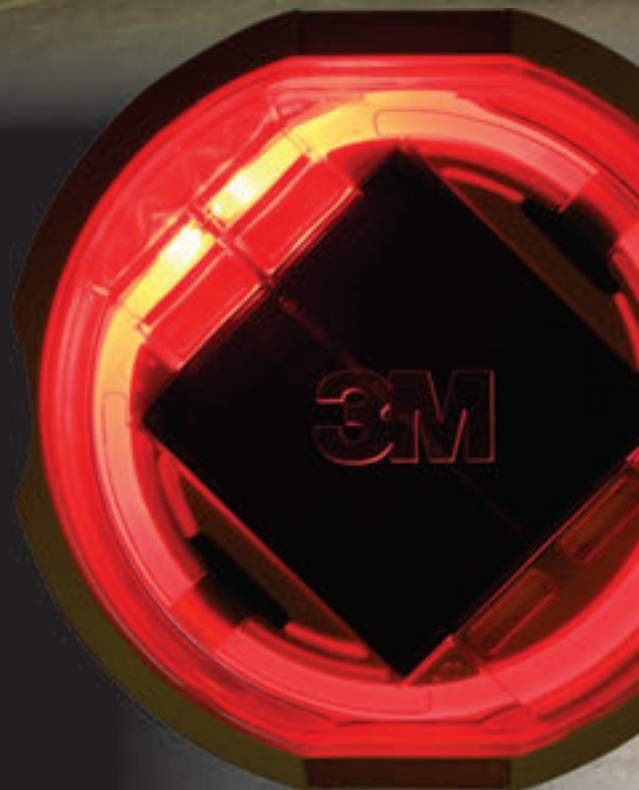
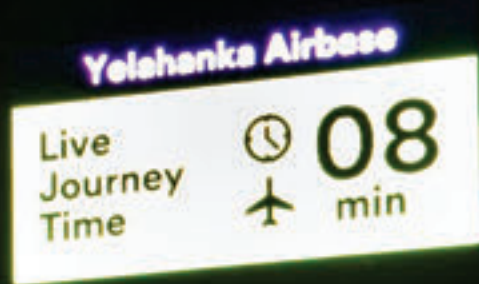
We are addressing the hurdle posed by India's congested and accident prone roads with our scientifically proven multiple solutions approach to enhanced road safety

The **3M™ Smart Variable Messaging Platform (VMS)** employs on-road sensors, proprietary software and cloud based data to provide real-time, automated and contextual information on traffic, congestion, weather, parking, air quality, etc. in a form that is useful to motorists. This live information helps commuters better plan their travel and traffic managers to ease congestion. VMS is a key component of 3M India's offerings to aid in smart transportation for India's Smart Cities initiative.

3M India pioneered the median marker innovation a couple of years ago to address the need for lighting up road medians to aid night-time navigation. **3M™ Flexible Median Marker (FMM)** is a next generation innovation which uses 3M's expertise in material technology and retro-reflection to offer a vandal-resistant visual aid for night time driving. This unique solution employs advanced plastic that is engineered to 'bounce back' on impact.

Going a step further with our proprietary Raised Pavement Marker innovation, the **3M™ Solar Raised Pavement Marker (RPM)** is a sustainable product for Indian roads. It uses the sun's energy to power a 'ring' of light that offers warning on medians during night driving. 3M Light Management technology ensures uniform light through the ring, while the raised profile of the RPM offers tactile feedback to deliver passive safety.

These path-breaking 3M solutions are working in tandem to play a key role in ensuring traffic safety in Indian metro cities and are helping commuters travel easy.



Scotch-Brite® Twister Mop



Twists clean, so consumers don't have to

The Scotch-Brite® Twister Mop is our dedication to local usage behaviour. Making daily chores easy was the inspiration to develop this mop that has a unique wringing mechanism and is easily refillable.

With maneuverability made easy due to light weight yet sturdy design, the Scotch-Brite® Twister Mop makes wet mopping strain-free.

This product has won the international **Red Dot Design Award** for 2016, widely considered as the 'Oscars' of industrial design.

3M™ CHG Bath Towels



Wipe to keep infections away

The need for effective yet time-saving infection prevention for in-patient skin care is addressed by 3M™ CHG (Chlorhexidine Gluconate) Bath Towels. With a simple 'pull-and-wipe' pack to make the job effortless, these single use towels save nursing time and prevent cross contamination.

The 3M™ CHG Bath Towels' skin friendly anti-microbial, non-alcoholic, pH balanced formula has a residual effect – delivering longer lasting protection.

3M™ Scotchkote™ Liquid Epoxy Coating for Water Pipelines



Ensuring that every drop matters

In an age where political strife is centered on water, the harsh truth of water leakages and loss in transportation must be addressed. 3M India developed 3M™ Scotchkote™ 162PWXi as a solvent and BPA-free, rapid cure, anti-corrosive coating for pipelines, tanks and vessels. With easy application of 1mm in a single coat (internal or external), heat resistance of up to 65°C in immersion conditions and certifications from NSF and US FDA, 3M™ Scotchkote™ 162PWXi enables safe delivery of water fit for human consumption.



**Go Forth.
From within.**

**Empowering every 3Mer to
bring about change in the way
we work to improve lives and
challenge the self to rise above.**

Driving success and leadership



Bold marketing for the digital age

Created by marketers to augment their skills, the 'Tashan' ('Style' in Hindi) initiative aims at bringing the "outside-in" thinking by roping in experts from emerging areas. The program motivates marketers to think bold and build the 3M brand.





Driving compliance through employee engagement

Ethics is a key value that 3Mers cherish and our uncompromising stand on compliance has earned the company the global Ethisphere® award for the 4th consecutive year.

A crowd sourced competition – 'Aacharan' ('Conduct' in Sanskrit) initiative was an immersive experience which focused on raising awareness about the 3M Code of Conduct, giving employees a better perspective of compliance, 3M values and the importance of being a 3M brand ambassador.



Rejuvenating channel to drive growth

Created as a platform to drive shared growth, the 'Sankalan' ('Coming Together' in Sanskrit) initiative strengthens our relationship with top channel partners, and builds on the combined knowledge to develop collective growth strategies. The program has enabled 3M India to take strides in improving operational excellence and business performance, playing a role in the overall growth of the company.



Driving purpose in leadership

With inclusion being a key corporate agenda at 3M, the 'Jagruti' ('Awakening') program was launched to align the goals of women's leadership and CSR to build empathetic leaders in the company. Volunteers were assigned specific community projects and mentored to help groom them into purpose-driven leaders.

Over the course of 9 months, Jagruti enriched these women leaders with hands-on skills in collaboration, identifying opportunities for change, working with ambiguity and developing purpose driven goals. The efforts by the teams through the program have contributed to 3M India's CSR initiatives.



Aligning shop floor efforts to Company aspirations

An important element of our employee relations strategy in our plants is strengthening engagement and supervisory capability. Several initiatives were introduced to involve technical associates and inspire their contributions to the vision of the company. Platforms to enable plant leadership to collaborate and learn from external best practices have helped improve plant leadership. Our technical associates have participated and won several regional and national competitions for manufacturing excellence and lean practices which reinforces our belief in our talent.

Go Forth.
Embrace.

Grooming the future. Inspiring confidence.

Enabling lives across the communities we live and work in is a privilege that every 3M volunteer cherishes with pride.

Our Corporate Social Responsibility initiatives went into overdrive this year, carrying forward the momentum of existing programs in Education, Women Empowerment, Social Innovation and the newly added focus area - Sustainability. With the rise in technology, future jobs will have a greater demand for STEM (Science, Technology, Engineering and Mathematics) skills, and the number of STEM graduates entering the workforce annually will increase manifold. However, there are concerns on the quality and accessibility to STEM education for large sections of society.

We continued to inspire young innovators and student instructors to carry forward the torch of scientific curiosity, made infrastructure and knowledge investments in science education, laid the foundation for a pan-India Anganwadi upgradation program to address the gap of early child education and helped groom both urban and rural women on the path to self-reliance.



Mobile Science Lab
initiative

75 schools

**8,700 +
inspired
children**



School Readiness Program

**20 Anganwadi
centres**

holistic development
of 2,000 children



Infrastructure investments

**1,500
under priviledged
children
get access to
computer
education**



The School Readiness Program was launched in Kolkata and Anekal, Bengaluru to enhance the Government of India's Anganwadi program. 2000 children across 20 centers are receiving holistic development – including nutrition, health and education – a long-term investment to reduce dropout rates in schools.



In its 2nd year, the Mobile Science Lab initiative spread a unique pedagogy to Government schools in Anekal and Ranjangaon. New interventions like the Young Instructor Leader Program to groom bright students to teach peers and Operation Vasantha, which includes village communities in the transformation, carry forward the mission of kindling scientific curiosity.



Infrastructure investments to educate underprivileged children in the sciences were made with the setting up of a Computer Science Lab at one of the largest residential schools for impoverished children in Kolkata and a fully accessible science lab for differently-abled children at one of Bengaluru's premier institutions for people with disability.



Self-sustenance through developing micro-entrepreneurial skills and education in food safety, inventory management, and finance drives forward our Women Entrepreneurship Program to enable livelihoods for 1,500 women farmers in Kanakapura district in Bengaluru.



More than 300 women across 10 livelihood resource centers in Karnataka have been equipped with professional skills to get an independent start in life through the Skill Development Program, now completing its 2nd year of empowering young women to pursue their aspirations.



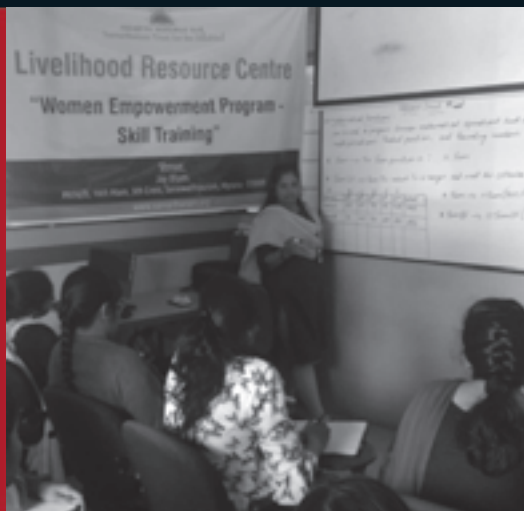
The Young Innovators Incubation Fund and Awards program continued to give wings to path-breaking ideas and rewarded 18 young innovators with the right platform to scale-up and grow.



Included under the newly added vertical of Sustainability, the WaSH initiative in Ranjangaon supports the construction of toilet complexes to the most needy Government run schools to enable rural students, especially girls, to attend school.

Incubation Fund
& Awards program
for young innovators

18
young innovators
supported with grants



Skill Development
Program for Women

**Professional
skills imparted to
300 women**

145+ placed
10 centres
across Karnataka



Rural Women Entrepreneurship Program

**Livelihood support
for 1,500
women farmers**

45 villages covered
100 self help groups
17 producer groups



Go Forth. Sustainably.

3M Corporation's 2025 Sustainability Goals drive 3M India's environmental stewardship that effects the way we think and produce, the communities we touch and the future we envision in India.

3M India's sustainability practices are centered on achieving results to address two key challenges - Energy and Water. Our sustainability credentials allow us to drive partnerships with customers to improve their sustainability goals – through the development of green products that use benchmark innovation to enable our customers to reduce their carbon footprint.

Energy Efficiency and Renewable Energy

In a nation that basks in the brilliance of the sun, 3M's goal of being powered by 25% renewable energy takes-off with the 500KWp Rooftop Solar Power plant at our manufacturing facility in Ranjangaon. This installation meets 15% of the plant's electricity needs. Various energy efficiency initiatives like LED lighting, utilities optimization and the treatment of energy as raw material have put the Ranjangaon facility amongst the top three energy conserving 3M factories worldwide. 3M Corporation has recognised this plant with the "Global Energy Excellence Award".

These energy efficiency initiatives have won 3M India a national level appreciation award from the Confederation of Indian Industry (CII) as one of the "Best Energy Efficient Organisations" in India.

Annual Benefits



700,000 KWH
power generated



560 MT
carbon offsets



equal to planting
3,000
trees

Water Conservation

Conserving this increasingly scarce resource in India is central to our green commitment. We have achieved a water usage reduction of about 15% per ton of production. Taking 'Reduce, Reuse and Recycle' further, our manufacturing facilities use treated water for gardening and make-up water in cooling towers, scrubbers and restroom flushes. Rain water harvesting systems have been implemented at all our manufacturing facilities.



15%
↓
Less water used
per ton of production



Rain water harvesting
across plants

A partner in our customers' sustainability journey

Driving towards a greener future means taking along key stakeholders – our customers. 3M India partnered with Automotive OEMs to develop products aimed at reducing diesel vehicle emissions, VOC free underbody protection and reducing water use for car cleaning.



Sparkling clean
with minimal water

3M™ Dry Wash

3M's revolutionary dry wash system greatly reduces water from the car wash process without compromising on the sparkle.

Developed in response to Automotive OEMs' concerns around saving water and delivering a clean car to customers, 3M™ Dry Wash saves almost 150 - 250 litres of water per wash. With water saved, this 3M India Lab innovation also obviates the need for the disposal of waste water. 3M™ Dry Wash saves around 15% of time compared to a wet wash, ensuring quicker and cleaner turnaround.



A cleaner,
rust-free ride

3M™ Aqua Under Coat

In India, cars are prone to rust caused by adverse road and climatic conditions. Conventionally used asphalt and toluene-based underbody coatings damage the environment and compromise workers' health and safety.

Delivering reliable protection that does not adversely affect the environment inspired our R&D to formulate an entirely new 100% VOC-free underbody coating.

3M's pioneering pro-environmental stance is giving our customers a green product that ensures vehicle, applicator and environment safety.



Cutting carbon emission
with a cleaner fuel system

3M™ Diesel Fuel System Cleaner

When a leading Automotive OEM's trucks faced an injector clogging issue, 3M India addressed the problem by developing a revolutionary cleaning system which uses a unique delivery mechanism to clear impurities from engines without having to open them.

Lower emission, improved performance, time savings and driver comfort – these define the 3M™ Diesel Fuel System Cleaner, a made in India innovation with patented technology.



Ten Year Financial Highlights

	12 months ended (January to December)					15 months ended (Jan to March)	12 months	
Particulars	2006	2007	2008	2009-10	2010-11	2011-12	2012-13	2013-14
Gross Sales*	54,049	64,670	78,008	1,11,740	1,23,489	1,47,123	1,65,250	1,81,809
Total Income	51,058	61,905	75,240	1,10,679	1,20,241	1,41,037	1,58,463	1,76,229
Profit Before Depreciation, Interest & Tax (PBITDA)	8,471	11,280	9,862	15,825	16,644	12,632	12,101	13,084
Profit Before Tax (PBT)	7,797	10,663	9,102	14,087	14,806	9,611	7,520	6,907
Profit After Tax (PAT)	5,042	6,768	5,745	9,284	9,881	6,477	5,227	4,299
Net Fixed Assets	4,432	9,742	14,332	18,102	25,952	31,067	42,040	42,530
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
Reserves & Surplus	21,256	27,904	33,649	42,933	52,813	59,291	64,517	68,816
Net Worth	22,383	29,030	34,776	44,059	53,940	60,417	65,644	69,943
Retained Earnings	5,042	6,768	5,745	9,284	9,881	6,477	5,227	4,299
Employee cost to sales	12.13	12.38	12.74	11.75	12.68	13.16	13.52	14.05
Net Deferred Tax Asset	304	433	512	827	640	440	906	1,289
Capital Investment	2,145	5,957	5,416	5,473	10,293	9,668	12,899	4,759
Ratio Analysis								
PBT to Total Income (%)	15.27	17.22	12.10	12.73	12.31	6.81	4.75	3.92
PAT to Total Income (%)	9.88	10.93	7.64	8.39	8.22	4.59	3.30	2.44
Return on Networth (RONW)(%)	22.53	23.31	16.52	21.07	18.32	10.72	7.96	6.15
Return on Capital Employed (%)	34.83	36.73	26.17	31.97	27.45	15.91	11.46	9.88
Return on Equity(%)	22.53	23.31	16.52	21.07	18.32	10.72	7.96	6.15
EPS	44.76	60.08	51.00	82.41	87.71	57.50	46.40	38.16
No. of shareholders	8,375	8,548	8,710	9,171	9,145	9,490	9,432	9,225

Notes/Glossary:

* Sales before Excise duty charged. @IndAS

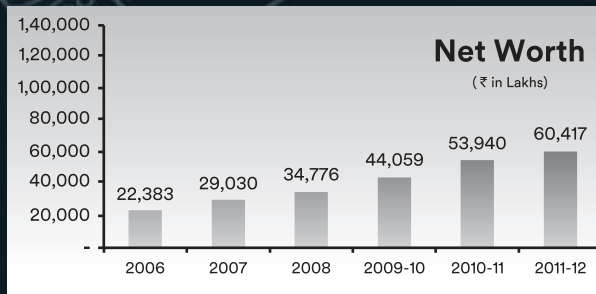
Previous year/period's figures have been regrouped/ reclassified wherever necessary to ensure uniformity.

Net worth=Share Capital+ Reserves & Surplus

RONW=PAT/ Networth

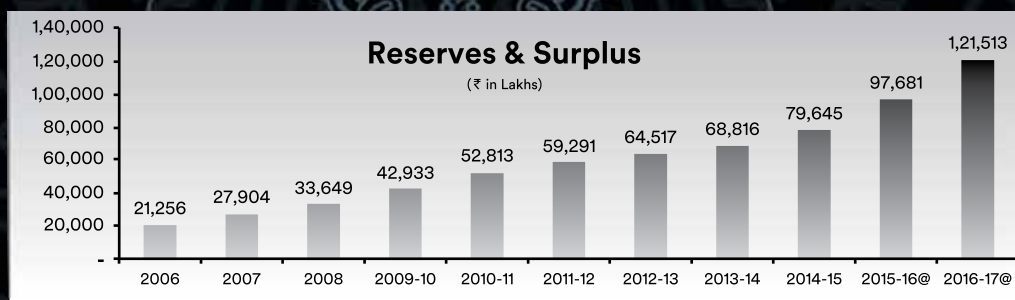
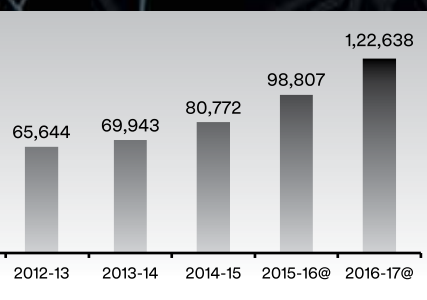
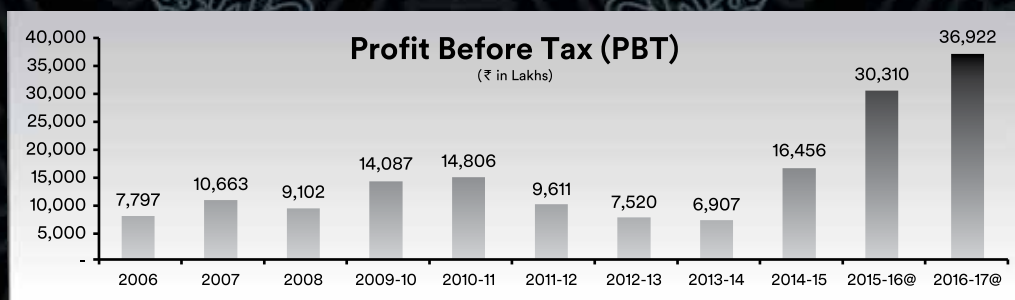
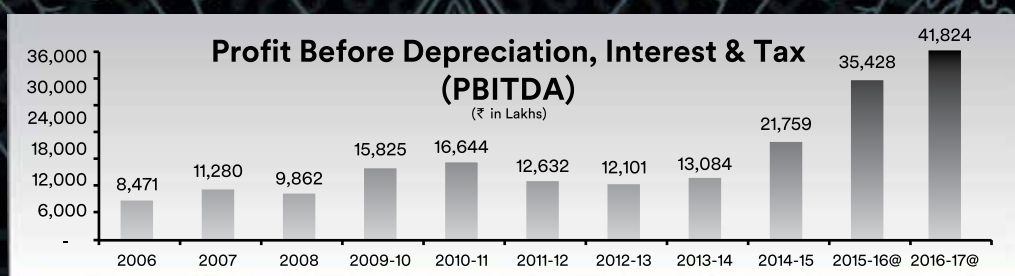
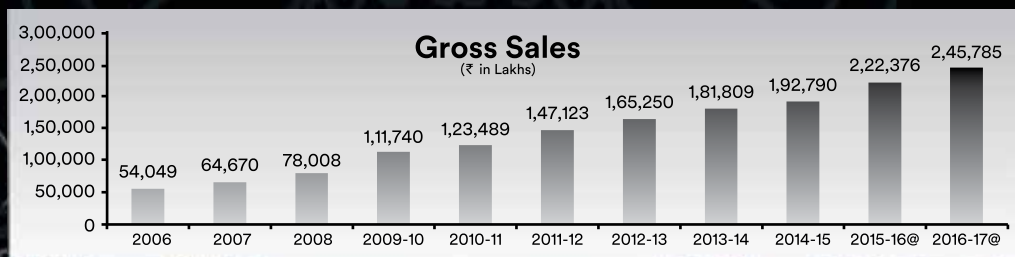
Return on Capital Employed(%)=PBT/Capital employed

Return on Equity=PAT/Networth



ended (April to March) (₹ in Lakhs)

2014-15	2015-16@	2016-17@
1,92,790	2,22,376	2,45,785
1,85,478	2,24,159	2,50,732
21,759	35,428	41,824
16,456	30,310	36,992
10,834	19,417	23,832
38,905	34,873	31,467
1,126.51	1,126.51	1,126.51
79,645	97,681	1,21,513
80,772	98,807	1,22,638
10,834	19,417	23,832
13.27	11.17	11.17
966	837	780
1,472	1,387	1,060
8.87	13.52	14.73
5.84	8.66	9.50
13.41	19.65	19.43
20.37	30.68	30.11
13.41	19.65	19.43
96.17	172.89	213.72
10,723	12,974	16,290



Board of Directors



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



Debarati Sen
(from June 1, 2016)
Managing Director



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

(from June 1, 2016)
Non-Executive Director



B. V. Shankaranarayana Rao
Whole-time Director



Biren Gabhawala
Non-Executive
Independent Director



Radhika Rajan
(from May 27, 2016)
Non-Executive
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
(up to May 26, 2017)
Non-Executive Director



Jong Ho Lee
(from May 26, 2017)
Non-Executive Director

Key Managerial Personnel

Panagiotis Goulakos (Panos)	Chief Financial Officer
V. Srinivasan	Company Secretary and Compliance Officer

Audit Committee

Biren Gabhawala	Chairman
Bharat D. Shah	Member
Manuel B. Pardo	Member (up to May 26, 2017)
Radhika Rajan	Member (from May 27, 2016)
Jong Ho Lee	Member (from May 26, 2017)

Stakeholders Relationship Committee

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

Corporate Social Responsibility Committee

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

Nomination and Remuneration Committee

Bharat D. Shah	Chairman (up to May 26, 2016)
Biren Gabhawala	Chairman (from May 27, 2016)
Albert C. Wang	Member
Sadhana Kaul	Member (up to May 27, 2016)
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. B S R & Co. LLP
Chartered Accountants
Maruthi Info-Tech Centre,
11-12/1, Inner Ring Road,
Koramangala
Bengaluru - 560071

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

Go Forth.
Inspire the future.





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 Thirtieth (30th) Annual General Meeting of the Company will be held at 11.00 A.M. on Thursday, the 10th August, 2017 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 financial year ended March 31, 2017

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, 2017, 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 and are hereby received, considered and adopted.”

Re-appointment of Mr. Amit Laroya (DIN: 00098933), who retires by rotation

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

“RESOLVED THAT Mr. Amit Laroya (DIN-00098933), 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.”

Ratification of the appointment of Statutory Auditors of the Company, Messrs. BSR & CO. LLP, Chartered Accountants, Bengaluru (ICAI firm registration no. 101248w/w-100022), and to fix 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 Section 139 and 142 of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or amendments or re-enactments thereof) and pursuant to the recommendation of the Audit Committee and of the Board of Directors, the appointment of Messrs. BSR & Co. LLP, Chartered Accountants (ICAI Firm Registration No. 101248W/W-100022) made at the 29th Annual General Meeting to hold office for a period of Five (5) years, subject to ratification at every Annual General Meeting, be and is hereby ratified and that the Auditors be paid such remuneration as may be recommended by the Audit Committee and mutually agreed between the Board of Directors of the Company and the Auditors.”

SPECIAL BUSINESS:

Appointment of Mr. Jong Ho Lee (DIN: 06720950) as a Director of the Company

4. To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“RESOLVED that Mr. Jong Ho Lee (DIN-06720950), who was appointed as an Additional Director of the Company by the Board of Directors at its meeting held on May 26, 2017 under Section 161(1) of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or amendments or re-enactments thereof) and Article 115 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

Re-appointment of Mr. B.V. Shankaranarayana Rao (DIN: 00044840) as Whole-time Director of the Company from April 1, 2017 to May 13, 2020

5. To consider and, if thought fit, to pass, the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”), read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification or re-enactment thereof) and pursuant to the Articles of Association of the Company, consent of the Company be and is hereby accorded to the re-appointment of Mr. B.V. Shankaranarayana Rao (DIN:00044840) as Whole-time Director of the Company from April 1, 2017 to May 13, 2020 and for the payment of remuneration as set out in the Agreement dated March 6, 2017 between the Company and Mr. B.V. Shankaranarayana Rao.

RESOLVED FURTHER THAT the Board of Directors, including a Committee thereof, be and are hereby authorized to vary the terms and conditions of appointment including determination of remuneration payable to Mr. B.V. Shankaranarayana Rao, in such manner as the Board may in its absolute discretion deem fit.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

Ratification of remuneration payable to Messrs. Rao, Murthy & Associates, Cost Auditors for the Financial Year 2017-18

6. *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), 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 2017-18 amounting to Rs. 430,000/- (Rupees Four Lakhs Thirty Thousand only) including applicable taxes and re-imbursment of out of pocket expenses incurred by them in connection with the audit of cost records be and is hereby ratified and approved.”

Approval of Material Related Party Transactions beyond the approval granted

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

“RESOLVED THAT pursuant to the provisions of Section 188 of the Companies Act, 2013 and the rules made thereunder and 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), the following material related party transactions entered into in ordinary course of business and at arm's length price with 3M Company, USA (Parent Company) by the Company in excess of the limits approved by the shareholders at the previous Annual General Meeting held on 5th August, 2016 be and are hereby ratified / approved.”

Rs. in crores

SI No.	Nature of Transactions	Approved Estimated value of transactions for the financial year 2016-17 by the members on August 5, 2016	Actual value of the transactions during the financial year 2016-17
1	Royalty	24.55	32.74
2.	Corporate Management Fee	72.91	99.97
3.	Purchases of Materials	298.66	325.99

Approval of Estimated Material Related Party Transactions for three financial years from April 1, 2017 to March 31, 2020

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

“RESOLVED THAT pursuant to the provisions of Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') (including any statutory modifications(s) or re-enactments(s) thereof, for the time being in force) consent of the Members of the Company be and is hereby accorded to the Board of Directors of the Company (including any committee thereof) to enter into material related party transactions with its holding company, 3M Company, USA and/or its group companies, being related parties as defined in regulation 2(1)(zb) of the Listing Regulations, over a period of three (3) financial years (being April 1, 2017 to March 31, 2020), for a total value of Rs. 1,085.41 crores during financial year 2017-18 with an increase in each of the subsequent financial years, of 20% of the approved amount for the preceding financial year.

RESOLVED FURTHER THAT the Board of Directors of the Company (including any committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, expedient in order to give effect to this Resolution.”

By order of the Board

V. Srinivasan

Company Secretary
ACS-16430

Place : Bengaluru
Date : May 26, 2017

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 Saturday, **August 5, 2017 to Thursday, August 10, 2017 (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/ AUTHORISED REPRESENTATIVES OF THE CORPORATE 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 30th 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 30th 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 August 4, 2017 (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 9.00 A.M. on August 7, 2017 (Monday) to 5.00 P.M. on August 9, 2017 (Wednesday). 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) 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 August 4, 2017 (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: 9.00 A.M. on August 7, 2017 (Monday) to 5.00 P.M. on August 9, 2017 (Wednesday). The e-voting module shall be disabled by Karvy at 5.00 p.m. on August 9, 2017 (Wednesday). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 4, 2017 (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 Private 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 i.e. August 4, 2017 (Friday).
- (p) The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, August 4, 2017, 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. August 4, 2017 (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/other means 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 forty eight (48) hours days of conclusion of the meeting a consolidated Scrutinizer’s Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.

- (u) The results declared along with the report of the scrutinizer shall be placed on the website of the Company www.3m.com/in and on <https://evoting.karvy.com> immediately after the result is declared by the Chairman. The Company shall, simultaneously, forward the results to the Stock Exchanges where the shares are listed.
- (v) In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
- (w) Institutional members (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc., to the Scrutinizer through e-mail at vijaykt@vjkt.in, with a copy marked to 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 9, 2017 (Wednesday).
- (x) In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/ Depository Participant(s) or requesting physical copy) in the permitted mode:
- (i) Initial password as below is given in the attendance slip for the AGM:

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

- (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. Amit Laroya, 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. Amit Laroya, 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. Amit Laroya, Non-Executive Director (DIN-00098933) - (from June 1, 2016): Mr. Amit Laroya, 52, 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 previous assignment as the Managing Director of 3M Indonesia and 3M India Limited made 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 the Managing Director of the Company from October 1, 2013 to May 31, 2016. From June 1, 2016, he has been a Non-Executive Non Independent Director of the Company. He was appointed as President and Managing Director of 3M Korea Limited from June 1, 2016.

He is a Member of Nomination and Remuneration Committee. Accordingly, the Board recommends his re-appointment.

Except Mr. Amit Laroya, 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 5)

For the details pertaining to Mr. Jong Ho Lee and Mr. B.V. Shankaranarayana Rao, please refer to the below Explanatory Statements in respect of the Special Business set out at item Nos. 4 and 5 of the Notice of Annual General Meeting pursuant to Section 102 of the Companies Act, 2013.

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

Following Explanatory Statements are furnished in respect of Special Business:

Item 4

Mr. Jong Ho Lee is a Non-Executive Director of the Company. Based on the nomination from 3M Company, USA, the Nomination and Remuneration Committee of the Company at its meeting held on May 25, 2017 has recommended the appointment of Mr. Jong Ho

Lee as a Director of the Company. The Board of Directors at their meeting held on May 26, 2017, appointed Mr. Jong-Ho Lee as a Non-Executive Director of the Company from May 26, 2017 and holds office up to the date of ensuing Annual General Meeting.

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

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

He is neither a director nor a member in any other company registered in India/ outside India. He was appointed as a member of the Audit Committee of the Company from May 26, 2017.

A Brief profile of Mr. Jong Ho Lee, nature of his expertise in specific functional areas is given below:

Mr. Jong-Ho Lee, (DIN- 06720950): Mr. Jong Ho Lee (JH), aged about 54 years, is the new Finance Director for Asia from April 1, 2017. He comes with a strong pedigree and regional experience across multiple companies. He has most recently been 3M Korea Finance Manager since April 1, 2014. Prior to that, he has held several roles in multiple Companies as:

- VP & CFO, Korea Delphi Automotive Component Company
- FP&A Executive, GM Korea
- Korea Controller ,GM
- Finance Controller ,GM International Operation Manufacturing
- Asia Pacific HQs Strategy Board Planner (Shanghai), GM
- Finance representative of Daewoo Group Restructuring Committee
- Treasurer, Daewoo Group

He is also the Co-Chairman of the AMCHAM CFO Committee, Korea and a Tax Committee Member of Korea Chamber of Commerce. He holds an MBA from the University of Michigan, Ann Arbor and a B.A., Seoul National University.

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

Except Mr. Jong Ho Lee, 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 also be regarded as a disclosure under Listing Regulations.

Item 5

The present term of office of Mr. B.V. Shankaranarayana Rao, Whole-time Director of the Company, as approved by the members at their meeting held on July 26, 2012, was up to March 31, 2017.

Based on the re-nomination from 3M Company, USA, the Nomination and Remuneration Committee of the Company at its meeting held on February 9, 2017 has recommended the re- appointed Mr. B.V. Shankaranarayana Rao as Whole-time Director of the Company.

A Brief profile of Mr. B.V. Shankaranarayana Rao, nature of his expertise in specific functional areas is given below:

Mr. B.V. Shankaranarayana Rao, Whole-time Director (DIN-00044840): Mr. B.V. Shankaranarayana Rao, aged about 57 years, 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. Rao heads the Business Services Group, Business Transformation and Information Technology.

Mr. Rao is a member of the Corporate Social Responsibility Committee and is a Director on the Board of 3M Lanka (Private) Limited, Sri Lanka.

The Board of Directors at their meeting held on February 9, 2017 have re- appointed Mr. B.V. Shankaranarayana Rao as Whole-time Director of the Company, subject to the approval of members, for a further period from April 1, 2017 to May 13, 2020 (till the date of his superannuation) on the following terms and conditions:

Period of Appointment: April 1, 2017 to May 13, 2020 with effect from April 1, 2017.

Salary including allowances and incentives: Not exceeding Rs. 18.43 Lakhs per month (Upper limit for his entire tenure of April 1, 2017 to May 13, 2020).

Benefits: He 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.

Minimum Remuneration: Notwithstanding anything herein above stated, where in any financial year during the currency of the tenure of Mr. B.V. Shankaranarayana Rao, the Company incurs a loss or its profits are inadequate, the Company subject to the approval of Government of India shall pay the same remuneration as stated above but subject to being within the overall limits on managerial remuneration as provided under Section 197 of the Companies Act, 2013 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 Government of India approval including any revision in the terms of remuneration to Mr. B.V. Shankaranarayana Rao for his acceptance.

The Contract of service of Mr. B.V. Shankaranarayana Rao is terminable with a notice period of 90 days on either side.

He 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.

Mr. B.V. Shankaranarayana Rao may be deemed to be concerned or interested in this proposal to the extent of the remuneration payable to him.

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. 5 of the accompanying Notice for the approval of the Members.

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

Except Mr. B.V. Shankaranarayana Rao, being the appointee himself, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

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

Item 6

The Board of Directors of the Company at its meeting held on May 26, 2017 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, 2018 for the products covered as per the Companies (Cost Records and Audit) Rules, 2014, on an remuneration of Rs. 430,000/- plus applicable taxes 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.6.

Item 7

The Members at the Annual General Meeting held on August 5, 2016, had approved the estimated material related party transactions with 3M Company, USA (Parent Company) for the year financial year 2016-17, which were in the ordinary course of business and at arm's length basis.

Considering the current volatility in the business environment, where neither demand nor foreign exchange rates can be predicted in advance, the mentioned transactions were in excess of the limits approved by the members at the AGM held on August 5, 2016.

The excess value of the RPTs are in the ordinary and normal course of business and on Arms' Length basis and accordingly the Board recommends the Ordinary Resolution set forth in item No.7 of the Notice for the ratification / approval of the Members in terms of Regulation 23 of the Listing Regulations.

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.7.

The Audit Committee at its meetings held on February 9, 2017 and May 25, 2017 has reviewed and after due consideration, ratified and accorded approval for the excess value of transactions mentioned in the item No. 7.

None of the Directors or Key Managerial Personnel of the Company except Mr. Albert C Wang, Mr. Jongho Lee, 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 8

The Company is the flagship listed company of 3M Company, USA in India. 3M Company, USA holds approximately 75% equity stake, with the balance of the outstanding equity being held by public shareholders.

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 and its group companies (e.g. subsidiaries, associate companies and joint venture companies) (3M Group) are among the leading manufacturers of products for many of the markets they serve. Most 3M products involve expertise in technology, product development, manufacturing and marketing, and are subject to competition from products manufactured and sold by other technologically oriented companies.

The Company manages its operations in five (5) operating business segments: Industrial; Safety and Graphics; Energy; Health Care; and Consumer. 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. The Company has three Manufacturing Plants and a nationwide sales and branch network in India.

In the ordinary course of its business, the Company enters into transactions for the sale and purchase of goods and raw materials with, for availing / rendering services from/to, and other commercial transactions with, the 3M Group, being related parties as defined in regulation 2(1)(zb) of the Listing Regulations, at arm's length basis. Among these related-party transactions, there has been an on-going intellectual property arrangement under which 3M Company, USA has granted the Company access to 3M Group's synergies, state of art products and technologies, competencies and "3M" and other 3M-owned brands which are very critical and essential for the Company to carry out its business operations and maximize its growth and performance in an increasingly global and competitive business environment. Absent such arrangement and the full performance of the duties and obligations thereunder by the Company, the Company would no longer have access to 3M products or technologies or the use of the "3M" and other 3M-owned brands.

3M Company, USA is a Holding Company (Promoter) of the Company, and together with the other members of the 3M Group are "Related Parties" as per the definition under Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations).

As per the provisions of the Listing Regulations, based on past trends, 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 and may exceed the materiality threshold as prescribed by the Listing Regulations .

(Rs. in crores)

Sl No.	Nature of Transactions	Estimated value of transactions for the Financial year 2017-18	Estimated value of transactions for the Financial year 2018-19	Estimated value of transactions for the Financial year 2019-20
INCOME				
1	Income from Contract Research	28.63	34.36	41.23
2	Sale of Goods	45.32	54.38	65.26
3	Re-charge of expenses	34.56	41.47	49.77
Total		108.51	130.21	156.26
EXPENDITURE				
1.	Purchases of Materials	815	978	1,173.60
2	Royalty	39.01	46.81	56.17
3	Re-charge of expenses	6.21	7.45	8.94
4.	Corporate Management Fee	116.68	140.02	168.02
Total		976.9	1,172.28	1,406.73
Grand Total		1,085.41	1,302.49	1,562.99

Note: Whilst the approval of the shareholders is being sought for the total value of RPTs, the value shown against various categories of nature of transactions are indicative and may vary inter se. However, the total value of RPTs will remain within the overall limit as may be approved by the Members.

Thus, in terms of the provisions of the 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 Promoter and other related parties will not vote on item No.8.

Particulars	Information
Description of the Related parties	3M Company, USA and other members of the 3M Group
Nature of relationship	Holding Company and its group companies (e.g. subsidiaries, associate companies and joint venture companies)
Period for which the shareholders' approval is sought	April 1, 2017 to March 31, 2020
Nature and Particulars of transactions with 3M Company, USA and other members of the 3M Group ("RPTs")	<i>Income:</i> Income from Contract Research, Sale of Goods, Re-charge of expenses received. <i>Expenditure:</i> Purchases of Materials, Royalty, Re-charge of expenses paid 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 RPTs	Terms and conditions are similar for all members of the 3M Group throughout the world. Salient Terms are given in Annexure F to the Board's Report.
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 the needs of business.
Estimated Monetary value of such RPTs	Considering the business phenomenon being dynamic and the nature of industry / business in which the Company operates, the Company expects the level of transactions with 3M Company, USA and other members of the 3M Group to be above the materiality threshold as prescribed under the Listing Regulations. Therefore the approval of the Members is sought for an aggregate value of transactions for the financial year 2017-18 for Rs.1,085.41 crores, with a further increase in each of the financial years 2018-19 and 2019-20, of 20% of the approved amount for the preceding financial year.
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 RPT Policy of the Company.
Any other Information relevant or important for the Members to make a decision on the proposed transactions.	The details of Related Party Transactions are given in Note no. 32 to the Notes to the Financial Statements for the year 2016-17.

Considering the historical level of such transactions and anticipated growth, and current volatility in the business environment, where neither demand 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 the ordinary and normal course of business and on arm's 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. Jong-Ho Lee, 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.

By order of the Board

V. Srinivasan
Company Secretary
ACS-16430

Place : Bengaluru
Date : May 26, 2017

To the kind attention of the Members of the Company holding shares in physical form:

As you all aware, the shares of the Company are mandated by the Securities and Exchange Board of India (SEBI) for trading in dematerialized form by all Members.

We give below a brief overview of Depository, Depository Participants and Dematerialization (Demat) of Shares in order to encourage Members of the Company to convert their physical holdings to Demat form.

Depository/ Depository Participant:

A Depository can be compared to a bank. A Depository holds securities (like shares, debentures, bonds, Government Securities, units etc.) of Members in electronic form. Besides holding securities, a Depository also provides services related to transactions in securities. In India National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) are the 2 Depositories.

A Depository interfaces with the members through its agents called **Depository Participants** (DPs). If a member wants to avail the services offered by the Depository, the member has to open an account with a DP. This is similar to opening an account with any branch of a bank in order to utilize the bank's services. NSDL/CDSL provides its services to members through its agents called Depository Participants (DPs).

These agents are appointed by NSDL/CDSL with the approval of SEBI. According to SEBI Regulations, amongst others, 3 categories of entities i.e. Banks, Financial Institutions and Members of Stock Exchanges [brokers] registered with SEBI can become DPs. You can get a list of DPs from NSDL's/CDSL's office or from their respective websites viz., at www.nsdl.co.in and www.cdslindia.com.

You can select your DP to open a Demat account just like you select a bank for opening a savings account. Some of the important factors for selection of a DP can be: *Convenience - Proximity to your office/residence, business hours; Comfort - Reputation of the DP, past association with the organization, whether the DP is in a position to give the specific service you may need? ; Cost - The service charges levied by DP and the service standards.*

You can approach any DP of your choice and fill up an account opening form. At the time of opening an account, you may have to sign an agreement with the DP in a NSDL/CDSL prescribed standard agreement, which details you and your DPs rights and duties. You will have to submit the documents relating to Proof of Identity, Proof of Address, Pass port size photographs etc., with the prescribed account opening form.

Procedure and Benefits of Dematerialization (Demat) of shares are given below:

1. Demat is a process by which shares/securities held in physical form are cancelled and destroyed and the ownership thereof is retained in fungible form in a Depository by way of electronic balances.
2. The benefits of Demat are:
 - *Elimination of bad deliveries;*
 - *Elimination of all risks associated with physical certificates;*
 - *No stamp duty on transfers;*
 - *Immediate transfer and trading of shares;*
 - *Faster disbursement of non-cash corporate benefits like rights, bonus etc.,;*
 - *Periodic status reports and information available on internet;*
 - *Ease related to change of address of member;*
 - *Elimination of problems related to transmission of demat shares and ease in pledging the shares.*
3. *Procedure for getting demat shares in the name of legal heirs in the event of death of sole beneficial owner with nomination:*
 - If the value of shares of the Company as on date of application is up to Rs. 5 Lakhs, the legal heirs should submit the following documents to the DP: *Notarized copy of the death certificate; Transmission Request Form (TRF); Affidavit- to the effect of the claim of legal ownership to the shares; Deed of indemnity – Indemnifying the depository and DP; NOC from legal heirs, if applicable or family settlement deed duly executed by all legal heirs of the deceased beneficial owner.*
 - If the value of the shares of the Company as on date of application is more than Rs. 5 Lakhs, the legal heirs should additionally submit one of the following documents to the DP: *Surety Form; Succession certificate; Probated will and Letter of administration.*

We sincerely hope that the above information is useful and helpful to our Members of the Company. *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 physical form can submit their PAN details to the Company's Registrar and Transfer Agent (R&T) – Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-31, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

REPORT OF THE BOARD OF DIRECTORS

To the Members of 3M India Limited,

Your Directors have pleasure in presenting the Thirtieth (30th) Annual Report of the Company together with the Audited Financial Statements for the Financial Year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

Indian Accounting Standards (Ind AS):

The Company's Financial Statements for the year ended March 31, 2017 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2015 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the interim Ind AS consolidated financial statements for the year ended March 31, 2017, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under both Ind AS and Indian GAAP as of the transition date have been recognized directly in equity at the transition date. Following are the working results as per Ind AS:

(Rs. in Lakhs)

Particulars	Year ended March 31, 2017 (Audited)	Year ended March 31, 2016 (Audited)	%age Increase(+)/ Decrease(-)
Revenue from Operations	2,45,784.93	2,22,375.81	+10.53%
Of which - Export Sales	2,863.03	4,715.80	-39.29%
Other Income, net	4,946.63	1,783.31	+177.38%
Total Income	2,50,731.56	2,24,159.12	+11.85%
Less: Expenditure	2,08,907.67	1,88,731.21	+10.69%
Profit before Interest and Depreciation	41,823.89	35,427.91	+18.05%
Less: Finance costs	227.19	224.86	+1.04%
Less: Depreciation and amortization expense	4,674.74	4,892.83	-4.46%
Profit before Taxation	36,921.96	30,310.21	+21.81%
Less: Tax expense	12,846.22	10,834.05	+18.57%
Profit for the year	24,075.74	19,476.16	+23.62%
Items that will not be re-classified subsequently to profit or loss	(244.23)	(59.59)	+309.85%
Total Comprehensive income for the year	23,831.51	19,416.57	+22.74%

DIVIDEND

The Board of Directors approved the Dividend Distribution Policy on February 9, 2017 in terms of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015. The Policy is uploaded http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary/ and the same is also annexed herewith as "Annexure L".

A healthy cash position in a high interest economy is seen as prudent and necessary to fund growth. The Company remains bullish on investments and growth expectations in India, and anticipates substantial manpower, CAPEX and promotional investments required to support growth aspirations. The Company is focused on its growth plan with a long term objective and is in the process of implementing a number of initiatives and projects. As a result, it has been decided to conserve and retain the earnings and, therefore, not propose dividend or transfer any amounts to reserves.

Transfer of dividend to the Investor Education and Protection Fund, if any: NA

TRANSFER TO RESERVES

As it has been decided to conserve and retain the earnings and, therefore, your Board does not propose to transfer any amounts to reserves.

STATE OF COMPANY'S AFFAIRS

Your Company maintained a strong and consistent performance, both topline and bottom line in the FY 2016-17 while mitigating the impact in the marketplace from the recent demonetization drive. Your Company continued to focus on improving productivity while driving growth and competitive share. The main theme of our performance in this financial year was strengthening the agility in our business whether it was within our processes in the way we responded to our customers or in the way we pursued emerging growth opportunities. Business agility was reflected across our key initiatives which contributed to our growth and performance in this financial year.

- *Stepping up our play in nation-building initiatives:* We aligned with many of the national initiatives around development of infrastructure such as urban development, airports, roadways, mass rapid transportation, railways, municipal corporations and defence.
- *Market & Segment Growth:* We gained from strong performances in key growth market segments such as automotive & automotive aftermarket, safety, healthcare and small & medium enterprises reflecting positive market trends.
- *Leveraging our diverse portfolio with customer-facing models:* We developed newer business models driven by larger play in industrial, healthcare and consumer markets while expanding our consumer base through ecommerce.
- *Managing our health of business and cash flow:* We brought in razor sharp focus on driving our performance around key enterprise critical parameters (profitability, sales productivity and cash flow) aligned with the priorities of our Corporation's drive towards efficient growth.
- *Entering new geographies to expand our relevance:* We expanded our presence and reach into Eastern and North Eastern States with focused business execution plans for deeper penetration.

Building a growth mindset was integral to executing the above five steps, while keeping our employees engaged and energized. This guided us to go after bigger, bolder and smarter opportunities in India.

The Company registered an overall turnover growth of 10.53% at Rs. 2,45,784.93 Lakhs for the financial year ended March 31, 2017 compared to Rs. 2,22,375.81 Lakhs in the previous year. The Profit before Interest and Depreciation was at Rs. 41,823.89 Lakhs compared to Rs. 35,427.91 for the previous year. Profit before Tax was at Rs. 36,921.96 Lakhs compared to Rs. 30,310.21 Lakhs for the last year. The operating margin for the current year was at 16.68% compared to 15.80% for the previous year. Total Comprehensive Income was at Rs. 23,831.51 Lakhs compared to Rs. 19,416.57 Lakhs for the previous year. Portfolio prioritization, operational productivity and lower material costs increased the profitability at all levels for the year under review. Export Sales was at Rs. 2,863.03 Lakhs for the year ended March 31, 2017 compared to Rs. 4,715.80 Lakhs in the previous year, a decrease of 39.29%, due to weakness in global oil and gas scenario which lead to project delays.

The Industrial business grew by 9.91%; Health Care business grew by 15.37%; Safety and Graphics business grew by 14.46%; Consumer business grew by 10.56% and Energy business grew by 4.68%.

The EPS (Basic and Diluted) of the Company for the year 2016-17 was Rs. 213.72 per share as compared to Rs. 172.89 per share in the previous year, a growth of 23.62%. Detailed analysis of the performance has been discussed in the Management's Discussion and Analysis Section of the Annual Report.

GST:

The Government of India has announced the introduction of GST in the country, most likely with effect from July 1, 2017. The Company has taken necessary steps to ensure smooth transition to GST regime. The Company has internally formed GST core committee & various sub committees representing all the stakeholders in this tax reform. The GST implementation preparedness actions are initiated and monitored on regular intervals. Your Company is taking all the efforts to ensure smooth migration into GST regime with no business interruptions.

CONTRIBUTION TO EXCHEQUER:

During the financial year 2016-17, the Company through its business contributed to various taxes viz., VAT, TDS, Sales Tax, State Excise, Excise, CENVAT and Customs close to Rs. 50,222 Lakhs in aggregate.

INVESTMENTS:

Capital Investments during the year 2016-17 were at Rs. 1,386.61 Lakhs (Net of capital work-in-progress and capital advances) (2015-16: Rs. 1,060.38 Lakhs).

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 till 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 .

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 Certificate from Practising Company Secretary regarding compliance to the Conditions stipulated under Chapter IV of the Listing Regulations is annexed as “Annexure B”.

BUSINESS RESPONSIBILITY REPORT

A separate Section on Business Responsibility is annexed as “Annexure C” and forms part of this Annual Report as required under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015 .

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, 2017 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.

LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the year 2017-2018 to National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) where the Company's equity shares are listed.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

At the Meeting of the Board held on February 9, 2017, based on the recommendation of the Nomination and Remuneration Committee, Mr. B.V. Shankaranarayana Rao(DIN: 00044840) has been re-appointed for a further period from April 1, 2017 to May 13, 2020 (till the date of his superannuation)as Whole-time Director of the Company. The details of Mr. Rao are exhibited in the Explanatory Statement to the Notice of the Annual General Meeting. The Board of Directors recommends his re-appointment.

Mr. Manuel B Pardo(DIN: 07125832) resigned as Director of the Company with effect from May 26, 2017 due to his appointment as Director –International Finance for Industrial Business in St. Paul, USA. The Board expresses its appreciation of the contributions made by Mr. Pardo during his tenure as Director of the Company.

The Board at their meeting held on May 26, 2017 appointed Mr. Jong Ho Lee (DIN: 06720950), as Additional Director of the Company categorized as Non-Executive Director from May 26, 2017. The details of Mr. Jong Ho Lee 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 his appointment.

Mr. Amit Laroya(DIN: 00098933), 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. Laroya are exhibited in the Explanatory Statement to the Notice of the Annual General Meeting. The Board of Directors recommends his re-appointment.

As at the financial year ended March 31, 2017, Ms. Debarati Sen, 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.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received necessary declarations from each Independent Directors 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 D”.

DETAILS OF BOARD AND COMMITTEE MEETINGS DURING THE YEAR

During the financial year ended March 31, 2017, four (4) Meetings of the Board were held. The date and number of Meetings attended by each Director / Committee Member along with other Committee Meetings details are given in the Corporate Governance Report.

COMPOSITION OF AUDIT COMMITTEE

As at the financial year ending March 31, 2017, 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. Bharat Shah, Ms. Radhika Rajan (from May 27, 2016) and Mr. Manuel B Pardo. The Board has accepted all the recommendations of the Audit Committee during the year under review.

Mr. Jongho Lee has been appointed as a member of the Audit Committee in place of Mr. Manuel B Pardo with effect from May 26, 2017.

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.

ANNUAL BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, Listing Regulations and as per the Guidance Note issued by SEBI in January 2017, 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.

DETAILS OF REMUNERATION OF DIRECTORS

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as “Annexure E”.

REMUNERATION RECEIVED BY MANAGING / WHOLE TIME DIRECTOR FROM HOLDING OR SUBSIDIARY COMPANY

During the year under review, no Commission or Remuneration was paid to the Executive Directors from Holding / Subsidiary Companies.

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, 2017, 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, 2017 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.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

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 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.

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 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.

DISCLOSURE REGARDING FRAUDS

During the year under review, there were no frauds reported by the Auditor to the Audit Committee or to the Board.

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

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

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.

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.

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 foreseeable and repetitive in nature. A statement giving details of all actual RPTs versus the approval is placed before the Audit Committee for 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 the 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/renderers services from/to 3M Company, USA and / or its group companies 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 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, play 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 Company proposes to seek the approval of the Shareholders for all material RPTs for the estimated/proposed transactions for three financial years from April 1, 2017 to March 31, 2020 and for the excess of the limits approved by the shareholders at the Annual General Meeting held on 5th August, 2016 of the transactions for the financial year 2016-17. The excess value of the RPTs are in the ordinary and normal course of business and on Arms' Length basis and accordingly the Board recommends the Ordinary Resolution set forth in the Notice for the ratification / approval of the Members. Form No. AOC-2 pursuant to Section 134 (3) (h) of the Companies Act, 2013 read with Rule 8(2) of The Companies (Accounts) Rules, 2014 is annexed herewith as "Annexure F".

CORPORATE SOCIAL RESPONSIBILITY

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

- ❖ *Education:* The Company worked with NGO partners to inculcate the spirit of inquiry and innovative thinking among underprivileged children. Your Company works 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.
- ❖ *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.
- ❖ *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 reputed 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.
- ❖ *Sustainability:* In line with the overall objective of 3M India's CSR initiative which is to engage in outcome-based corporate social responsibility programs that will impact and enrich the communities around the Company's areas of operation, and to implement the parent Corporation, 3M Company's global sustainable strategy, 3M India will support self-sustaining models to address the environmental & social sustainability needs of local communities.

The Annual Report on CSR activities is annexed herewith as "Annexure G" including the reasons for not spending the full amount for the year 2016-17.

DETAILS OF REMUNERATION OF EMPLOYEES

Pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, statement showing details of top ten employees in terms of remuneration drawn during the year and other employees of the Company employed throughout the year and employees employed for part of the year who were in receipt of remuneration of Rs. 1.02 Crores or more per annum and Rs. 80 Lakhs or more per month respectively is annexed herewith as "Annexure H."

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(3) of The Companies (Accounts) Rules, 2014 is annexed as "Annexure I".

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.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has 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/.

STATUTORY AUDITORS

Messrs. BSR & Co. LLP, Chartered Accountants, Bengaluru (ICAI Firm Registration No. 101248W/W-100022) were appointed as the Statutory Auditors of the Company, to hold office for a period of five (5) years from the conclusion of the 29th Annual General Meeting, subject to ratification of the appointment by the members at every subsequent Annual General Meeting. The Company is in receipt of a confirmation from the Auditors that, inter-alia, they are not disqualified for appointment under Section 141 and other provisions of the Act, Chartered Accountants Act, 1949 or the Rules and Regulations made thereunder. Accordingly, proposal for ratification of appointment of Statutory Auditors has been included in the Notice convening the Annual General Meeting.

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 Mr. Vijayakrishna K.T, Company Secretary in Practice to undertake the Secretarial Audit of the Company for the financial year 2016-17. The Report of the Secretarial Audit Report is annexed herewith as "Annexure J".

EXPLANATIONS IN RESPONSE TO AUDITORS' QUALIFICATIONS

During the year under review, there were no qualifications, reservations or adverse remarks made by the Statutory Auditor / Secretarial Auditor in their respective Reports.

COMPLIANCE WITH SECRETARIAL STANDARDS

The Company has complied with Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual Return in form MGT 9 is annexed herewith as "Annexure K".

DISCLOSURES UNDER THE SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE(PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

1. Number of complaints of sexual harassment received in the year(April 1, 2016 to march 31, 2017): 1
2. Number of complaints disposed off during the year: 1
3. Number of cases pending for more than 90 days: Nil
4. Number of workshops or awareness programmes carried out in connection with sexual harassment:
Three (3), in addition online modules are being assigned to new joiners.
5. Remedial measures taken by the Company: *Respondent left the Company after investigation, counselling was done for both the parties.*

HUMAN RESOURCES

During the year, the Company took many initiatives to increase organizational capability and productivity so as to be value driven and future-ready. As at March 31, 2017, the Company had employee strength of 1,373 personnel.

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 26, 2017 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, 2018 on an remuneration of Rs. 430,000/- plus taxes 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, 2016, the due date of filing the Cost Audit Report submitted by Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, was September 27, 2016 and the same was filed with the Ministry of Corporate Affairs on August 31, 2016 vide SRN G10337053.

OTHER DISCLOSURES

During the year under review, the Company:

- a. 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, and,
- b. has not issued any shares to trustees for benefit of employees.

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 is presently pursuing the implementation of new ISO 14001: 2015 standards. 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, reuse and recycle the water where ever possible and thereby bringing down the specific water consumption. Various energy conservation measures have also helped in reducing the specific energy consumption and thereby reducing the carbon foot prints. The Company's Ranjangaon plant facility has installed 500KWp roof top solar power plant in a bid to increase the share of renewable energy usage and thereby reducing carbon foot prints. 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 non-hazardous 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 well reducing fuel used to incinerate the material in house. 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 location.

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. All three plants have received 3M CEO Safety Awards for completing two years without any lost time accident.

AWARDS AND RECOGNITION

- The Company was recognized as one of the Best Healthcare Brands in 2016 by the Economic Times (ET) publication. It was recognized for its contribution to the healthcare industry and strong brand presence in the Medical Device & Equipment segment. Best Healthcare Brands is an initiative from the Economic Times (ET) Best Brands Initiative to exclusively recognize the contributions made by healthcare brands in India.
- 3M Car Care was awarded the Franchisor of the Year 2016 by Franchise India, Asia's largest franchise solutions Company. The award recognized Car Detailing as a unique category which is representative of the growing interest and penetration of a category that 3M Car Care has successfully created over the years in India.

- The Scotch-Brite® Twister Mop, an innovation in the home cleaning category developed in 3M India research lab, was awarded the global Red Dot Product Design Award, for its innovative wringing mechanism, durable materials used, and the comfort it guarantees. The Red Dot award is one of the most coveted design awards in the world.
- The Company was recognized by Honda Motorcycles & Scooters India for the New Part Development Award (2016-17), recognizing the Company's deep customer engagement through innovation.
- The Company's Electronics City Plant was recognized by the Confederation of Indian Industry (CII) in their Kaizen competition for the South Region. Two projects from the Electronics City plant won the 3rd place in the Associate category and the "Double Star Award" in the Supervisors Category respectively.
- The Electronics City plant received 3M Corporate recognition for quality and manufacturing excellence with global awards for two projects - One for quality achievement and one for process technology excellence.
- The Company's plants at Electronics City, Ranjangaon and Ahmedabad received 3M Corporation's CEO Health & Safety award for completing 2 years without any lost time injury.
- The Company also received accolades for excellence in marketing, innovation and support functions with several regional awards.

ACKNOWLEDGEMENT

Your Directors wish to thank and acknowledge with gratitude the co-operation, assistance and support received from the Central Government, State Governments of Karnataka, Maharashtra and Gujarat, Bankers, Shareholders, Dealers, Vendors, Promoters of the Company and all other stake holders.

The Directors also wish to place on record their sincere appreciation and gratitude towards the contribution made by every employee of the Company.

On behalf of the Board of Directors

Place : Bengaluru
Date : May 26, 2017

Debarati Sen
Managing Director
DIN: 07521172

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 74.99% 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 technology, 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 the Corporate Office and Customer Innovation Center (R&D Center) in Bengaluru. As at March 31, 2017, the Company had employee strength of 1,373 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.

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 economy is projected at 2.6% for 2017 and 2.9% for 2018. 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 2017 is expected at 2.1%. Eurozone is slated to grow at 1.5% to 1.6% in this year. In China, growth is expected to be 6.3 to 6.5%. Politics continues to cloud the economic outlook globally with concerns over populism perceived as the greatest risk to global growth and global commerce.

India Economic Overview

India has a strong GDP forecast for the next few years, indicating a +7% level through 2019. The Industrial Index of Production (IIP) has expectations of 3.5% growth in 2017 and 4.4% in 2018. Inflation has been under control, and as of the last quarter of FY 2016-2017, the Indian rupee has witnessed some appreciation against the dollar on the back of tighter monetary stance, moderate CAD and stable inflation with investment into the market by FIIs.

Some of the key trends in the market are:

- **Pickup in consumption:** We see strong growth in retail, construction and healthcare. With rising middle class aspirations and disposable income among the middle class, we are also seeing a larger use of life style products with Indian consumers.
- **Increased focus on sustainability:** There is increased awareness and sensitivity across the Government, private sector and consumers on sustainability issues such as air quality and water quality. Several reforms are being introduced by the Government to improve the environment, including green initiatives.
- **Demonetization:** Despite a lower than expected third quarter FY 2016-2017 growth brought on by demonetization, the economy has resumed its expected growth as liquidity normalizes led by a pick-up in consumption and higher infrastructure spending. Demonetization is expected to have a positive impact in the long run, fostering a clean and digitized economy.
- **GST:** The GST is expected to replace myriad indirect taxes such as VAT, Customs, Excise, CST, Service Tax, Entry Tax with a single tax called Goods and Services Tax. The GST tax structure will likely be effective from 1 July, 2017.

- Rapid adoption of ecommerce: E-Commerce is helping companies better target their customers, and expand their relevance. The rise of ecommerce is also seen in the Tier II and Tier III cities and towns and with emergence of this new channel companies are able to reach them more efficiently.
- Make in India campaigns leading to increased FDI in India: "Make in India" campaign witnessed 38% (yoy) increase in FDI into the manufacturing Sector. 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 I and Tier II cities growth in India.
- Market Sector performance: Several sectors of the economy are showing growth. Sectors such as renewable energy, roads, commercial equipment are showing increasing demand and sales of car, cement and commercial vehicles have also seen increase in demand.
- Faster resolution of Non-Performing Assets: Government of India and RBI are working towards a non-performing asset resolution policy. It is anticipated that the Government's reforms in the core sectors such as infrastructure, power, telecom, metals and mining would help reducing the stress on the banking sector
- Increased Government investment in urban development and Defence: The Government has launched several major urban development initiatives such as AMRUT (Atal Mission for Rejuvenation and Urban Transformation), Smart cities, Housing for All (Urban) and Sagarmala for highway and logistics infrastructure. The Government has also taken the decision to liberalize the FDI rules for defence sector to 100%. The move will enhance overall R&D to develop and deploy solutions catering specifically to the country's security needs.

RESULTS OF THE OPERATIONS OF THE COMPANY

The Company registered an overall turnover growth of 10.53% at Rs. 2,45,784.93 Lakhs for the financial year ended March 31, 2017 compared to Rs. 2,22,375.81 Lakhs in the previous year. The Profit before Interest and Depreciation was at Rs. 41,823.89 Lakhs compared to Rs. 35,427.91 for the previous year. Profit before Tax was at Rs. 36,921.96 Lakhs compared to Rs. 30,310.21 Lakhs for the last year. The operating margin for the current year was at 16.68% compared to 15.80% for the previous year. Total Comprehensive Income was at Rs. 23,831.51 Lakhs compared to Rs. 19,416.57 Lakhs for the previous year. Portfolio prioritization, operational productivity and lower material costs increased the profitability at all levels for the year under review. Export Sales was at Rs. 2,863.03 Lakhs for the year ended March 31, 2017 compared to Rs. 4,715.80 Lakhs in the previous year, a decrease of 39.29% ,due to weakness in global oil and gas scenario which lead to project delays.

Other Income:

The other income was at Rs. 4,946.63 Lakhs for the year 2016-17 when compared to Rs. 1,783.31 Lakhs for the previous year 2015-16.

Cost of Goods sold:

The % of cost of raw material consumed as against sales for the year 2016-17 was lower by 1.80% at 56.34% as against 57.37% for the previous year 2015-16 , due to product mix, portfolio prioritization, pricing and improvement in operational productivity etc.,.

Employee Benefits Expense:

Employee cost as a % of sales for the year 2016-17 stood at 11.17% (previous year 11.17%) at Rs. 28,003.04 Lakhs (previous year: Rs. 25,038.59 Lakhs). Sales per employee have improved by 13.08% to Rs.182.62 Lakhs (no. of employee's 1,373) in the current year 2016-17 from Rs. 161.50 Lakhs (no. of employees 1,388) for the previous year 2015-16.

Finance Cost:

The interest cost for the year 2016-17 was at Rs.227.19 Lakhs compared to Rs. 224.86 Lakhs in the previous year 2015-16. The interest cost is on account of lease rentals of vehicles and office equipment.

Interest earned:

The Company earned Rs. 2,651.54 Lakhs on the surplus during the financial year 2016-17 when compared to Rs. 1,397.10 Lakhs during the financial year 2015-16 by keeping the funds in deposits with the Banks.

Earnings per Share (EPS):

The EPS (Basic and Diluted) of the Company for the year 2016-17 was Rs. 213.72 per share as compared to Rs. 172.89 per share in the previous year, a growth of 23.62%.

Share Capital:

The Authorized/Issued/Subscribed and Paid-up Capital as at March 31, 2017 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. 23,831.51 Lakhs is retained in profit and loss account for the year ended March 31, 2017. The Reserves & Surplus was at Rs. 121,512.90 Lakhs including the current year retained profit.

Shareholder's Fund:

The total shareholder funds increased to Rs. 122,639.41 Lakhs as at March 31, 2017 from Rs. 98,807.90 Lakhs as of the previous financial year 2015-16 end, representing a growth of 23.98% mainly on account of retained profits of the current year.

Depreciation:

The depreciation charge for the current year is lower at Rs. 4,674.74 Lakhs as against a charge of Rs. 4,892.83 Lakhs of previous year 2015-16 due to retirement and sale of assets.

Fixed Assets-Capital Expenditure:

The gross Fixed Assets as at March 31, 2017 was Rs.39,773.74 Lakhs as compared to Rs. 38,844.40 Lakhs of previous financial year 2015-16. Capital Investments during the year 2016-17 were at Rs. 1,386.61 Lakhs (Net of capital work-in-progress and capital advances) (2015-16: Rs. 1,060.38 Lakhs) an increase of 30.77% year on year.

Inventories:

Inventory as at March 31, 2017 amounted to Rs. 33,177.80 Lakhs as against Rs. 29,237.89 Lakhs of previous financial year 2015-16. The inventory ratio has decreased to 80 days as at March 31, 2017 from 83 days of previous year 2015-16 due to constant review and monitoring of stagnant inventory and improvement of forecast accuracy.

Trade Receivables:

Trade Receivables as at March 31, 2017 amounted to Rs.40,791.66 Lakhs as against Rs. 31,715.34 Lakhs of previous year 2015-16. The debtor's turnover ratio was at 52 days (previous year: 47 days) due to change in sales mix, extension of credit terms due to demonetization and aligning credit terms for customers in line with industry practices.

Cash and Bank balances:

The total balance of cash and bank balances as at March 31, 2017 was Rs.74,415.90 Lakhs as compared to Rs. 37,087.50 Lakhs as at March 31, 2016.

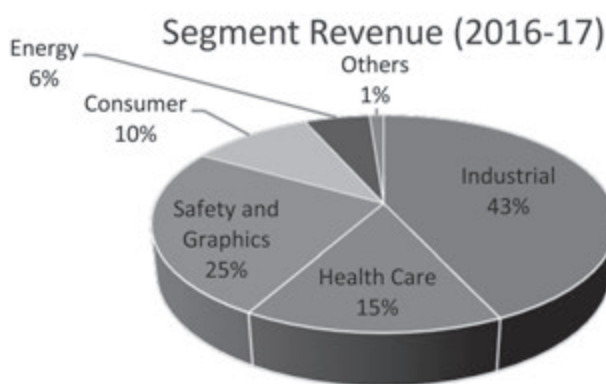
Overall analysis of the financial statements:

Particulars	Year Ended March 31, 2017		Year Ended March 31, 2016	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Revenue from operations	2,45,784.93	98.03	2,22,375.81	99.20
Other income, net	4,946.63	1.97	1,783.31	0.80
Total Revenue	2,50,731.56	100.00	2,24,159.12	100.00
Cost of Materials consumed	68,120.20	27.17	62,907.95	28.06
Purchases of stock-in-trade	64,543.12	25.74	58,315.20	26.02
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(872.37)	(0.35)	(1,041.88)	(0.47)
Excise Duty	9,487.28	3.78	8,416.10	3.76
Employee benefits expense	28,003.04	11.17	25,038.59	11.17
Other Expenses	39,626.40	15.81	35,095.26	15.66
Profit before Finance Costs and Depreciation	41,823.89	16.68	35,427.91	15.80
Finance Costs	227.19	0.09	224.86	0.10
Depreciation and amortization expense	4,674.74	1.86	4,892.83	2.18
Total Expenditure	2,13,809.60	85.27	1,93,848.91	86.48

Particulars	Year Ended March 31, 2017		Year Ended March 31, 2016	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Profit before Tax	36,921.96	14.73	30,310.21	13.52
Tax	12,846.22	5.12	10,834.05	4.83
Profit for the year	24,075.74	9.61	19,476.16	8.69
Items that will not be reclassified subsequently to profit or loss	(244.23)	(0.10)	(59.59)	(0.03)
Total comprehensive income for the year	23,831.51	9.51	19,416.57	8.66

Segment wise performance:

The Industrial business grew by 9.91%; Health Care business grew by 15.37%; Safety and Graphics business grew by 14.46%; Consumer business grew by 10.56% and Energy business grew by 4.68%.



(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 31.03.17	12 Months Ended 31.03.16
Financial Highlights	Segment Revenue	1,05,770.05	96,235.82
	Profit Before Interest & Tax	14,907.47	14,043.62
	Capital Employed	26,352.99	30,011.98

Highlights	<ul style="list-style-type: none"> - 3M Car Care sales growth was fueled by launch of new formats including fuel station outlets and mobile detailing units. Collision Repair successfully gained share in Body repair space with the Body Man range of tools and consumables. - Abrasive Systems division continued to drive productivity & efficiency among manufacturing companies in India through patented abrasive mineral. - Abrasive Systems division also drove the Make in India initiative by developing & manufacturing new range of abrasive non-woven hand-pads specifically designed In India for Indian customer requirements. - 3M continued market leadership position in supply of fluoro-chemicals to the Paints and Coatings industry in 2016. - The Automotive and Aerospace Solutions Division business started shift towards growing more sustainable and profitable 4W business with an enhanced portfolio well aligned to mega trends in this sector. - Industrial Retail Business renewed focus on increasing geographic penetration & retailer relevancy by way of rebuilding the distribution product portfolio. Revised channel strategy and product portfolio creation drove growth. - Along with driving local manufacturing utilization and growing local product sales in 2016, Industrial Adhesive and Tapes Division continues to be focused on Construction market strongly with added Passive Fire Products Portfolio.
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(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 31.03.17	12 Months Ended 31.03.16
Financial Highlights	Segment Revenue	37,355.13	32,377.63
	Profit Before Interest & Tax	5,265.14	3,809.74
	Capital Employed	12,197.93	12,857.75
Highlights	<ul style="list-style-type: none"> - 3M Healthcare has been awarded one of the Best Healthcare Brands 2016 by the Economic Times publication in the Medical Device & Equipment segment. This awards recognizes our contribution to the industry and continuous efforts in the space of innovation, brand value, brand recall, consumer satisfaction, customer service and quality. - 3M Healthcare has partnered with leading accreditation body to launch courses for upgradation of sterilization standards in hospitals and nursing homes. - Products manufactured in Medical plant in Ranjangaon continue to find good acceptance amongst end customers. This has resulted in profitable business growth in Medical business. - 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 been continuing efforts in digital space. 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 has launched several customer education initiatives, including digital curriculum to help drive the national agenda on skilling and education. 		

(C) SAFETY AND GRAPHICS BUSINESS:

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

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

Rs. in lakhs

		12 Months Ended 31.03.17	12 Months Ended 31.03.16
Financial Highlights	Segment Revenue	61,533.53	53,761.11
	Profit Before Interest & Tax	4,856.46	3,410.25
	Capital Employed	15,591.31	15,565.09
Highlights	<ul style="list-style-type: none"> - The Traffic Safety & Security Division continues on their growth path in the road safety market with launch of new products like Conspicuity Tapes, 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. - Personal Safety Division continues to grow strongly with significant contribution from Pharmaceutical, Automotive and General Engineering Sectors. The division continues to increase its penetration into the SME segment through various awareness and contact programs and other onsite SME activation Programs. - Significant penetration was made with cutting edge solutions for Smart Cities in the areas of Intelligent Transportation via Automated Number plate Recognition cameras (ANPR), e-Tolling technologies & Smart Variable Message Signs. The Smart Variable message Signs provide real time, contextual & automated information to motorists & allow a host of smart sensors to be integrated into a single platform allowing better information dissemination, disaster management & traffic enforcement. - Our Personal Safety Division also made significant contributions through awareness building and helping citizen get appropriate respirators during Air pollution concerns that the city of New Delhi faced during Nov-Dec' 2016 and continued to drive market differentiated growth helping drive their charter to provide protection to industrial workers and help improve the quality of their lives. - Commercial Solutions Division through the Premise Owner and Brand Owner model is focused on bringing change to every brand, every customer through the visual impact that it creates with its products and services. Right from commercial graphics to workplace safety, this division is trying to touch every life. The division saw a lot of success in refurbishment, car personalization and styling along with new projects in banking and Oil & Gas segments. - With the launch of the Surface finish films, Retail refresh program has picked up in a big way and gaining popularity amongst leading retail brands in the country. The launch of Envision series has made the division more relevant and preferred amongst the brands looking out for green and energy efficient solutions. 		

(D) CONSUMER BUSINESS:

The Consumer segment serves markets that include consumer retail, modern trade, office retail and other emerging retail channels. The products in this segment include office supply products, stationery products, home care products and protective material products. Major consumer products include Scotch® brand products, such as Scotch® Magic™ Tape and Scotch® Glue Stick; Post-it® Products

Rs. in lakhs

		12 Months Ended 31.03.17	12 Months Ended 31.03.16
Financial Highlights	Segment Revenue	24,914.88	22,534.40
	Profit Before Interest & Tax	3,529.97	3,274.60
	Capital Employed	7,009.29	7,948.02
Highlights	<ul style="list-style-type: none"> - In 2016, focused on growth of Scotch-Brite core products especially in utensil scouring & kitchen wipe segments. - Continued growth in the office supplies channels with Post-it & Scotch range of products aimed at office workforce segment. - Focused on growth in Modern Trade by partnering with Key Modern Trade customers for categories in Home Care & Stationery products. - Continued growth with distribution expansion program to increase availability of Home Care range of products in Tier B&C towns. - Partnered with adjacent category & household brands for cross promotional activities thereby expanding household reach for scouring and wipes products. - Continued investment in the brands viz "Scotch-Brite®", Post-It® and Scotch® through various brand building activities in Mass Media, Digital Media and in Point of Sales. - 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 31.03.17	12 Months Ended 31.03.16
Financial Highlights	Segment Revenue	13,348.31	12,751.05
	Profit Before Interest & Tax	2,500.51	3,106.16
	Capital Employed	3,093.98	4,935.51

Highlights	<ul style="list-style-type: none"> 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.

- Policy environment provides tailwind for 3M's growth and rising industry confidence. Building on our strong foundation in sectors like automotive, construction and roadways, 3M aims to step up growth by leveraging domain expertise in domestic markets such as Consumer and Healthcare. Portfolio expansion, providing a wider basket of 3M solutions and more customer-facing models are being adopted to gain inroads into these markets. Acceleration into domestic markets leveraging our core expertise will continue in markets such as Industrial, Safety & Graphics and Energy.
- With sustainability becoming an increasingly dominant theme, 3M is also expanding the reach of its solutions that help combat deteriorating air quality and water quality. 3M is also leveraging its expertise in the area of sustainability to work with the Government and other Companies on green initiatives and solutions.
- 3M targets to have 10% of its sale through ecommerce in the next 5 years. 3M steadily increased its presence and reach to a wider base of consumers through e-commerce as compared to the previous financial year. This 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. Government spending on infrastructure projects provides immense opportunities for 3M to participate in several nation-building initiatives.

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. Global campaigns and brand building continues to benefit our business in India.

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 changes in 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 and market uncertainties in the period before and after implementation of GST.

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*Learning & Organization Development (L&OD):*

Human Resources (HR) was hugely involved in the creation of the New India Plan (NIP). We participated in all the Business sessions and helped in crafting the projects and programmes that were part of the NIP. We also developed the People Plan that would support the New India Plan and executed on key initiatives in it, like investing in and creating the structure for the East organization, the Metro penetration, SOS Actions for 2016, resourcing for the key initiatives, hiring key leaders etc.

From a Development perspective – Xchange – the inter Corporate High Potential (Hi-Po) Development Programme moved into its Version 2 and Version 3, with great support from all organizations in the consortium. The programme is considered a path breaker in the Leadership Development space and was even featured in the Cover story of People Matters.

We continued with Leadership Edge 2 – the external leadership coaching programme for our leaders, where our leaders got personalized coaching support from qualified coaches, who helped them work through some of their challenges.

A key initiative that was launched last year was in the Front Line Development space. We recognized and understood that our soldiers on the street are our ambassador's and they need to be constantly upskilling themselves for us to be considered as relevant to our customers. So, a comprehensive programme was designed and deployed across the organization and we touched more than 300 sales executives across India.

3M Leadership Way programmes – Amplify and Ignite were also launched. These programmes are driven by our Corporate and are fairly long term developmental solutions which get our senior and developing leaders on development journeys rather than just activities. The Leadership way programmes look at multiple learning methodologies, which cut across class room learning, self-learning, and experiential learning. University learning, peer learning etc. The focus is primarily on Leading Self, Leading Others and Leading the Business.

Employee's Relations(ER):

The year 2016-2017 has been a year of learning, improvement and positive change on the Industrial Relations (IR) front. The 3M philosophy on IR has always been 'direct engagement and communication with the organization' which stands stronger today. While the Company faced some internal pressures due to information on steep wage increases in the Ranjangaon MIDC, the organization was able to swing into action and prevent public demonstration of discontent.

Listening to our shop floor employees even more intently this year, we have strengthened systems to reinforce our culture of respect and fairness. The Employee Performance Review process has been fine-tuned, leaders understand concerns proactively and also communicate regularly through multiple platforms.

Some additional actions put in place:

1. A compensation survey that was initiated indicated that our shop floor employees are competitively paid.
2. An entire plan touching engagement, employee development, supervisor development and recognition has been established. The 3M practice of connecting with families of our shop floor teams continues to be a great look-forward.
3. Policy changes for professional development, employee advance and promotions were rolled out in 2016.

4. An emergency response plan to ensure internal preparedness has been put in place.
5. Regular reports to the region and the local MD are also now a practice as well as greater leadership and business engagement with our manufacturing facilities.
6. Processes to address grievances while maintaining a fair and firm stance on discipline is also being worked on.

These plans will be further strengthened through 2017. Taking the IR ER focus a level higher, each plant will also champion its own plan to sustain harmonious employee relations – a key element of our growth strategy.

HR Business Partner (HRBP):

A number of actions were taken by this team to support employee engagement across businesses and functions to ensure healthy retention levels which saw meaningful increase in the 2016-17 FY. These included- Critical Talent mapping of all employees was carried out to ensure right employee life cycle actions are being taken in a timely manner.

HR Outreach was conducted at all locations where 3M offices are present and HR and other functions were available to engage with and train employees on various processes apart from being available for them on a one to one basis to clear any personal issues they may need support for.

Specific, targeted retention plans were put together and rolled out for certain Functions and Businesses where we found that retention was below expected levels. These plans included training of supervisors, engagement activities, coaching amongst others.

Meanwhile the team was also actively involved in Organization Design and restructuring activities to ensure talent was placed in the most productive positions and structures supported business needs.

On behalf of the Board of Directors

Place : Bengaluru
Date : May 26, 2017

Debarati Sen
Managing Director
DIN: 07521172

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 the SEBI (LODR) Regulations, 2015.

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, 2017, the Board of Directors of the Company has an optimum combination of Executive and Non-Executive Directors including two (2) Woman Directors 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. Bharat D Shah, Independent Director (DIN- 00136969): Mr. Bharat D Shah, 70, 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. He was appointed as Chairman of the Board with effect from May 27, 2016.

Ms. Debarati Sen, Managing Director (DIN-07521172) – (from June 1, 2016): In her previous role, Ms. Debarati Sen, 49, held the position of Director, Corporate Sales Operations for 3M Company, USA leading corporate initiatives critical to growth, sales effectiveness and efficiency and as 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. Prior to that, 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. Sen 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. She was appointed as the Managing Director of the Company from June 1, 2016.

Mr. Albert C Wang, Non-Executive Director (DIN- 05234667): Mr. Albert Wang, 48, 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 Non Independent Director of the Company from March 12, 2012.

Mr. Amit Laroya, Non-Executive Director (DIN-00098933) – (from June 1, 2016): Mr. Amit Laroya, 52, 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 previous assignment as the Managing Director of 3M Indonesia and 3M India Limited made 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 the Managing Director of the Company from October 1, 2013 to May 31, 2016. From June 1, 2016, he has been a Non-Executive Non Independent Director of the Company. He was appointed as President and Managing Director of 3M Korea Limited from June 1, 2016.

Mr. B.V. Shankaranarayana Rao, Whole-time Director (DIN-00044840): Mr. B.V. Shankaranarayana Rao, 57, 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.

Ms. Radhika Rajan, Independent Director (DIN- 00499485) – (from May 27, 2016): Ms. Radhika Rajan, 61, 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 a MSc (Physics) degree 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). She was appointed as an Independent Director for a period of Five (5) years from May 27, 2016.

Mr. Biren Gabhawala, Independent Director (DIN- 03091772): Mr. Biren Gabhawala, 52, 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 27 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. Ramesh Ramadurai, Non-Executive Director (DIN- 07109252): Mr. Ramesh Ramadurai, 55, 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 Non Independent Director of the Company from March 27, 2015.

Mr. Manuel B Pardo, Non-Executive Director (DIN- 07125832): Mr. Manuel B. Pardo, 55, 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 Non Independent Director of the Company from March 27, 2015. He resigned as a Director of the Company from May 26, 2017.

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

Ms. Debarati Sen (from June 1, 2016)

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

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

Ms. Radhika Rajan (from May 27, 2016)

- Sonata Software Limited, Director
- Tata Advance Systems Limited, Director
- Tata Sikorsky Aerospace Limited, Director
- Nova Integrated Systems Limited, Director
- Tata Lockheed Martin Aerostructures Limited, Director
- TAS-AGT Systems Limited, Director
- Sonata Information Technology Limited, Director

Mr. Amit Laroya

- 3M Korea Limited, President and Managing Director
- Sun Abrasives, Korea, Director

Mr. Biren Gabhawala

- eClerx Services Limited, Director
- Messrs. C.M. Gabhawala & Co, Partner

Mr. Bharat D Shah

- Mahindra Lifespace Developers Limited, Director
- Faering Capital Trustee Company Private Limited, Director
- HDFC Securities Limited, Chairman
- Hexaware Technologies Limited, Director
- Exide Industries Limited, Chairman
- 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
- Amadeus Advisors Private Limited, Director
- Sterling Pharma Solutions Limited, United Kingdom, 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
Ms. Radhika Rajan (from May 27, 2016)	3M India Limited Sonata Software Limited Tata Advance Systems Limited Tata Sikorsky Aerospace Limited Nova Integrated Systems Limited Tata Lockheed Martin Aerostructures 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)	Nil				
Ms. Debarati Sen (from June 1, 2016)	3M India Limited		✓		
Mr. Biren Gabhawala	3M India Limited eClerx Services Limited	✓ ✓	✓ ✓	✓ ✓	
Mr. Bharat D Shah	3M India Limited Tata Sky 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. The Company has complied with Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

Details of Board Meetings during the financial year:

During the financial year 2016-17, four (4) Meetings of the Board were held on May 27, 2016, August 4, 2016, November 18, 2016 and February 9, 2017. The last Annual General Meeting (AGM) was held on August 5, 2016.

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, 2017 and attendance at the Board Meetings of the Company are exhibited below:

Name & Designation of the Director	Category	No. of Meetings held during the year under review		No. of Directorships and Committee Memberships / Chairmanships			Whether attended last AGM
		Held	Attended	Directorships held@	Committee Memberships#	Committee Chairmanships#	
Ms. Radhika Rajan (Director, from May 27, 2016)	Non-Executive & Independent Director	3	2	8	7	Nil	Yes
Mr. Albert C Wang (Director)	Non-Executive Director (Promoter Group)	4	2	1	Nil	Nil	Yes
Mr. Biren Gabhawala (Director)	Non-Executive & Independent Director	4	4	2	4	2	Yes
Mr. Bharat D Shah (Director)	Non-Executive & Independent Director	4	4	11##	7	1	Yes
Mr. Ramesh Ramadurai (Director)	Non-Executive Director (Promoter Group)	4	2	1	Nil	Nil	Yes
Mr. B. V. Shankaranarayana Rao (Whole-time Director)	Executive Director (Promoter Group)	4	4	2@@	Nil	Nil	Yes
Mrs. Sadhana Kaul (Director, up to May 27, 2016)	Non-Executive Director (Promoter Group)	1	Nil	2@@	Nil	Nil	NA
Mr. Amit Laroya (Managing Director, up to May 31, 2016)	Executive Director (Promoter Group) Non-Executive Director from June 1, 2016	4	2	3@@@	Nil	Nil	No
Ms. Debarati Sen (Managing Director, from June 1, 2016)	Executive Director (Promoter Group)	3	3	2@@	1	Nil	Yes
Mr. Manuel B Pardo (Director)	Non-Executive Director (Promoter Group)	4	3	1	1	Nil	Yes

@ excludes directorship in private companies and includes directorship in 3M India Limited.

@@includes directorship in one foreign Body Corporate

@@@includes directorship in two foreign Body Corporates

excludes committees other than Audit Committee and Stakeholders' Relationship Committee

includes directorship in one foreign Body Corporate (Public Company)

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 formal letters 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 have 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, 2016 to March 31, 2017.

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, 2017.

Place: Bengaluru
Date May 5, 2017

(Debarati Sen)
Managing Director
DIN: 07521172

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, 2017, 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, Ms. Radhika Rajan (from May 27, 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, Whole-time Director, the Internal Auditor, the CFO, General Counsel and Statutory Auditors attend the Audit Committee Meetings.

During the financial year 2016-17, four (4) Meetings of the Audit Committee were held on May 26, 2016, August 4, 2016, November 18, 2016 and February 9, 2017. 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. Biren Gabhawala (Chairman)	4	4
Ms. Radhika Rajan (from May 27, 2016)	3	2
Mr. Bharat D Shah	4	4
Mr. Manuel B Pardo	4	3

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:

- (a) *Chairperson*: Chairperson of the Committee shall be an Independent Director as may be elected by the members of the Committee.
- (b) *Quorum*: Quorum for Meeting of the Committee shall be a minimum of two (2) members provided one (1) of them shall always be an Independent Director.
- (c) *Frequency of meetings*: The Committee may meet at such times and at such intervals as it may deem necessary.
- (d) *Role*: The Role of the Committee shall include inter-alia the following:
 - Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
 - Formulation of criteria for evaluation of Independent Directors and the Board including carrying out evaluation of every Director's performance;
 - Devising a policy on Board diversity;
 - Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
 - Such other matters as may be prescribed under the Companies Act, 2013, Listing 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 Directors, the Board shall take into consideration the performance evaluation of the Director and his/her 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:

As on March 31, 2017, 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 (up to May 27, 2016), Mr. Amit Laroya (from June 1, 2016). Mr. Biren Gabhawala (from May 27, 2016) is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee.

During the financial year 2016-17, two (2) Meetings of the Nomination and Remuneration Committee was held on May 26, 2016 and February 9, 2017. 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, up to May 26, 2016)	2	2
Mr. Biren Gabhawala (Chairman, from May 27, 2016)	2	2
Mr. Albert C Wang	2	Nil
Mrs. Sadhana Kaul (up to May 27, 2016)	1	Nil
Mr. Amit Laroya (from June 1, 2016)	1	1

Remuneration to Directors:

As at the end of financial year 2016-17, the Company has two (2) Executive Directors, Mr. Amit Laroya, Managing Director (up to May 31, 2016), Ms. Debarati Sen, Managing Director (from June 1, 2016) 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 (up to May 31, 2016), Ms. Debarati Sen (Managing Director) (from June 1, 2016) 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 the Central Government also in case of Ms. Debarati Sen, Managing Director.

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, 2017:**(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	1,74,74,012	7,16,808	4,46,125	1,86,36,945	March 31, 2017*
Mr. Amit Laroya (Managing Director) (up to May 31, 2016)	Nil	69,22,305	2,46,825	3,59,394	75,28,524	NA
Ms. Debarati Sen (Managing Director) (from June 1, 2016)	Nil	3,35,80,454	16,21,100	47,96,970	3,99,98,524	May 31, 2021

* re-appointed for a further term from April 1, 2017 to May 13, 2020, subject to the approval of the Members at the ensuing AGM

(b) Non-Executive Independent Directors:

Name of the Director	No. of Shares Held	Sitting Fees for Board Meetings (paid during 2016-17) (Rs.)	Sitting Fees for Committee Meetings (paid during 2016-17) (Rs.)	Commission (Gross) (Rs.)	Total (Rs.)
Ms. Radhika Rajan (from May 27, 2016)	Nil	40,000	1,00,000	12,69,863**	14,09,863
Mr. Biren Gabhawala	Nil	80,000	2,20,000	15,00,000**	18,00,000
Mr. Bharat D Shah	Nil	80,000	2,60,000	15,00,000**	18,40,000

**Remuneration by way of Commission for the financial year 2016-17 will be paid to the Independent Directors after the accounts for the financial year 2016-17 have been adopted and approved by the members at the ensuing AGM.

The Non-Executive Directors viz., Mr. Albert C Wang, Mr. Amit Laroya (from June 1, 2016), 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 meetings during the financial year:

As on March 31, 2017, 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. Bharat Shah, Mr. Amit Laroya (up to May 31, 2016), Ms. Debarati Sen (from June 1, 2016), Mr. Biren Gabhawala and Ms. Radhika Rajan (from May 27, 2016). Mr. Bharat Shah (from May 27, 2016) is the Chairman of the Committee. The Company Secretary is the Compliance Officer of the Company.

During the financial year 2016-17, four (4) Meetings of the Stakeholders' Relationship Committee were held on May 27, 2016, August 4, 2016, November 18, 2016 and February 9, 2017. The attendance of the members at the 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. Bharat Shah (Chairman)(from May 27, 2016)	4	4
Mr. Amit Laroya (up to May 31, 2016)	1	1
Ms. Debarati Sen (from June 1, 2016)	3	3
Mr. Biren Gabhawala	4	4
Ms. Radhika Rajan (from May 27, 2016)	3	2

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, 2016.	Nil
No. of complaints received during the period April 01, 2016 to March 31, 2017.	57
No. of Shareholders' complaints resolved during the period April 01, 2016 to March 31, 2017.	57
No. of Shareholders' complaints pending as on March 31, 2017.	Nil

The Share Transfer Committee comprising of Ms. Debarati Sen, Managing Director (from June 1, 2016) and Mr. B.V. Shankaranarayana Rao, Whole-time Director met on November 2, 2016 and December 16, 2016 for the approval of re-materialization of shares.

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:

- (a) **Chairman:** Chairman of the CSR Committee shall be an Independent Director as may be elected by the members of the CSR Committee.

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

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

As on March 31, 2017, 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 (up to May 31, 2016), Ms. Debarati Sen (from June 1, 2016), Mr. B.V. Shankaranarayana Rao and Mr. Ramesh Ramadurai. Mr. Bharat D Shah is the Chairman of the CSR Committee.

During the financial year 2016-17, two (2) meetings of the CSR Committee was held on May 27, 2016 and November 18, 2016. 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)	2	2
Mr. Amit Laroya (up to May 31, 2016)	1	1
Ms. Debarati Sen (from June 1, 2016)	1	1
Mr. B.V. Shankaranarayana Rao	2	2
Mr. Ramesh Ramadurai	2	2

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 8, 2017, 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. Bharat D Shah, Mr. Biren Gabhawala and Ms. Radhika Rajan were present at the Meeting.

PERFORMANCE EVALUATION OF BOARD/COMMITTEE'S /DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Listing Regulations, the Board carried out the Annual Performance Evaluation of: (i) the Board as a whole, (ii) individual Directors (including Independent Directors and Chairperson) and (iii) various Committees of the Board on the basis of SEBI's Guidance Note on Board Evaluation issued in January 2017.

A structured and detailed questionnaire was prepared by the Company internally, covering the following criteria's:

For Board as a whole-

Structure of the Board, Meetings of the Board, Functions of the Board, Board and Management, Professional Development.

For Committees of the Board-

Mandate and Composition, effectiveness of the Committee, structure of the Committee and Meetings, Independence of the Committee from the Board and contributions to decisions of the Board

For Individual Directors and Chairperson (including Chairperson, CEO, Independent Directors, Non-independent Directors, etc.)-

Qualifications, experience, knowledge and competency, fulfillment of functions, initiative, availability and attendance, commitment, contribution and integrity.

Following additional criteria for Independent Directors were covered:

Independence and independent views and judgment.

Following additional criteria for Chairperson were covered-

Effectiveness of leadership and ability to steer the meetings, Impartiality, Commitment and ability to keep shareholder's interest in mind.

Based on the above criteria's, rating sheets were filled by each of the Directors with regard to Annual Performance Evaluation of: (i) the Board as a whole, (ii) individual Directors (including Independent Directors and Chairperson) (except for the Director being evaluated) and (iii) various Committees of the Board were sent in a sealed envelope / mailed directly to the Head –HR for summarizing the results.

The Head-HR was invited for the Independent Directors (IDs) meeting held on February 8, 2017 for facilitating, summarizing and sharing the results of the evaluation of the performance of Non-Independent Directors and Board as a whole and of the Chairperson of the Company taking into account the views of Executive Directors and Non-Executive Directors. The Chairperson of the meeting of IDs briefed the Nomination and Remuneration Committee (NRC) of the outcome of their meeting held on February 8, 2017. The NRC evaluated the performance of all the Directors at its meeting held on February 9, 2017. The Chairman of the NRC briefed the Board of the outcome of their meeting and the Board evaluated the performance of the Board as a whole and the Independent Director's (excluding the Director to be evaluated). The Head-HR facilitated by summarizing and sharing the results from the filled in questionnaire for each of the Independent Directors.

The Directors were satisfied with the evaluations results which reflected the overall engagement and effectiveness of the Board and its Committees.

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 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 2016-17 and for the estimated / proposed transactions for the financial year 2017-18 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 2016-17 at the AGM held on August 5, 2016.

The Company proposes to seek the approval of the Shareholders for all material RPTs for the estimated/proposed transactions for three financial years from April 1, 2017 to March 31, 2020 and for the excess of the limits approved by the shareholders at the Annual General Meeting held on 5th August, 2016 of the transactions for the financial year 2016-17 as Ordinary Resolutions as per the Notice of the 30th 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:

The Company's Financial Statements for the year ended March 31, 2017 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using

April 1, 2015 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the interim Ind AS consolidated financial statements for the quarter and year ended March 31, 2017, be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the consolidated financial statements under both Ind AS and Indian GAAP as of the transition date have been recognized directly in equity at the transition date.

Proceeds from Public issues, rights issue, preferential issues etc: The Company has not made any capital issues during the financial year 2016-17.

General Body Meetings:

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

Date	Meeting	Location	Time
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.
August 5, 2016	AGM	Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.

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

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
August 5, 2016	Payment of Remuneration by way of Commission to Non-Executive Directors of the Company for five (5) Financial years commencing from the FY April 1, 2016

The voting results of the remote e-voting and poll in respect of the special resolutions passed at the AGM held on August 5, 2016 is given below:

Resolution number	Particulars	Voted in favour	Voted against	Percentage (In favour)	Result
9	Payment of Remuneration by way of Commission to Non-Executive Directors of the Company for 5 Financial years commencing from the FY April 1, 2016	96,85,566	259	99.98	Passed with requisite majorit

There are no items requiring to be passed as a special resolution at the ensuing Annual General Meeting (AGM) to be held on August 10, 2017.

There are no items requiring resolution by Postal Ballot at the ensuing Annual General Meeting (AGM) to be held on August 10, 2017.

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 The Business Line (All India Edition) and PrajaVani (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 and other corporate announcements 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:

During the year under review, there were no qualifications, reservations or adverse remarks made by the Statutory Auditors / Secretarial Auditors in their respective Reports.

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 10, 2017, (Thursday) Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001. Time: 11.00 A.M.
Date of Book Closure	August 5, 2017 (Saturday) - August 10, 2017 (Thursday) (both days inclusive)
Cutoff date for eligibility for voting	August 4, 2017 (Friday)
Remote e-voting period	August 7, 2017(Monday) – August 9, 2017 (Wednesday)
Dividend payment date	N. A.
Financial Results calendar (Tentative)	<i>First week of August, 2017 – Unaudited Results for the quarter and three months ended June 30, 2017.</i> <i>Last week of October, 2017 – Unaudited Results for the quarter and six months ended September 30, 2017.</i> <i>First week of February, 2018 – Unaudited Results for the quarter and nine months ended December 31, 2017.</i> <i>Last week of May, 2018 – Audited Results for the year ended March 31, 2018.</i>
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 (NSE) and BSE Limited (BSE) for the financial year 2017-18.

Annual Custody / Issuer Charges:

The Company has paid the Annual Custody / Issuer charges for the financial year 2017-18 to National Securities Depository Limited (NSDL) and Central Depository Services Limited (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.

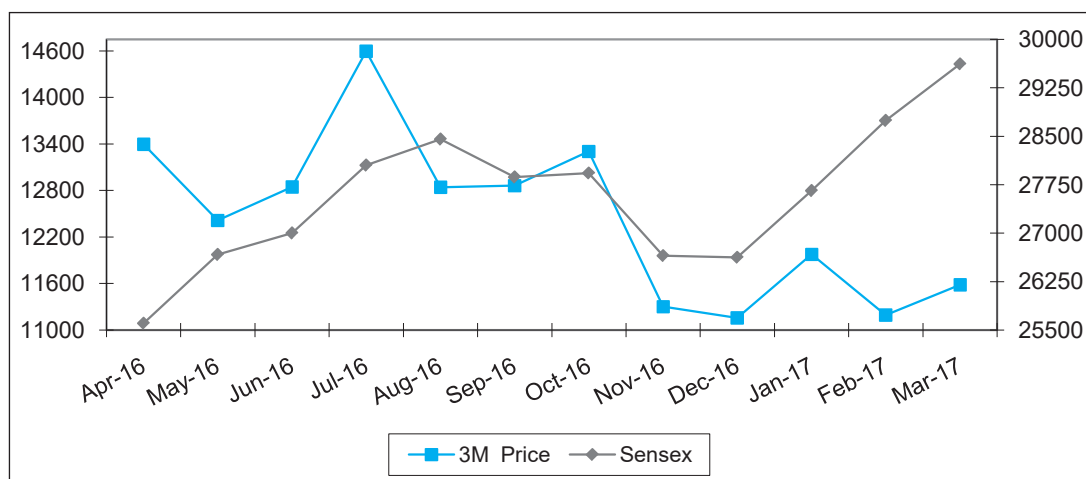
All requests for dematerialization of shares, which are in order, are processed within 21 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Price Data for the year 2016-17:

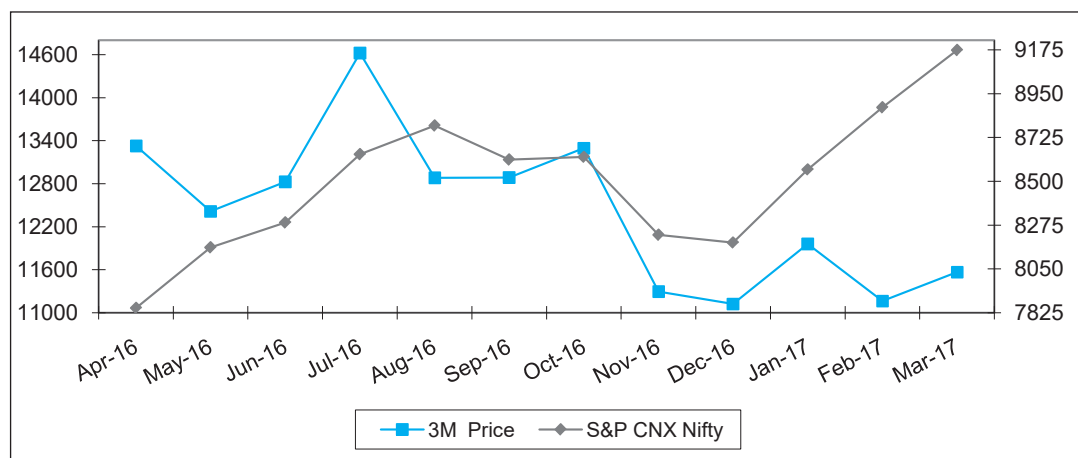
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	No. of shares traded	High (Rs.)	Low (Rs.)	No. of shares traded
April 2016	14,400	10,421	13,299	14,417.95	10,401.20	64,119
May 2016	13,599	12,205	4,422	13,640	12,174.05	28,311
June 2016	12,960	11,910	3,344	12,950.05	11,900	15,616
July 2016	15,200	12,775	5,038	15,250	12,800	27,540
August 2016	14,849.40	12,810	9,318	14,800	12,858.05	30,817
September 2016	13,480	12,649.95	9,062	13,500	12,600	25,702
October 2016	13,500	12,900	3,310	13,520	12,883.90	13,728
November 2016	13,300	11,000	4,117	13,370	10,974	21,594
December 2016	11,550	10,055	91,361	11,399.95	10,008.80	21,824
January 2017	12,850	10,816.35	9,482	12,840	10,780	15,958
February 2017	12,027.80	11,000	8,299	12,100.05	11,000	16,582
March 2017	12,000	10,750	9,121	12,000	10,705	28,329

Stock Performance:

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



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

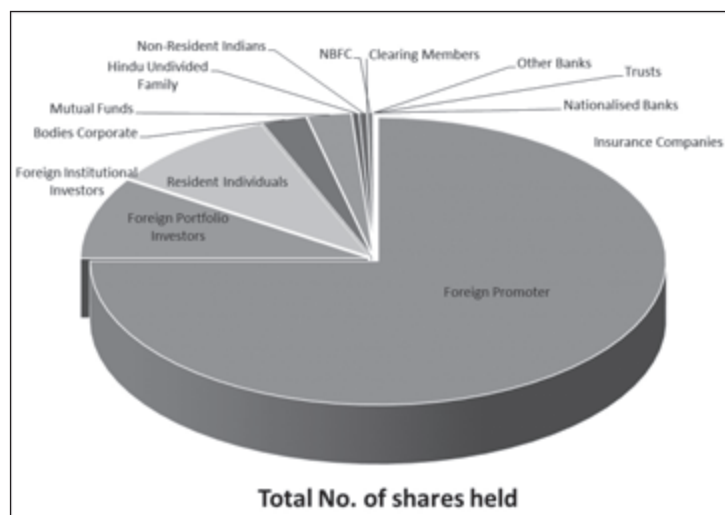


Consolidated Shareholding Pattern as on March 31, 2017:

Category	No. of Members	Total No. of shares held	% to capital
Foreign Promoter*	1	84,48,802	75.00
Foreign Portfolio Investors	33	10,33,017	9.17
Foreign Institutional Investors	2	1,271	0.01
Resident Individuals	14,726	10,81,374	9.60
Bodies Corporate	472	2,83,972	2.52
Mutual Funds	11	2,80,053	2.49
Hindu Undivided Family	535	44,678	0.40
Non-Resident Indians-Repatriable	296	31,375	0.28
Non-Resident Indians-Non Repatriable	143	18,396	0.16
Clearing Members	54	1,349	0.01
NBFC	8	34,541	0.31
Other Banks	3	5,790	0.05
Trusts	4	372	0.00
Nationalised Banks	1	20	
Insurance Companies	1	60	
Total	16,290	1,12,65,070	100.00

* None of Foreign promoter shares has been pledged as on March 31, 2017

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, 2017:**

Category	No. of Holders	Total Shares	% To Equity
PHYSICAL	1,265	90,291	0.80
N S D L	10,220	1,07,54,077	95.46
C D S L	4,805	4,20,702	3.74
TOTAL	16,290	1,12,65,070	100.00

Top Ten (10) Members of the Company as on March 31, 2017:

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	3,30,240	2.93	FPI
10013034	Acacia Institutional Partners, LP	2,43,100	2.16	FPI
10022345	Acacia Conservation Fund LP	2,06,400	1.83	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	1,04,866	0.93	MUT
10001099	SBI Emerging Businesses Fund	55,985	0.50	MUT
10000949	SBI Magnum Balanced Fund	50,000	0.44	MUT
10000916	SBI Magnum Global Fund	47,000	0.42	MUT
	Total	97,79,138	86.81	

Distribution of Shareholding as on March 31, 2017:

Range of Shares	No. of Members	% to total Shareholders	No. of Shares held	Amount (Rs.)	% to Total Shares
1-5000	15,946	97.89	6,14,916	61,49,160	5.46
5001-10000	165	1.01	1,24,876	12,48,760	1.11
10001-20000	83	0.51	1,20,265	12,02,650	1.07
20001-30000	24	0.15	60,535	6,05,350	0.54
30001-40000	13	0.08	46,200	4,62,000	0.41
40001-50000	11	0.07	51,927	5,19,270	0.46
50001-100000	23	0.14	1,62,449	16,24,490	1.44
100001 and above	25	0.15	1,00,83,902	10,08,39,020	89.51
TOTAL	16,290	100.00	1,12,65,070	11,26,50,700	100.00

Dematerialization of Shares and Liquidity:

99.20 % of the total equity capital was held in dematerialised form as on March 31, 2017.

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, 2017 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 18, 2017

Debarati Sen
Managing Director
DIN: 07521172

Panagiotis Goulakos
Chief Financial Officer
PAN: CACPG4222Q

CERTIFICATE OF COMPLIANCE

Certificate from Mr. G. Shanker Prasad, Practising Company Secretary, Bengaluru confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34 (3) 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 26, 2017

Debarati Sen
Managing Director
DIN: 07521172

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

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER 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, 2017 as stipulated in 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 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 : May 26, 2017

G. Shanker Prasad
Practising Company Secretary
ACS- 6357
CP-6450

BUSINESS RESPONSIBILITY REPORT

[Regulation 34(2)(f)]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L31300KA1987PLC013543
2. Name of the Company: 3M INDIA LIMITED
3. Registered address:
PLOT NOS.48-51, ELECTRONICS CITY, HOSUR ROAD, BANGALORE – 560 100
4. Website: www.3m.com/in
5. E-mail id: vsrinivasan@mmm.com
6. Financial Year reported: 2016-17
7. Sector(s) that the Company is engaged in (industrial activity code-wise):
3290 – Other manufacturing n.e.c (as per NIC 2008)
8. List three key products/services that the Company manufactures/provides(as in Balance Sheet):
Abrasive, Fusion bonded epoxy coating, Medical surgical and dental products
9. Total number of locations where business activity is undertaken by the Company
 - (a) Number of International Locations (Provide details of major 5): Nil
 - (b) Number of National Locations: 3 Plants and 6 Branch Locations across India
10. Markets served by the Company – Local, State, National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY (as at March 31, 2017)

1. Paid up Capital (INR): 1,126.51 lakhs
2. Total Turnover (INR): 2,45,784.93 lakhs
3. Total profit after taxes (INR): 23,831.51 Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.45%
5. List of activities in which expenditure in 4 above has been incurred:-
 - (a) Education
 - (b) Social Innovation
 - (c) Women Empowerment
 - (d) National Calamity
 - (e) Sustainability (from June 1, 2016)

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? No
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? If yes, then indicate the number of such subsidiary Company(s): Not Applicable
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

The Company collaborates with all relevant stakeholders by sharing its Ethical Business Practices, Code of Conduct, Anti-Bribery Policy and Supplier Code of Conduct with its contract manufacturers, suppliers and other major third parties associated with the Company.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies

1. DIN Number: 00044840
2. Name: B.V. Shankaranarayana Rao
3. Designation: Whole-time Director

(b) Details of the BR head:

No.	Particulars	Details
1	DIN Number (if applicable)	00044840
2	Name	B.V. Shankaranarayana Rao
3	Designation	Whole-time Director
4	Telephone number	080- 30614801
5	e-mail id	rshankar@mmm.com

2. Principle-wise (as per NVGs) BR Policy/policies:

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine (9) areas of Business Responsibility as under-

- P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
- P2 Businesses should provide goods and services that are safe and contribute to sustainability their life cycle
- P3 Businesses should promote the wellbeing of all employees
- P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized
- P5 Businesses should respect and promote human rights
- P6 Businesses should respect, protect and make efforts to restore the environment
- P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
- P8 Businesses should support inclusive growth and equitable development
- P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

(a) Details of compliance (Reply in Y/N)

No.	Questions	Business Ethics	Sustainability	Employees 'well being	Stakeholders' welfare	Human Rights	Environment	Regulatory Policy	Equitable Development	Customer Responsibility
		P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for....	Y	Y	Y	Y	Y	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	-	-	Y	-	-	Y	-	-	-
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)\$	-	-	-	-		Y	-	-	-

4	Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?*	-	-	-	-	-	-	-	Y	-
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	-	Y	-	-	-	-	Y	-
6	Indicate the link for the policy to be viewed online @	http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary/								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	-	-	Y	-	-	Y	-	-	-

\$ -ISO 14001, @-except for P7

* -3M India Ltd has a globally accepted Code of Conduct policy approved by the CEO of the Parent Company, 3M Company, U.S.A. which is also followed by the Company, being one of its subsidiaries.

- (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

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

The Company through various Industry Forums endeavors for economic reforms and inclusive sustainable business principles. Therefore, the Company currently does not find it necessary to frame a policy on principle #7.

3. Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

Assessment is an ongoing exercise and is an inherent part of corporate function. BR Committee comprises the Whole-time Director, who heads the Committee and three senior managerial personnel, including the Managing Director.

- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

This is the first Business Responsibility Report. It is available also at http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary/. and forms part of Annual report. The Global sustainability report can be accessed at [http:// www.3m.com/sustainabilityreport](http://www.3m.com/sustainabilityreport).

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1-Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

The Company's Code of Conduct is based primarily on the Code of Conduct of 3M Company, USA, the holding/ Parent Company, which is followed by all 3M Group Companies. The Code has to be adhered by all other stakeholders who do business with the Company.

3M's Code of Conduct is comprised of our core business conduct principles that set forth global corporate expectations for all 3M employees and certain third parties who act on 3M's behalf. 3M's Code of Conduct applies to all "3M People." 3M People are 3M's employees and may include others who act on 3M's behalf. 3M People are expected to live 3M Values. All 3M People are partners in complying with 3M's Code of Conduct and supporting others' compliance. Together, 3M People ensure the continued success of 3M Company and protect 3M's longstanding reputation for doing the right thing, always and everywhere.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.
 - i. No. of complaints received in Ethics point = 14
No. of complaints resolved = 12 (2 work-in progress)
 - ii. No. of complaints received from shareholders = 57
No. of complaints resolved = 57

Principle 2- Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

(a) Product Name: 3M Sun Control Window Films

Product Technical description/ Features/ Benefits:

When tenants complain about rooms that are too hot or you notice that your energy costs are trending skyward, 3M™ Window Films can help. Our films offer protection from accidents, natural disasters, break and entry, bomb blasts and flying glass fragments. 3M was issued the first sun control window film patent in 1966, and our innovative window film products have helped provide protection from the sun's harmful rays for 50 years. Innovations over the years have helped 3M build a strong reach with millions of square feet of 3M™ Window Film installed all around the world. An estimated 33% of cooling expenses are due to solar heat gain from windows. That's why cost-effective, energy-saving technologies like 3M™ Window Films are crucial to protecting your bottom line by rejecting the sun's heat to keep your space at an even, moderate temperature. What sets our films apart is the precision with which light waves are controlled as they pass through or reflect off of hundreds of layers of film. Compared to other films, 3M™ Window Films increase performance at a faster rate as the sun's angle increases. That means greater protection and comfort when you need it the most. Solar heat comes from two primary sources, the visible light you can see and the infrared light you can feel.

In the case studies conducted in India, the energy savings from installation of sun control films from 10-14% with payback period ranging from 2- 7 years* (*figures depends on project to project & the type of 3M window films chosen).

Environmental / social benefits:

- Allows high transmission of natural light into your building to provide excellent aesthetics.
- 3M™ Window Films are proven to save energy in all climate zones.
- Reduces your energy consumption and your carbon emissions.
- Reduce light pollution.
- Significantly blocks the amount of harmful UV rays that cause fading, helping to extend the life of furnishings.
- Reduce heat gain in summer months by up to 79%.
- Let's in natural light while rejecting heat.

- Help qualify for LEED credits for Green building certification program.
- 3M™ Window Films can become carbon negative in as short as 6 months from install.

(b) Product Name: Solar RPM

Product Technical description/ Features/ Benefits

3M Solar RPM is a maintenance free, raised pavement marker used to improve traffic safety on Indian roads. This product uses a reflective lens along with a self-illuminating feature for active as well as passive safety of road users.

This product harnesses the Sun's energy during the day through a solar panel and stores it in a rechargeable battery. In absence of daylight, the stored energy is then efficiently & optimally used with the help of 3M light management technology that offers a 360-degree illumination using just 4 LED's.

The product is expected to perform for 3 to 5 years without any maintenance.

(c) Product Name: Dry wash – waterless wash

Product Technical description/ Features/ Benefits:

3M introduced unique water based chemical solution for washing cars without use of external water resource. 3M Dry wash is for painted surfaces which is normally difficult to clean without high pressure water. The product is optimally designed using biodegradable wetting agents, surfactants, degreasers and lubricants which helps in removal of dirt, mud, hard dust, bird drops, oil, grease and to most extend tar marks, bug splatters and tree saps from exterior automotive painted surfaces without creating scratches on the surface. The product is ready to use and no further dilution is required. 3M Dry wash is readily biodegradable over 80 % as per OECD 301 B standard and helps to save water use for car wash up to 99%.

Environmental / social benefits:

- Save's water usage for car wash up to 99%
- Helps conserve precious water resources
- Water treatment facilities & its maintenance is completely eliminated in the service centers are not required since it save's water usage for washing of the cars
- Product very well fits for door step wash services and compact service models which does not have dedicated wash bays or water treatment plants to treat water used for car wash
- Compatible with automotive parts and components like paint, plastic, metals and rubber parts
- Time taken is less when compared to water wash
- Readily biodegradable over 80 % as per OECD 301 B standard

(d) Product Name: Diesel Fuel System Cleaner

Technical description/ Features/ Benefits

Rising Air Pollution and increasing vehicular movement has become one the top for the current Governments to tackle. The Diesel fuel system cleaner solution targets the core environmental concern prevailing in India i.e. Air Pollution due to diesel emissions from on road & off road Engines. This solution for the diesel engines will help restore Injector performance and enhance the vehicle in-cylinder combustion in various diesel engines and hence significantly reduce the emission of various pollutants into the atmosphere and restores engine health and fuel economy of the Diesel Engines. Thus this program helps reduce the carbon footprint addressing the global sustainability challenge.

Environmental / social benefits:

- Up to 53% injector deposit or clogging reduction which leads to carbon emission reduction & restoration of engine power & pick up
- Restores up to 4-12% of the power & torque of the engine
- Significant reduction of smoke
- Restores overall fuel economy of the diesel engine

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):
 - (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? Refer point no. 1 above
 - (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year? Refer point no. 1 above
3. Does the Company have procedures in place for sustainable sourcing (including transportation)?
 - (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.
 Yes, the Company has procedures in place for sustainable sourcing, covering areas such as standardized processes for supplier's audits for EHS compliance including conflict Minerals, Paper and pulp and frugal automation to improve sustainability of materials procured. Manufacturing process are selected and improved year on year to consume less energy and resource. The Company has also reduced the transportation cost over the years through various methods.
4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?
 - (a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?
 The Company as a policy ensures localization and outsourcing for each of the plants with suppliers who are competitive as well as close to the plants. Localized vendors are preferred, if they meet the quality specifications and EHS Compliance. Technology Investment by suppliers for new products are encouraged by the Company and thereby focusses on increasing the capacity of its suppliers.
5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.
 3M has a World class program called "Pollution Prevention Pays" popularly known as "3P program" where every effort is made right from the design stage to reduce waste. Used oil is recycled through authorized recyclers. Spent solvents are recycled through authorized recyclers. Powder residue collected through dust collectors is recycled into product. Close to 38% of waste is recycled and balance waste is disposed through authorized distributors.

Principle 3- Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.
1,373 employees as on March 31, 2017
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.
1,032 employees as on March 31, 2017
3. Please indicate the Number of permanent women employees.
143 women employees as on March 31, 2017
4. Please indicate the Number of permanent employees with disabilities – Nil
5. Do you have an employee association that is recognized by management:
The Company does not have union for the employees
6. What percentage of your permanent employees is members of this recognized employee association? Not Applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	1	Nil
3	Discriminatory employment	Nil	Nil

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
 - (a) Permanent Employees 100%

- (b) Permanent Women Employees 100%
- (c) Casual/Temporary/Contractual Employees 100%
- (d) Employees with Disabilities Nil

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

1. Has the Company mapped its internal and external stakeholders? Yes
2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders: Yes
3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Yes, the Company works with NGO partners to inculcate innovative thinking among underprivileged children through its Mobile Science Lab initiatives in Pune and Bengaluru. Other programs include a skills development program which is equipping women with disability with the necessary skills to make them employable; an entrepreneurship program supporting women in rural Karnataka and a program to upgrade and improve the infrastructure and learning environment in Anganwadis in Kolkata and Bengaluru.

Principle 5 – Businesses should respect and promote human rights

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company's Code of Conduct is based primarily on the Code of Conduct of the 3M Company, USA, which is followed by all the entities in the 3M Group worldwide. The principle of the Code of Conduct are expected to be adhered by other stakeholders including customers and vendors.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? Nil

Principle 6-Business should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

The Company's EHS Policy is based primarily on the EHS Policy of 3M Company, USA, the Parent / Holding Company, which is followed by all 3M Group Companies worldwide. The EHS Policy has to be adhered by all other stakeholders who do business with the Company.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc. Yes, http://www.3m.com/3M/en_US/sustainability-report/
3. Does the Company identify and assess potential environmental risks? Yes
4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? No
5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc., Y/N. If yes, please give hyperlink for web page etc.

Yes, the Company has implemented multiple programs on Energy efficiency and Renewal Energy. The facility at Ranjangaon has implemented 500 KWp roof top solar power plant.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes, the emission and waste generated by the Company are within the permissible limits approved by CPCB / SPCB.

7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year. Nil

Principle 7-Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
 - (a) Confederation of Indian Industries (CII)
 - (b) American Chamber of Commerce in India (AMCHAM)
 - (c) National HRD Network
 - (d) Bangalore Chamber of Commerce (BCC)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

Yes, on the following broad areas:

 - a. Road safety
 - b. Industrial safety for factory workers

Principle 8-Businesses should support inclusive growth and equitable development.

1. Does the Company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

The Company has programmes, inter alia, for providing Education, Social Innovation, Women empowerment and Sustainability.
2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The programmes / projects are implemented through a Charitable Trust, United Way of Bengaluru.
3. Have you done any impact assessment of your initiative?

The Company is in the process of doing an impact study.
4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

For details, please refer Annual Report on CSR activities section.
5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

Not Applicable

Principle 9 – Businesses should engage with and provide value to their customers and consumers in a responsible manner

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

There are total 2 consumer cases pending in different consumer courts/forums as on the end of the financial year and the same are sub-judice.

% age of Customer complaints pending = 3.29% (from CAREs data system)
2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/ No/N.A. /Remarks (additional information)

Yes, apart from the mandated declarations, additional declarations are furnished on the products / labels relating to the products and their safe usage and disposal.
3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so. No
4. Did your Company carry out any consumer survey/ consumer satisfaction trends? Yes

On behalf of the Board of Directors

Place : Bengaluru
Date : May 26, 2017

Debarati Sen
Managing Director
DIN: 07521172

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

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 10, 2017

(Bharat Shah)

DIN: 00136969

Date: April 05, 2017

(Radhika Rajan)

DIN: 00499485

Date: April 05, 2017

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:

1. The number of permanent employees on the rolls of Company.	1,373 permanent employees as at March 31, 2017
2. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2016-17.	<p>Whole-time Directors:</p> <ol style="list-style-type: none"> 1. Mr. Amit Laroya, Managing Director (up to May 31, 2016)= 5.07 2. Ms. Debarati Sen, Managing Director (from June 1, 2016) = 30.24 3. Mr. B.V. Shankaranarayana Rao, Whole-time Director=15.74 <p>Independent Directors:</p> <ol style="list-style-type: none"> 1. Mr. Bharat Shah = 1.66 2. Mr. Biren Gabhawala = 1.62 3. Ms. Radhika Rajan = 1.27 <p>Median remuneration of employees = Rs. 11,10,422 for the financial year 2016-17</p> <p><i>Note: The expression Median means the numerical value separating the higher half of a population from the lower half and the median of a fine list of numbers may be found by arranging all the observations from the lowest value to highest value and picking the middle one and if there is an even number of observations, the median shall be the average of the two middle values.</i></p>
3. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2016-17.	<p>Managing Director = NA</p> <p>Whole-time Director = 9%</p> <p>Chief Financial Officer = 19.79%</p> <p>Company Secretary = 10%</p>
4. The percentage increase in the median remuneration of employees in the financial year 2016-17.	11.50%
5. 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.	<p>FY 2015-16= 9.69%</p> <p>FY 2016-17 = 11.50%</p> <p>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.</p>
6. Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes

On behalf of the Board of Directors

Place : Bengaluru
Date : May 26, 2017

Debarati Sen
Managing Director
DIN: 07521172

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 on 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 yearly 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 2016-17 (Actuals)
INCOME		
1.	Income from Contract Research	22.95
2.	Sale of Goods	2.39
3.	Re-charge of expenses received	9.46
	Total	34.80
1.	Purchases of Materials	325.99
2.	Royalty	32.74
3.	Re-charge of expenses paid	0.94
4.	Corporate Management Fee	99.97
	Total	459.64

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 – Omnibus approval for the estimated value of the transactions for the year 2016-17 was obtained at the meeting held on February 5, 2016 and review of the actual transactions versus the estimated at the meetings held on August 4, 2016, November 18, 2016 February 9, 2017 and May 25, 2017.
- (f) Amount paid as advances, if any – Nil

On behalf of the Board of Directors

Place : Bengaluru
Date : May 26, 2017

Debarati Sen
Managing Director
DIN: 07521172

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

ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR 2016-17

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 four (4) 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.

SUSTAINABILITY:

In line with the overall objective of 3M India's CSR initiative which is to engage in outcome-based corporate social responsibility programs that will impact and enrich the communities around the Company's areas of operation, and to implement the parent Corporation, 3M Company's global sustainable strategy, 3M India will support self-sustaining models to address the environmental & social sustainability needs of local communities.

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 (up to May 31, 2016) | Member |
| ➤ Ms. Debarati Sen (from June 1, 2016) | 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. 18,054 Lakhs

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

Rs. 361.08 Lakhs

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

Total amount spent for the financial year = Rs. 346.58 Lakhs

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

Rs. 14.50 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	1. Support two (2) Mobile Science Labs that educate 75 schools in two states in India	Anekal, Bengaluru, Karnataka Ranjangaon, Pune, Maharashtra	Allocation: Rs. 108.00 Lakhs	Rs. 70.14 Lakhs	Rs.198.67 Lakhs	Through implementing agency – United Way Bengaluru
		2. Support Born Learning initiative to enhance the holistic development of 2000 children in 20 Anganwadis	Bengaluru, Karnataka and Kolkata, West Bengal		Rs. 68.10 Lakhs		
		3. Infrastructure support to develop Computer Science Lab at Parivaar School to benefit 40 students	Kolkata, West Bengal		Rs. 24 Lakhs		
		4. Infrastructure support to develop Disability-friendly Science Lab	Bengaluru, Karnataka		Rs. 34.20 Lakhs		
		5. Scholarship for Girl students	Bengaluru, Karnataka		Rs. 2 Lakhs		
		6. Volunteering	Bengaluru, Karnataka		Rs. 22,500		Spent Directly to Christel House
2.	Social innovation	Support an Incubation Fund program for Young Innovators through a nationwide Innovative challenge	Pan India	Allocation: Rs. 36.00 Lakhs	Rs. 19.41 Lakhs	Rs. 19.41 Lakhs	Through implementing agency – United Way Bengaluru
3.	Women Empowerment	1.Support two (2) Skills Development programs covering 300 young women	Bengaluru, Karnataka	Allocation: Rs. 72.00 Lakhs	Rs. 50.70 Lakhs	Rs. 86.00 Lakhs	Through implementing agency – United Way Bengaluru
		2.Entrepreneurship program for 150 Rural Women	Bengaluru, Karnataka		Rs. 35.30 Lakhs		
4.	Sustainability	Wash initiative to build sanitation facilities in three (3) Government Schools	Ranjangaon, Pune, Maharashtra	Allocation: Rs. 108.00 Lakhs	Rs. 42.50 Lakhs	Rs. 42.50 lakhs	Through implementing agency – United Way Bengaluru
5.	National Calamity			Allocation: Rs. 37.08 Lakhs	Not spent	Not spent	Not spent
	Total			Rs. 361.08 Lakhs	Rs. 346.58 Lakhs	Rs. 346.58 Lakhs	

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 (2) 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.

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 2016-17 by choosing the projects judiciously. 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.14.50 Lakhs remained unspent from the CSR budget of 2016-17. The Company has 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	Bharat D Shah (Chairman CSR Committee)	Debarati Sen Member	B.V. Shankaranarayana Rao Member
Date : May 26, 2017	DIN: 00136969	DIN: 07521172	DIN: 00044840

ANNEXURE 'H' TO REPORT OF THE BOARD OF DIRECTORS

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, 2017.

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
TOP TEN (10) EMPLOYEES IN TERMS OF REMUNERATION DRAWN DURING THE YEAR								
1	Debarati Sen	49	Managing Director	3,35,80,454	BS/BE in Electronics Engineering, MBA (Mktg & Finance)	01-Jun-16	NA	3M Company, USA, Director, Corporate Sales Operations
2	Raja Krishnamurthy	49	Head-Technical / Laboratory	2,87,70,141	B.Tech, MBA, PhD	14-May-09	30-Mar-17	DOW Chemicals International Private Limited, General Manager
3	Panagiotis (Panos) Goulakos	52	Chief Financial officer	2,20,79,191	BBA, BA, Country Management Certificate, Holland	15-Mar-16	NA	3M Poland, Finance Manager & IT
4	Mukund P T	52	Head-Industrial Business	2,02,89,838	BE(Mech)	18-Sep-89	NA	Harita Roloform Private Limited, Marketing Manager
5	Shankaranarayana Rao BV	57	Whole-time Director	1,74,74,012	B.COM, MBA, ICWA (Inter)	16-Apr-90	NA	Mysore Paper Mills limited, Finance Manager
6	Lala Chandrashekher Das	51	Head-Health Care Business	1,67,59,174	BE, PGDBM	01-Jul-11	NA	Nobel Biocare India Private limited, Country Manager
7	Maclean Raphael	52	Head-Human Resources	1,51,47,994	Masters in Personnel Management and Industrial Relations	01-Apr-09	NA	Wipro e-Peripherals Limited, Vice-President-HR
8	Vijay Krishnan V	42	Head- Safety & Graphics Business	1,47,50,366	BE,MBA	02-Aug-04	NA	Grindwell Norton Limited, National Sales Manager
9	Pawan Singhal	54	General Counsel	1,34,43,929	B.Com(Hons)ACWA,FCS,LLB	01-Aug-14	NA	AstraZeneca Pharma India Limited, Vice-President-Legal
10	Ninad Gadgil	46	Head-Marketing Excellence	1,23,49,288	BE,MBA	15-Jun-98	NA	The Paper Products Limited, Deputy Manager
EMPLOYEES DRAWING A REMUNERATION OF NOT LESS THAN Rs. 1.02 CRORES AND EMPLOYED THROUGHOUT THE YEAR								
1	Atul Shukla	49	Vice President-Traffic Safety & Security Business	1,16,11,927	BE, Masters in Marketing Management	19-Aug-96	NA	Color Chem Limited, Marketing Executive
2	Abhijeet Arun Saungkar	53	Vice President-Technical	1,15,73,162	B.Sc	1-Aug-09	NA	Cravatex Limited, Production Supervisor
3	Jayanand Vasudeorao Kaginalkar	52	Head- Total Supply Chain & Lean Six Sigma	1,11,64,395	BE,PGDM-Operations Management	11-Jul-07	NA	TATA CHKK Springs Limited, General Manager Operations
4	Jerry Daniel	49	Vice President- Eastern Region	1,03,03,450	BE, Diploma in Management	15-Jan-13	NA	Minda Valeo Security Systems Private Limited, Director-Sales & Marketing
5	Sanjit Satapathy	49	Head - Consumer Business	1,22,96,168	B.Sc, PGDM	4-Nov-98	NA	Funkool(l) Limited, Area Sales Manager
EMPLOYEES DRAWING A REMUNERATION OF NOT LESS THAN Rs. 8,50,000 PER MONTH AND EMPLOYED FOR PART OF THE YEAR								
1	Ashutosh Mohan Shirodkar	46	Vice President-Industrial Adhesives and Tapes Business	1,03,27,287	Diploma in Chemical Technology	3-Aug-05	01-Sep-16	Hunter Douglas India Private limited, Sales Manager-Façade Systems
2	Amit Laroya	53	Managing Director	56,26,830	Economic Hons, MBA (Mktg & Finance)	1-Oct-13	31-May-16	3M Company, USA, Global Director-Strategy & Corporate Development and Director of International Strategic Planning & M&A

Notes: 1. Remuneration includes salary, bonus, allowances, Company's contribution to 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 and all the above appointments are/were on contractual basis.
3. Other terms and conditions are as per rules of the Company and, where required, according to sanctions from the Government.
4. None of the employees holds shares of the Company.

On behalf of the Board of Directors

Place : Bengaluru
Date : May 26, 2017

Debarati Sen
Managing Director
DIN: 07521172

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

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 across all locations.

Examples of specific energy conservation projects include:

- Installation of LED lights in place of metal halide lamps.
- Using day light through transparent roofing system where possible.
- Installation of roof top solar system to tap renewable energy.
- Using correctly rated motors and energy efficient motors.
- Low cost automation to lower the cycle time of operations to improve productivity and reduce energy consumption.
- Installation of Variable Frequency Drives for Blower's and Pump's Motors.
- Installation of lighting transformers.
- Reducing the idle running and maintaining continuous production runs.
- Layout changes to consolidate all air conditioning needs under one area.
- Harmonic Mitigation through active filters to reduce Harmonic presence in electrical System which in turn resulted in 5% energy savings.
- Efficiency analysis for Compressed Air distribution system through resizing of Air pipe Lines and optimizing 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 impellers.

All these actions across the plants significantly reduced the energy consumption and thereby reducing the carbon foot prints of manufacturing operations. These initiatives have also helped the Company's Ranjangaon Plant to achieve the distinction of being one among the top five energy conservation plants across worldwide 3M locations.

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 single sided strapping applications.
- ❖ NSF approved PSA materials.
- ❖ Bonding materials for vinyl materials.
- ❖ Non-woven abrasive pads for various industrial applications.
- ❖ Development of Diesel fuel system cleaners to improve fuel emissions.
- ❖ New lightweight materials for automotive NVH applications.

Safety and Graphics:

- ❖ Design, development of Smart Variable messaging signage's and solutions to suit Indian roads.
- ❖ Local formulation and development of Chemical cleaning solutions for building care applications.
- ❖ Continued development of various models of personal protection systems for industrial usage such as eyewear, helmets, etc.,

Health Care Business:

- ❖ Expansion of liquid formulations for infection prevention in hospital settings.
- ❖ New to market “secural” dressing products using adhesives tailored to Indian conditions.

Consumer Business:2. **Benefits derived as a result of the above Research & Development**

- ❖ Kitchen & bathroom cleaning solutions – wipes, scrubbers, mops.
- ❖ Non-woven abrasives for home cleaning applications.
- ❖ 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	251.74
b) Revenue	4,710.64
c) Total	4,962.38
d) Total Research & Development expenditure as a percentage of total turnover.	1.98%

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, retro reflective technology, healthcare products in the area of infection prevention, and nonwovens for consumer, industrial and safety 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. 3,273.92 Lakhs for the financial year 2016-17 (PY: Rs.2,611.44 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. 2,295.37 Lakhs** (PY: Rs. 2,114.29 Lakhs) for contract research and **Rs. 390.82 Lakhs** (PY: Rs. 486.58 Lakhs) for Support Services /Corporate Management Fees.

2. **Foreign exchange earnings and outgo:**

During the period under review, Foreign Exchange Earnings were **Rs. 7,438.43 Lakhs** (PY: Rs. 9,158.35 Lakhs) and Foreign Exchange Outgo was **Rs. 96,092.44 Lakhs** (PY: Rs. 86,310.47 Lakhs).

On behalf of the Board of Directors

Place : Bengaluru
Date : May 26, 2017

Debarati Sen
Managing Director
DIN: 07521172

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

SECRETARIAL AUDIT REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[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 (CIN: L31300KA1987PLC013543) (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 31.03.2017 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 31.03.2017 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:

- i. Explosives Act
- ii. Legal Metrology Act

I have also examined compliances with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS - 1 and SS – 2.

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

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 26, 2017

(Vijayakrishna K T)
FCS-1788
CP-980

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

'Annexure'

My report of even date is to be read along with this letter:

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Central and State Sales Tax Act.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place : Bangalore
Date : May 26, 2017

(Vijayakrishna K T)
FCS-1788
CP-980

EXTRACT OF ANNUAL RETURN

As on the financial year ended March 31, 2017

[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				% change 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	3,13,001	440	3,13,441	2.78	2,79,613	440	2,80,053	2.49	(0.29)
(b) Banks/FI	1,291	20	1,311	0.01	5,790	20	5,810	0.05	0.04
(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	29,501	Nil	29,501	0.26	1,271	Nil	1,271	0.01	(0.25)
(h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Others(specify) - Foreign Portfolio Investor (Corporate)	10,52,931	Nil	10,52,931	9.35	10,33,017	Nil	10,33,017	9.17	(0.18)
Sub-Total (B)(1)	13,96,724	520	13,97,244	12.40	13,19,691	520	13,20,211	11.72	(0.68)

(2) Non-Institutions									
(a) Bodies Corporate									
i. Indian	2,88,332	2,220	2,90,552	2.58	2,82,192	1,780	2,83,972	2.52	(0.06)
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	8,51,837	92,288	9,44,125	8.38	9,44,719	87,991	10,32,710	9.17	0.79
ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	1,24,372	Nil	1,24,372	1.10	93,342	Nil	93,342	0.83	(0.27)
(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	48,110	Nil	48,110	0.43	49,771	Nil	49,771	0.44	0.01
v. Clearing Members/Clearing House	9,205	Nil	9,205	0.08	1,349	Nil	1,349	0.01	(0.07)
vi. Trusts	511	Nil	511	0.01	372	Nil	372	0.00	(0.01)
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	2,149	Nil	2,149	0.02	34,541	Nil	34,541	0.31	0.29
Sub Total (B)(2)	13,24,516	94,508	14,19,024	12.60	14,06,286	89,771	14,96,057	13.28	0.68
Total Public Shareholding (B)=(B)(1)+(B)(2)	27,21,240	95,028	28,16,268	25.00	27,25,977	90,291	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)	1,11,70,042	95,028	1,12,65,070	100.00	1,11,74,779	90,291	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	3,30,240	2.93
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	2,06,400	1.83
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	1,19,866	1.06	1,04,866	0.93
7.	SBI Emerging Business Fund	70,000	0.62	55,985	0.50
8.	SBI Magnum Global Fund	50,000	0.44	47,000	0.42
9.	SBI Magnum Balanced Fund	47,000	0.42	50,000	0.44
10.	Wasatch Emerging Markets Small Cap Fund	Nil	Nil	43,546	0.39
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	<p>Increase in shareholding details – (Market Purchase)</p> <p><i>SBI Magnum Balanced Fund</i> 3,000 shares on 23.12.2017</p> <p><i>Wasatch Emerging Markets Small Cap Fund</i> 53,000 shares on 09.12.2016</p> <p>Decrease in shareholding details – (Market Sale)</p> <p><i>IDFC Premier Equity Fund</i> 15,000 shares on 08.04.2016</p> <p><i>Acacia Partners, LP</i> 4,809 shares on 05.08.2016 3,478 shares on 12.08.2016 443 shares on 19.08.2016 583 shares on 26.08.2016 1,787 shares on 09.09.2016</p>			

		1,000 shares on 16.09.2016 1,452 shares on 23.09.2016 1,560 shares on 30.09.2016 2,212 shares on 07.10.2016 1,471 shares on 04.11.2016 50,092 shares on 09.12.2016 <i>Acacia Conservation Fund, LP</i> 22,878 shares on 09.12.2016 <i>SBI Emerging Business Fund</i> 5,188 shares on 09.09.2016 365 shares on 14.10.2016 1,853 shares on 21.10.2016 1,282 shares on 28.10.2016 298 shares on 04.11.2016 2,503 shares on 16.12.2017 493 shares on 27.01.2017 1,018 shares on 10.02.2017 1,015 shares on 03.03.2017 <i>SBI Magnum Global Fund</i> 3,000 shares on 23.12.2017 <i>Wasatch Emerging Markets Small Cap Fund</i> 165 shares on 09.12.2017 3,034 shares on 23.12.2016 683 shares on 06.01.2017 1,274 shares on 03.02.2017 560 shares on 10.02.2017 102 shares on 24.02.2017 1,168 shares on 03.03.2017 758 shares on 17.03.2017 1,319 shares on 24.03.2017 391 shares on 31.03.2017
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(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	• 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):	<i>Increase in shareholding details</i> • Directors and KMPs -Nil <i>Decrease in shareholding details</i> • Directors and KMPs -Nil			
	At the End of the year	• 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				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
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				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

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

Sl. no.	Particulars of Remuneration	Managing Director (up to May 31, 2016) (Rs.) Amit Laroya	Managing Director (from June 1, 2016) (Rs.) Debarati Sen	Whole-time Director (Rs.) Shankar Rao	Total Amount (Rs.)
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	53,04,763	2,75,17,289	1,59,40,684	4,87,62,736
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,59,394	47,96,970	4,46,125	56,02,489
	(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 a % of profit	Nil	Nil	Nil	Nil
	- Others, specify				

5.	Others, Please specify				
	- Restricted Stock Units(RSU's) and Stock Appreciation Rights(SARs) of the Parent Company	16,17,542	60,63,165	15,33,328	92,14,035
	- Contribution to Provident Fund	2,46,825	16,21,100	7,16,808	25,84,733
TOTAL (A) (Rs.)		75,28,524	3,99,98,524	1,86,36,945	6,61,63,993
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 remuneration paid is well within the prescribed limits.			

B. Remuneration to other Directors:

Particulars of Remuneration	Name of the Directors					Total Amount (Rs.)
	Ms. Radhika Rajan (from May 27, 2016)	Mr. Biren Gabhawala		Mr. Bharat D Shah		
Independent Directors						
Fee for attending Board / Committee meetings	1,40,000	3,00,000		3,40,000		7,80,000
Commission for the year FY 2015-16 (to be paid in the FY 2016-17)	12,69,863	15,00,000		15,00,000		42,69,863
Others, please specify	Nil	Nil		Nil		Nil
Total (1) (Rs.)	14,09,863	18,00,000		18,40,000		50,40,863
Particulars of Remuneration	Name of the Directors					Total Amount (Rs.)
	Mr. Albert C Wang	Mrs. Sadhana Kaul (up to May 27, 2016)	Mr. Amit Laroya (from June 1, 2016)	Mr. Ramesh Ramadurai	Mr. Manuel B Pardo	
Other Non-Executive Directors						
Fee for attending Board / Committee meetings	Nil	Nil	Nil	Nil	Nil	Nil
Commission for the year 2016-17 (to be paid in 2017-18)	Nil	Nil	Nil	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
Total (2)	Nil	Nil	Nil	Nil	Nil	Nil
Total (B) = (1+2) (Rs.)						50,40,863
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 remuneration paid is well within the prescribed limits.				
Total (A+B) (Rs.)						7,12,04,856
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 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	Company Secretary	Total (Rs.)
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,27,32,691 84,65,867 Nil	39,02,334 Nil Nil	1,66,35,025 84,65,867 Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	Nil
5.	Others, please specify- - Restricted Stock Units(RSU's) and Stock Appreciation Rights(SARs) of the Parent Company - Contribution to Provident Fund	8,80,633 12,52,920	Nil 1,70,328	8,80,633 14,23,248
	Total (C)	2,33,32,111	40,72,662	2,74,04,773

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 26, 2017

Debarati Sen
Managing Director
DIN: 07521172

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

DIVIDEND DISTRIBUTION POLICY**1. Preamble**

- 1.1. 3M India Limited (the Company) has formulated this Dividend Distribution Policy (this Policy) as required by regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the Listing Regulations).
- 1.2. This Policy has been approved by the Board of Directors (Board) of the Company at its meeting held on February 9, 2017. This Policy may be reviewed by the Board from time to time. This Policy and all amendments thereto will be updated on the Company's website (www.3m.com/in) and in the Company's Annual Report.

2. Policy

- 2.1. The Board shall consider appropriate financial and other parameters, as well as relevant internal and external factors, when determining the quantum, if any, of dividend to be paid out by the Company, which may include, but shall not be restricted to, all or some of the following as the Board in its discretion considers relevant:
 - (a) Revenues and net profits for the relevant financial year and future outlook;
 - (b) Possible current and future cash flow requirements;
 - (c) Liquidity needs including working capital requirements;
 - (d) Capital expenditure plans and requirements, including for expansion, modernization and upgradation of existing operations and infrastructure;
 - (e) Market expansion plans;
 - (f) Product expansion plans;
 - (g) Expenditure on research and development;
 - (h) Possible organic and inorganic growth opportunities, and other usage of cash;
 - (i) Leverage levels;
 - (j) Any restrictions and covenants in agreements with debenture-holders, lenders and others;
 - (k) Comparative tax efficiency of dividend distribution;
 - (l) Provisions for unforeseen events and contingencies;
 - (m) Strategic priorities and objectives;
 - (n) Macroeconomic conditions, local and international; and
 - (o) Any other methods of delivering value to shareholders.
- 2.2. When deliberating on the recommendation of dividend, the Board will seek to balance the benefit to shareholders of the Company with the comparative advantages of retaining profits in the Company which would lead to greater value creation for all stakeholders.
- 2.3. In the event that the Board proposes to recommend dividend on the basis of parameters and factors in addition to those stated in clause 2.1 and 2.2 above, or to change any of the relevant parameters and factors, the changes along with the rationale for the same shall be disclosed in the Company's annual report and on the Company's website (www.3m.com/in).
- 2.4. Recommendation and declaration of dividend, if any, would be in accordance with the Listing Regulations and the Companies Act, 2013 read with the rules issued thereunder.
- 2.5. The shareholders of the Company may expect dividend when the Board, on a consideration of such parameters and factors as it considers relevant, is of the view that it would be in the best interests of the Company and its shareholders as a whole to recommend dividend, and the shareholders approve such dividend at the Annual General Meeting. The Board may not recommend dividend where the future outlook, possible future cash flow requirements, growth opportunities, capital expenditure, macroeconomic conditions or other factors, including as mentioned in clause 2.1 above, in the opinion of the Board, do not warrant recommending any dividend.
- 2.6. The Board's recommendation of dividend would be in the discretion of the Board. Any declaration of dividend pursuant to the Board's recommendation would be subject to the approval of the shareholders at the Annual General Meeting as required by the Companies Act, 2013.
- 2.7. The Board intends that retained earnings, if any, of the Company shall be used in furtherance of the business objectives and operations of the Company.
- 2.8. The Company presently has only one class of shares, being equity shares of face value of INR 10 each

INDEPENDENT AUDITOR'S REPORT

To the Members of 3M India Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of 3M India Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the statement of Profit and Loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements")

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS 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 Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matters

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 27 May 2016 and 29 May 2015 respectively expressed an unmodified opinion

on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143(11) of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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, the statement of Cash Flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the India Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;
 - (e) On the basis of the written representations received from the Directors as on 31 March 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31 March 2017 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 B"; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer note 36 and 39 to the Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses – Refer note 36 to the Ind AS financial statements.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer note 34.

For B S R & Co. LLP

Chartered Accountants

Firm Registration No: 101248W/W-100022

Amit Somani

Partner

Membership Number: 060154

Place : Mumbai

Date : May 26, 2017

ANNEXURE – A TO THE AUDITOR'S REPORT

With reference to the Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the Members of the Company on the Ind AS financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are physically verified in a phased manner over a period of three years. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets have been physically verified during the year and no material discrepancies were observed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company. Also refer explanatory note (a) of Note 4 to the Ind AS financial statements.
- (ii) The inventory, except goods-in-transit and stocks lying with third parties has been physically verified by the Management during the year. In our opinion, the frequency of such physical verification is reasonable. The discrepancies noticed on physical verification between the physical stock and the book records were not material. For stocks lying with third parties at the year end, written confirmations have been obtained by the management.
- (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. Accordingly paragraph 3 (iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made any investments, or provided any guarantees or security to parties covered under the provisions of Section 185 and 186 of the Act. Accordingly paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under section 148(1) of the Act in respect of products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, Duty of customs, Duty of excise, Value added tax, Cess and any other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable except dues in relation to tax deducted at source as shown in the Statement below:

Statement of arrears of statutory dues outstanding for more than six months:

Name of the Statute	Nature of the dues	Amount (Rs in Lakhs)	Period to which the amount relates	Due date	Date of payment
Income-tax Act, 1961	Tax deducted at source (TDS)	15.94	2013-14 to 2016-17	Various dates	Not paid

- (b) According to the information and explanations given to us, the particulars of dues of Income-tax, Sales-tax, Service-tax, Duty of customs, Duty of excise and Value added tax as at 31 March 2017 which have not been deposited by the Company on account of disputes are mentioned in Appendix-1.
- (viii) The Company does not have any loans or borrowings from any financial institution or banks or Government, nor has it issued any debentures. Accordingly, para 3(viii) of the Order is not applicable.

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) and term loans during the year.
- (x) According to the information and explanations given to us, no material fraud on the Company by its officers and employees or fraud by the Company has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, in our opinion the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, para 3(xii) of the Order is not applicable.
- (xiii) According, to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or issued fully or partly convertible debentures during the year. Accordingly, para 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with Directors or persons connected with him. Accordingly, para 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and in our opinion the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For B S R & Co. LLP

Chartered Accountants

Firm Registration No: 101248W/W-100022

Amit Somani

Partner

Membership Number: 060154

Place : Mumbai

Date : May 26, 2017

Appendix 1 to the Annexure A to the Independent Auditor's Report

Statute / Nature of dues	Demand amount (Rs. in lakhs)	Payment under protest	Net amount (Rs. in lakhs)	Period to which it pertains	Forum where the dispute is pending
Income tax	1,579.57	566.25	1,013.32	2005-2013	Income Tax appellate tribunal
	4,955.52	544.85	4,410.67	2010-2015	Commissioner of Income Tax (Appeals)
Sales tax/ Value added tax / Central Sales tax	18,930.16	1,032.07	17,898.09	2005-2012	Deputy Commissioner of Commercial taxes
	8,523.30	227.83	8,295.47	2007-2014	Assistant Commissioner of Commercial Taxes
	343.27	196.59	146.68	2003-2011	Joint / Senior commissioner of Commercial taxes / Appeals
	724.64	-	724.64	2010-2012	Value Added Tax Officer
	916.65	418.63	498.02	2011-2013	Sales Tax appellate tribunal
	1,019.84	-	1,019.84	2010-2013	Excise and Taxation Officer - cum Assessing Authority
Excise (including service tax)	1,803.52	215.37	1,588.15	2009-2015	Customs, Excise and service tax appellate tribunal
Custom duty	1,961.51	-	1,961.51	2005-2010	Customs, Excise and service tax appellate tribunal
	8,007.49	50.00	7,957.49	2011-2014	Directorate of Revenue Intelligence

**Annexure B to the Independent Auditor's Report of even date on the
Ind AS financial statements of 3M India Limited**

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

We have audited the internal financial controls over financial reporting of 3M India Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") 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

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 and the Standards on Auditing, issued by ICAI and 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.

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 Ind AS financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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:

- (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (ii) 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
- (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, 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 issued by ICAI.

For B S R & Co. LLP

Chartered Accountants

Firm Registration No: 101248W/W-100022

Amit Somani

Partner

Membership Number: 060154

Place : Mumbai

Date : May 26, 2017

BALANCE SHEET

3M India Limited

(Rs. in lakhs)

As at	Note	31 March 2017	31 March 2016	1 April 2015
I. Assets				
(1) Non-current assets				
(a) Property, plant and equipment	4	31,467.13	34,873.36	38,717.37
(b) Capital work-in-progress	4	242.69	120.77	129.97
(c) Intangible assets	5	49.29	48.36	64.36
(d) Financial assets				
(i) Trade receivables	6	-	133.50	133.50
(ii) Loans	7	18.09	21.04	17.24
(iii) Other financial assets	8	1,305.09	1,328.66	1,514.33
(e) Deferred tax assets (net)	38	779.53	837.09	327.75
(f) Other non-current assets	9	2,989.81	2,514.54	1,593.42
(g) Income tax assets (net)		284.04	807.22	-
Total non-current assets		37,135.67	40,684.54	42,497.94
(2) Current assets				
(a) Inventories	10	33,177.80	29,237.89	29,785.59
(b) Financial assets				
(i) Trade receivables	6	40,791.66	31,715.34	29,347.04
(ii) Cash and cash equivalents	11	74,415.90	37,087.50	11,390.95
(iii) Loans	7	62.49	70.10	64.87
(iv) Other financial assets	8	1,790.63	1,659.88	1,044.42
(c) Other current assets	9	2,479.86	2,424.97	2,208.08
Total current assets		1,52,718.34	1,02,195.68	73,840.95
Total assets		1,89,854.01	1,42,880.22	1,16,338.89
II. Equity and liabilities				
Equity				
(a) Equity share capital	12	1,126.51	1,126.51	1,126.51
(b) Other equity	13	1,21,512.90	97,681.39	78,264.82
Total equity		1,22,639.41	98,807.90	79,391.33
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	14	461.99	572.49	754.37
(b) Provisions	15	2,190.64	1,449.17	1,139.32
Total non-current liabilities		2,652.63	2,021.66	1,893.69
(2) Current liabilities				
(a) Financial liabilities				
(i) Trade payables	16	39,983.76	22,569.14	16,562.32
(ii) Other financial liabilities	17	15,716.49	11,376.16	10,062.02
(b) Other current liabilities	18	3,128.44	2,426.04	2,652.64
(c) Provisions	15	5,733.28	5,679.32	5,639.42
(d) Current tax liabilities (net)		-	-	137.47
Total current liabilities		64,561.97	42,050.66	35,053.87
Total liabilities		67,214.60	44,072.32	36,947.56
Total equity and liabilities		1,89,854.01	1,42,880.22	1,16,338.89
Significant accounting policies	3			

See accompanying notes to financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Place: Mumbai

Date: May 26, 2017

Place: Bangalore

Date: May 26, 2017

For and on behalf of the Board of Directors

Debarati Sen

Managing Director

[DIN: 07521172]

Panagiotis Goulakos

Chief Financial Officer

[PAN: CACPG4222Q]

B V Shankaranarayana Rao

Whole-time Director

[DIN – 00044840]

V. Srinivasan

Company Secretary

[ACS – 16430]

STATEMENT OF PROFIT AND LOSS

3M India Limited

(Rs. in lakhs)

For the year ended	Note	31 March 2017	31 March 2016
Revenue from operations	19	2,45,784.93	2,22,375.81
Other income	20	4,946.63	1,783.31
Total income		2,50,731.56	2,24,159.12
Expenses			
Cost of materials consumed	21	68,120.20	62,907.95
Purchases of stock-in-trade	22	64,543.12	58,315.20
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(872.37)	(1,041.88)
Excise duty		9,487.28	8,416.10
Employee benefits expense	24	28,003.04	25,038.59
Finance costs	25	227.19	224.86
Depreciation and amortisation expense	4, 5	4,674.74	4,892.83
Other expenses	26	39,626.40	35,095.26
Total expenses		2,13,809.60	1,93,848.91
Profit before tax		36,921.96	30,310.21
Tax expense:			
(i) Current tax	38	12,788.65	11,343.38
(ii) Deferred tax	38	57.57	(509.33)
		12,846.22	10,834.05
Profit for the year		24,075.74	19,476.16
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Remeasurements of net defined benefit liability / asset		(373.49)	(91.13)
Income tax relating to items not to be reclassified subsequently to profit or loss		129.26	31.54
Other comprehensive income, net of tax		(244.23)	(59.59)
Total comprehensive income for the year		23,831.51	19,416.57
Earnings per share (Nominal value of Rs. 10 each)	28		
- Basic (in Rs.)		213.72	172.89
- Diluted (in Rs.)		213.72	172.89
Weighted average number of equity shares used in computing earnings per share:			
- Basic		1,12,65,070	1,12,65,070
- Diluted		1,12,65,070	1,12,65,070
Significant accounting policies	3		

See accompanying notes to financial statements

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Place: Mumbai

Date: May 26, 2017

Place: Bangalore

Date: May 26, 2017

For and on behalf of the Board of Directors

Debarati Sen

Managing Director

[DIN: 07521172]

Panagiotis Goulakos

Chief Financial Officer

[PAN: CACPG4222Q]

B V Shankaranarayana Rao

Whole-time Director

[DIN – 00044840]

V. Srinivasan

Company Secretary

[ACS – 16430]

STATEMENT OF CHANGES IN EQUITY

3M India Limited

(Rs. in lakhs)

Particulars	Equity share capital	Other equity					Total equity attributable to equity holders of the Company
		Reserves and surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings	Equity instruments through OCI	Other Items of OCI	
Balance as at 1 April 2015	1,126.51	949.90	32.25	77,282.67	-	-	79,391.33
Changes in equity for the year ended 31 March 2016							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	-	(59.59)	(59.59)
Profit for the year	-	-	-	19,476.16	-	-	19,476.16
Balance as at 31 March 2016	1,126.51	949.90	32.25	96,758.83	-	(59.59)	98,807.90
Particulars	Equity share capital	Other equity					Total equity attributable to equity holders of the Company
		Reserves and surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings	Equity instruments through OCI	Other Items of OCI	
Balance as at 1 April 2016	1,126.51	949.90	32.25	96,758.83	-	(59.59)	98,807.90
Changes in equity for the year ended 31 March 2017							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	-	(244.23)	(244.23)
Profit for the year	-	-	-	24,075.74	-	-	24,075.74
Balance as at 31 March 2016	1,126.51	949.90	32.25	1,20,834.57	-	(303.82)	1,22,639.41

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Place: Mumbai

Date: May 26, 2017

Place: Bangalore

Date: May 26, 2017

For and on behalf of the Board of Directors

Debarati Sen

Managing Director

[DIN: 07521172]

Panagiotis Goulakos

Chief Financial Officer

[PAN: CACPG4222Q]

B V Shankaranarayana Rao

Whole-time Director

[DIN – 00044840]

V. Srinivasan

Company Secretary

[ACS – 16430]

STATEMENT OF CASH FLOWS

3M India Limited

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
Cash flow from operating activities		
Profit before tax	36,921.96	30,310.21
<i>Adjustments for:</i>		
Depreciation and amortisation expense	4,674.74	4,892.83
Provision for doubtful debts created / (written back)	(734.33)	1,732.88
Bad debts written off	-	471.54
Provision for doubtful advances and deposits (net of write back)	36.12	308.28
Liabilities no longer required written back	-	(241.41)
Unrealised net (gain) / loss on foreign currency transactions and translation	(594.63)	(1.37)
Loss on disposal of property, plant and equipment	6.65	20.57
Interest income	(2,651.54)	(1,397.10)
Finance costs	227.19	224.86
	37,886.16	36,321.29
Movements in working capital:		
Increase / (decrease) in trade payables	18,019.91	6,008.19
Increase / (decrease) in provisions	1,285.52	531.57
Increase / (decrease) in other financial and current liabilities	5,058.46	1,412.67
(Increase) / decrease in trade receivables	(8,942.81)	(4,572.72)
(Increase) / decrease in inventories	(3,939.92)	547.70
(Increase) / decrease in loans, other financial assets, other current and non current assets	(590.28)	(1,802.22)
Cash generated from operations activities	48,777.04	38,446.48
Income tax paid (net of refund)	(12,280.52)	(12,356.39)
Net cash from operating activities (A)	36,496.52	26,090.09
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,412.02)	(1,216.95)
Proceeds from sale of property, plant and equipment	14.02	173.57
Interest received	2,588.18	1,182.87
Net cash from investing activities (B)	1,190.18	139.49

STATEMENT OF CASH FLOWS

3M India Limited

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
Cash flow from financing activities		
Repayment of finance lease obligation	(137.77)	(315.01)
Interest paid	(220.53)	(218.02)
Net cash used in financing activities (C)	(358.30)	(533.03)
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	37,328.40	25,696.55
Cash and cash equivalents at the beginning of the year	37,087.50	11,390.95
Cash and cash equivalents at the end of the year	74,415.90	37,087.50
Cash and cash equivalents comprise of (refer note 11):		
Balances with banks:		
- in current accounts	15,415.90	8,487.50
- deposits accounts (original maturity of less than three months)	59,000.00	28,600.00
	74,415.90	37,087.50

Significant accounting policies (Refer Note 3)

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Place: Mumbai

Date: May 26, 2017

Place: Bangalore

Date: May 26, 2017

For and on behalf of the Board of Directors

Debarati Sen

Managing Director

[DIN: 07521172]

B V Shankaranarayana Rao

Whole-time Director

[DIN – 00044840]

Panagiotis Goulakos

Chief Financial Officer

[PAN: CACPG4222Q]

V. Srinivasan

Company Secretary

[ACS – 16430]

1. Reporting entity

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 domiciled in India with its registered office situated at Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru - 560 100 and is listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

2. Basis of preparation**A. Statement of compliance**

These financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, First-time Adoption of Indian Accounting Standards has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 37.

The financial statements were authorised for issue by the Company's Board of Directors on 26 May 2017.

Details of the Company's significant accounting policies are included in Note 3.

B. Functional & presentation currency

These financial statements are presented in Indian Rupees (Rs.), which is also the Company's functional currency. All amounts have been rounded-off to two decimal places to the nearest lakhs, unless otherwise indicated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Liabilities for cash settled shared-based payment arrangements	Fair value
Net defined benefit (asset) / liability	Fair value of plan assets less present value of defined benefit obligations

D. Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- Note 27 - leases: whether an arrangement contains a lease; and
- Note 27 - lease classification;

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2017 is included in the following notes:

- Note 4 - useful life of property, plant and equipment and intangible assets;
- Note 6 to 8, 11 and 41 - impairment of financial assets;
- Note 31 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 36 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 38 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;

E. Measurement of fair values

Certain accounting policies and disclosures of the Company require the measurement of fair values, for both financial and non financial assets and liabilities.

The Company has an established control framework with respect to the measurement of fair values.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

When measuring the fair value of an asset or a liability, Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into a different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Further information about the assumptions made in the measuring fair values is included in the following notes:

- Note 30 - share-based payment arrangements and
- Note 41 - financial instruments

3. Significant accounting policies

(a) Financial instruments

i. Recognition and initial measurement

The Company initially recognises financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are measured at fair value on initial recognition which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities, that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at-

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iii. Derecognition of financial instruments

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial assets are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and a new financial liability with modified terms is recognised in the statement of profit and loss.

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or realise the asset and settle the liability simultaneously.

(b) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost, which includes capitalises borrowing cost, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment (refer note 37).

iii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is recognised in the statement of profit and loss.

Leasehold improvements are amortised over the period of lease or the estimated useful life whichever is lower. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Useful lives
Buildings	10/ 20/ 25 and 30 years
Plant and machinery	3/ 7/ 10 and 15 years
Data processing equipment	3 years
Office equipment	5 years
Furniture and fixtures	10 years
Vehicles	5 years

Depreciation/amortisation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that the estimates of useful lives as given above best represent the period over which management expects to use these assets and are different from the useful lives as prescribed under part C of Schedule II of the Companies Act, 2013 for some assets. Estimates in respect of data processing equipment and furniture and fixtures were revised in 2015.

Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

(c) Intangible assets

Internally generated : Research and development

Expenditure on research activities is recognised in profit or loss as incurred.

Development expenditure is capitalised as part of the cost of the resulting intangible asset only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, the asset is measured at cost less accumulated amortisation and any accumulated impairment losses.

Others

Other intangible assets are stated at acquisition cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in Statement of profit and loss. The amortisation rates used are:

Asset	Useful life
Computer software	3 years

*(d) Impairment**(i) Financial assets*

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

*(iii) Non-financial assets**Intangible assets and property, plant and equipment*

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash generating units (CGUs) to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

(e) Inventories

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

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

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

The comparison of cost and net realisable value is made on an item-by-item basis.

The provision for inventory obsolescence is ascertained regularly based on estimated usage of the products.

(f) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date the transaction. Monetary assets and liabilities denominated in foreign currency are translated at the functional currency spot rates of exchange at the Balance Sheet date. Exchange differences that arise on settlement of monetary items or on reporting at each balance sheet date of the Company's monetary items at the closing rates are recognised as income or expenses in the period in which they arise. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rates at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as FVTOCI are included in other comprehensive income, net of taxes.

(g) 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. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

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.

Other income

Interest income is recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset.

(h) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

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.

*Defined benefit plans**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 'Other Comprehensive Income' in the year in which they arise.

Compensated absences

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

(i) Share-based payments

The fair value of the amount payable to employees in respect of share appreciation rights (SARs) and restricted stock units (RSUs) which are settled in cash, is recognised as an expense with a corresponding increase in liabilities, over the period that the employees unconditionally become entitled to the payment. The Company measures compensation expense for SARs at their fair value determined using Black-Scholes Model and RSUs based on fair market value of shares of 3M Company, USA on the date of the grant. Any change in the fair value of the liability are recognised in the Statement of Profit and Loss.

(j) Income taxes

i. Current tax

Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

ii. Deferred tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred income tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

(k) Borrowing costs

Borrowing costs attributable to the assets acquired on finance lease are expensed in the period in which they incur in the statement of profit and loss.

(l) Provisions and contingent liabilities

i. *General*

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

ii. *Contingent liabilities*

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

iii. *Onerous contracts*

Provision for onerous contracts. i.e. contracts where the expected unavoidable cost of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

(m) Leases

i. *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.

The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of minimum lease payments. Subsequent to initial recognition, the assets are accounted in accordance with the accounting policy applicable to similar owned assets.

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.

ii. *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 generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(n) Segment reporting

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The Managing Director of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. Refer note 33 for segment information presented.

(o) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

(p) Earnings per share

Basic Earnings Per Share ('EPS') is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year.

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.

(q) Cash flow statement

Cash flows are reported using indirect method, whereby net profits before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating (operating activities), investing and financing activities of the Company are segregated.

New standards and interpretations not yet adopted

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The Company is evaluating the requirements of the amendment and the impact on the financial statements is being evaluated.

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment and capital work-in-progress

(Rs. in lakhs)

Particulars	Freehold land	Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Data processing equipment	Vehicles	Leasehold improvements	Leased Assets				Total
									Leasehold land Note (a)	Data processing equipment	Leasehold improvements	Vehicles	
Deemed cost as at 1 April 2015	227.95	15,153.88	19,019.11	1,278.68	652.57	58.25	2.87	606.03	387.17	728.81	31.84	570.21	38,717.37
Additions	-	9.96	715.83	3.75	27.25	-	-	-	-	305.06	-	132.23	1,194.08
Disposals	-	-	(617.18)	(2.78)	(15.79)	(0.42)	-	(0.54)	-	(147.27)	-	(283.07)	(1,067.05)
Balance at 31 March 2016	227.95	15,163.84	19,117.76	1,279.65	664.03	57.83	2.87	605.49	387.17	886.60	31.84	419.37	38,844.40
Balance at 1 April 2016	227.95	15,163.84	19,117.76	1,279.65	664.03	57.83	2.87	605.49	387.17	886.60	31.84	419.37	38,844.40
Additions	-	55.54	625.35	14.35	16.22	-	-	-	-	311.35	-	225.97	1,248.78
Disposals	-	-	(21.61)	(0.37)	(0.30)	-	-	-	-	(82.96)	-	(214.20)	(319.44)
Balance at 31 March 2017	227.95	15,219.38	19,721.50	1,293.63	679.95	57.83	2.87	605.49	387.17	1,114.99	31.84	431.14	39,773.74
Accumulated depreciation													
Depreciation for the year	-	631.37	2,615.76	190.64	308.53	58.25	1.63	315.96	5.04	401.24	31.84	284.51	4,844.77
Disposals	-	-	(431.57)	(2.59)	(14.19)	(0.42)	-	(0.54)	-	(147.27)	-	(277.15)	(873.73)
Balance at 31 March 2016	-	631.37	2,184.19	188.05	294.34	57.83	1.63	315.42	5.04	253.97	31.84	7.36	3,971.04
Depreciation for the year	-	642.48	2,636.17	214.44	231.65	-	0.78	251.80	2.78	399.25	-	255.00	4,634.35
Disposals	-	-	(15.90)	(0.27)	-	-	-	-	-	(82.97)	-	(199.64)	(298.78)
Balance at 31 March 2017	-	1,273.85	4,804.46	402.22	525.99	57.83	2.41	567.22	7.82	570.25	31.84	62.72	8,306.61
Carrying value (net)													
As at 1 April 2015	227.95	15,153.88	19,019.11	1,278.68	652.57	58.25	2.87	606.03	387.17	728.81	31.84	570.21	38,717.37
As at 31 March 2016	227.95	14,532.47	16,933.57	1,091.60	369.69	-	1.24	290.07	382.13	632.63	-	412.01	34,873.36
As at 31 March 2017	227.95	13,945.53	14,917.04	891.41	153.96	-	0.46	38.27	379.35	544.74	-	368.42	31,467.13
Capital work-in-progress													
As at 1 April 2015													129.97
As at 31 March 2016													120.77
As at 31 March 2017													242.69

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 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 5 February 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) Also refer to note 14, 17, 27(a)

5 Intangible assets

(Rs. in lakhs)

Particulars	Computer Software
Deemed cost as at 1 April 2015	64.36
Additions	32.06
Balance at 31 March 2016	96.42
Balance at 1 April 2016	96.42
Additions	41.32
Balance at 31 March 2017	137.74
Accumulated amortisation	
Amortisation for the year	48.06
Balance at 31 March 2016	48.06
Amortisation for the year	40.39
Balance at 31 March 2017	88.45
Carrying value (net)	
As at 1 April 2015	64.36
As at 31 March 2016	48.36
As at 31 March 2017	49.29

6 Trade receivables

(Rs. in lakhs)

As at	31 March 2017	31 March 2016	1 April 2015
Secured, considered good	1,173.67	1,300.31	1,181.10
Unsecured, considered good	39,617.99	31,225.29	28,299.44
Unsecured, considered doubtful	2,267.82	3,900.66	2,761.36
	43,059.48	36,426.26	32,241.90
Allowance for doubtful debts	(2,267.82)	(4,577.42)	(2,761.36)
	(2,267.82)	(4,577.42)	(2,761.36)
Net trade receivables	40,791.66	31,848.84	29,480.54
Non - current	-	133.50	133.50
Current	40,791.66	31,715.34	29,347.04
	40,791.66	31,848.84	29,480.54
Of the above, trade receivables from related parties are as below (also refer note 32):			
Total trade receivables from related parties	471.10	2,100.65	1,073.50
Loss allowance	-	-	-
Net trade receivables	471.10	2,100.65	1,073.50

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 41.

7 Loans

(Rs. in lakhs)

As at	31 March 2017	31 March 2016	1 April 2015
Unsecured, considered good			
Loans to employees	80.58	91.14	82.11
	80.58	91.14	82.11
Non - current	18.09	21.04	17.24
Current	62.49	70.10	64.87
	80.58	91.14	82.11

8 Other financial assets

(Rs. in lakhs)

As at	31 March 2017	31 March 2016	1 April 2015
Non current			
Unsecured, considered good			
Security deposits	1,305.09	1,328.66	1,514.33
Unsecured, considered doubtful			
Security deposits	67.51	67.51	67.51
Less: Allowance for doubtful security deposits	(67.51)	(67.51)	(67.51)
	<u>1,305.09</u>	<u>1,328.66</u>	<u>1,514.33</u>
Current			
Unsecured, considered good			
Security deposits	10.06	43.11	74.75
Unbilled revenue	813.70	653.55	384.91
Interest accrued but not due	277.59	214.23	-
Others receivables from related parties (refer note 32)	689.28	748.99	584.76
	<u>1,790.63</u>	<u>1,659.88</u>	<u>1,044.42</u>
	<u>3,095.72</u>	<u>2,988.54</u>	<u>2,558.75</u>

9 Other assets

(Rs. in lakhs)

As at	31 March 2017	31 March 2016	1 April 2015
Non current			
Capital advances	40.95	25.04	149.54
Advances other than capital advances			
Security deposits*			
Unsecured, considered good	2,948.86	2,489.50	1,443.88
Unsecured, considered doubtful	340.93	333.95	484.44
Less: Allowance for doubtful advances	(340.93)	(333.95)	(484.44)
	<u>2,989.81</u>	<u>2,514.54</u>	<u>1,593.42</u>
Current			
Prepayments	630.06	553.71	590.22
Statutory advances			
Unsecured, considered good	1,604.29	1,649.44	1,169.80
Unsecured, considered doubtful	522.13	405.47	324.53
Less: allowance for doubtful receivables	(522.13)	(405.47)	(324.53)
Advance for supply of goods	245.51	221.82	448.06
	<u>2,479.86</u>	<u>2,424.97</u>	<u>2,208.08</u>
	<u>5,469.67</u>	<u>4,939.51</u>	<u>3,801.50</u>

* The above security deposits represents deposits given to government authorities.

10 Inventories*

(Rs. in lakhs)

As at	31 March 2017	31 March 2016	1 April 2015
Raw materials [Including in - transit Rs. 4,874.30 lakhs (2016: Rs. 2,422.17 lakhs, 2015: Rs. 2,088.01 lakhs)]	9,742.39	6,775.11	8,472.36
Packing materials	435.83	512.49	471.85
Work-in-progress	1,053.95	965.89	1,256.85
Finished goods	7,466.85	7,973.72	8,063.70
Stock-in-trade [Including in - transit Rs. 3,255.30 lakhs (2016: Rs. 2,602.25 lakhs, 2015: Rs. 3,275.39 lakhs)]	14,478.78	13,010.68	11,520.83
	33,177.80	29,237.89	29,785.59

* Refer note 3(e) for mode of valuation of inventories

The write down of inventories to net realisable value during the year amounted to Rs. 220.20 lakhs (31 March 2016: Rs 270.25 lakhs, 1 April 2015: Rs 276.85 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 725.34 lakhs (31 March 2016: Rs. 421.81 lakhs, 1 April 2015: Rs. 667.05 lakhs). The write down, reversal and provision for obsolete stock are included in the costs of materials consumed or changes in inventories of finished goods and work-in-progress.

11 Cash and cash equivalents

(Rs. in lakhs)

As at	31 March 2017	31 March 2016	1 April 2015
<i>Balances with banks</i>			
- In current accounts	15,415.90	8,487.50	7,790.95
- Deposit accounts (original maturity of less than three months)	59,000.00	28,600.00	3,600.00
	74,415.90	37,087.50	11,390.95

12 Share capital

(Rs in lakhs except for number of shares)

As at	31 March 2017	31 March 2016	1 April 2015
Authorised:			
Equity shares [11,265,070 equity shares of Rs. 10/- each (31 March 2016: 11,265,070, 1 April 2015: 11,265,070 equity shares of Rs. 10/- each)]	1,126.51	1,126.51	1,126.51
	1,126.51	1,126.51	1,126.51
Issued, subscribed and paid up:			
Equity shares fully paid up [11,265,070 equity shares of Rs. 10/- each (31 March 2016: 11,265,070, 1 April 2015: 11,265,070 equity shares of Rs. 10/- each)]	1,126.51	1,126.51	1,126.51
	1,126.51	1,126.51	1,126.51

(a) Reconciliation of shares outstanding at the beginning and at the end of the reporting year

	31 March 2017		31 March 2016		1 April 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Opening balance at the beginning of the year	1,12,65,070	1,126.51	1,12,65,070	1,126.51	1,12,65,070	1,126.51
Shares issued during the year	-	-	-	-	-	-
Closing balance at the end of the year	1,12,65,070	1,126.51	1,12,65,070	1,126.51	1,12,65,070	1,126.51

(b) Rights, preferences and restrictions attached to the equity shares

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

(c) Shares held by holding Company

	31 March 2017		31 March 2016		1 April 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
3M Company, USA	84,48,802	844.88	84,48,802	844.88	84,48,802	844.88

(d) Details of shareholders holding more than 5 % of total number of equity shares

	31 March 2017		31 March 2016		1 April 2015	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
3M Company, USA (Holding Company)	84,48,802	75%	84,48,802	75%	84,48,802	75%

13 Other equity*(Rs. in lakhs)*

As at	31 March 2017	31 March 2016	1 April 2015
Securities premium reserve	949.90	949.90	949.90
General Reserve	32.25	32.25	32.25
Remeasurment of defined benefit plans, net of tax effect	(303.82)	(59.59)	-
Retained earnings	1,20,834.57	96,758.83	77,282.67
	<u>1,21,512.90</u>	<u>97,681.39</u>	<u>78,264.82</u>

Securities premium reserve

Securities premium reserve is used to record the premium received on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

14 Borrowings*(Rs. in lakhs)*

As at	31 March 2017	31 March 2016	1 April 2015
Secured			
Long term maturities of finance lease obligations (refer note (a) below)	461.99	572.49	754.37
	<u>461.99</u>	<u>572.49</u>	<u>754.37</u>

Note: (a) Rate of interest for finance lease obligations ranges from 3.40% to 13.90% per annum. 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. Period of maturity for the lease obligations of vehicles is 4 years and for equipments it ranges from 3 years to 5 years. Also refer note 27(a).

15 Provisions

(Rs. in lakhs)

As at	31 March 2017		31 March 2016		1 April 2015	
	Current	Non current	Current	Non current	Current	Non current
Provision for employee benefits						
Gratuity (refer note 31(b))	-	1,552.87	-	903.38	-	719.96
Compensated absences	57.92	473.32	53.45	411.11	43.45	308.68
Others (refer note 39)						
Provision for warranty	159.42	73.98	112.12	50.87	72.63	33.71
Provision for asset retirement obligation	-	90.47	-	83.81	-	76.97
Sales tax, service tax and other issues	1,627.30	-	986.15	-	741.44	-
Provision for credit notes and sales return	3,888.64	-	4,527.60	-	4,781.90	-
	<u>5,733.28</u>	<u>2,190.64</u>	<u>5,679.32</u>	<u>1,449.17</u>	<u>5,639.42</u>	<u>1,139.32</u>

16 Trade payables

(Rs. in lakhs)

As at	31 March 2017	31 March 2016	1 April 2015
Total outstanding dues to micro and small enterprises (Refer note (a) below)	260.90	429.60	107.51
Total outstanding dues to creditors other than micro and small enterprises*	39,722.86	22,139.54	16,454.81
	<u>39,983.76</u>	<u>22,569.14</u>	<u>16,562.32</u>

Note (a)

- The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:

- Principal	260.90	370.30	76.50
- Interest	0.21	21.97	22.90
- The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed date during the year

- Interest	-	-	-
- Principal	259.88	1,989.20	487.88
- The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006.

	4.62	6.32	6.45
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- The amount of interest accrued and remaining unpaid at the end of each accounting year

	4.83	28.29	29.35
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- The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.

	64.13	59.30	31.01
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Note: The above information has been determined based on vendors identified by the Company and confirmed by the vendors.

* Includes due to related party (refer note 32)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 41.

17 Other financial liabilities

(Rs. in lakhs)

As at	31 March 2017	31 March 2016	1 April 2015
Current maturities of finance lease obligations (refer note 14 (a))	516.21	543.48	676.62
Deposits from customers	1,387.75	1,474.46	1,391.13
Creditors for capital goods	59.30	32.72	156.40
Payroll related liabilities	4,484.67	4,255.59	3,278.80
InterCompany payables (refer note 32)	3,480.93	332.82	573.67
Accrued expenses	5,674.12	4,547.73	3,653.69
Other payables	113.51	189.36	331.71
	15,716.49	11,376.16	10,062.02

18 Other current liabilities

(Rs. in lakhs)

As at	31 March 2017	31 March 2016	1 April 2015
Advance from customers	557.88	508.07	376.23
Statutory liabilities (VAT, TDS, PF etc)	2,570.56	1,917.97	2,276.41
	3,128.44	2,426.04	2,652.64

19 Revenue from operations

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
Sale of products		
Finished goods	1,26,177.99	1,20,592.41
Traded goods	1,16,832.74	98,973.80
Sale of services*	2,686.19	2,600.87
Other operating revenue		
Income from duty drawback	31.67	119.48
Scrap sales	56.34	89.25
	2,45,784.93	2,22,375.81

* Sale of services includes income from contract research Rs. 2,295.37 lakhs (31 March 2016: Rs. 2,114.29 lakhs) (refer note 29 (c)) and management support service fee of Rs. 390.82 lakhs (31 March 2016: Rs. 486.58 lakhs).

20 Other income

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
Interest income from financial assets carried at amortised cost	2,651.54	1,397.10
Provisions for doubtful debts no longer required written back, net	734.33	-
Liabilities no longer required written back, net	-	241.41
Exchange gain on foreign currency transactions, net*	1,560.76	144.80
	4,946.63	1,783.31

* Includes unrealised gain amounting to Rs. 594.63 lakhs (31 March 2016: Rs. 1.37 lakhs)

21 Cost of materials consumed

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
Inventory of materials at the beginning of the year	7,287.60	8,944.22
Add: Purchases	71,010.82	61,251.33
Less: Inventory of materials at the end of the year	(10,178.22)	(7,287.60)
	68,120.20	62,907.95

22 Purchases of stock-in-trade

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
Abrasive	7,858.03	7,236.83
Fusion bonded epoxy coating	410.84	4,442.20
Medical surgical and dental products	15,846.57	11,488.06
Self adhesive films	18,582.32	13,941.77
Others	21,845.36	21,206.34
	64,543.12	58,315.20

23 Changes in inventories of finished goods, stock-in-trade and work-in-progress

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
Opening inventory		
- Finished goods	7,973.72	8,063.70
- Stock-in-trade	13,010.68	11,520.83
- Work-in-progress	965.89	1,256.85
	21,950.29	20,841.38
Closing inventory		
- Finished goods	7,466.85	7,973.72
- Stock-in-trade	14,478.78	13,010.68
- Work-in-progress	1,053.95	965.89
	22,999.58	21,950.29
(Increase) / decrease in inventory	(1,049.29)	(1,108.91)
Less: Excise duty on opening stock of finished goods	(605.34)	(538.31)
Add: Excise duty on closing stock of finished goods	782.26	605.34
Increase/ (decrease) in excise duty	176.92	67.03
	(872.37)	(1,041.88)

24 Employee benefits expense

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
Salaries, wages and bonus	23,002.11	21,048.07
Contribution to provident and other funds (refer note 31)	1,594.77	1,438.52
Share based payment expenses (refer note 30)	1,391.25	555.54
Staff welfare expenses	2,014.91	1,996.46
	28,003.04	25,038.59

25 Finance costs

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
Finance costs on finance lease obligations	93.67	133.00
Interest expense on financial liability measured at amortised cost	36.36	6.84
Interest on shortfall of advance tax	97.16	85.02
	227.19	224.86

26 Other expenses

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
Consumption of stores and spares	571.04	613.08
Power and fuel*	1,269.82	1,315.65
Water charges*	36.07	35.41
Rent (refer note 27(b))*	1,885.47	1,991.50
Repairs and maintenance		
- Plant and machinery	576.90	665.47
- Building*	390.63	367.73
- Others *	235.85	98.95
Insurance	196.36	202.44
Rates and taxes	745.07	318.10
Communication expenses *	320.01	286.42
Travel and conveyance	2,772.60	2,452.78
Legal and professional charges (refer note (a) below)	903.14	1,001.33
Selling, distribution and advertisement expenses	6,844.99	6,315.88
Warranty (refer note 15)	70.41	56.65
Commission	464.50	373.54
Freight outward	5,085.74	4,379.84
Royalty (refer note 29 (a))	3,273.92	2,611.44
Corporate management fees (refer note 29 (b)(i))	10,110.41	6,481.84
Directors' sitting fees	7.80	7.40
Bad debts written off	-	471.54
Provision for doubtful debts (net of write back)	-	1,732.88
Provision for doubtful advances and deposits (net of write back)	36.12	308.28
Expenditure towards corporate social responsibility activities (refer note 35)	346.59	87.97
Loss on sale of fixed assets (net)	6.65	20.57
Miscellaneous expenses	3,476.31	2,898.57
	39,626.40	35,095.26

* Net of recoveries amounting to Rs. 191.68 lakhs (31 March 2016: Rs. 191.68 lakhs) and including payment of Rs. 58.23 lakhs (31 March 2016: Rs. 78.74 lakhs) from / to 3M Electro & Communication India Private Limited, a subsidiary of 3M Company, USA.

(a) Payment to auditors

	31 March 2017	31 March 2016
As auditors:		
Audit fee	60.79	65.81
Tax audit fee	5.77	7.35
In other capacity:		
Other services (certification fees)	1.23	18.53
Reimbursement of out-of-pocket expenses	3.03	3.23
Total	70.82	94.92

Excluding service tax. The fee for the year ended 31 March 2017 includes remuneration paid to the current and erstwhile auditors.

27 (a) Finance lease obligations

The Company has taken vehicles, leasehold improvements and data processing equipment under finance lease agreements. The minimum lease rental payments under the finance leases are as under:

(Rs. in lakhs)

	31 March 2017			31 March 2016			1 April 2015		
	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments
Within less than one year	566.04	49.84	516.21	611.88	68.40	543.48	753.38	76.76	676.62
Between one and five years	489.62	27.62	461.99	581.38	8.89	572.49	791.89	37.52	754.37
After more than five years	-	-	-	-	-	-	-	-	-
	1,055.66	77.46	978.20	1,193.26	77.29	1,115.97	1,545.27	114.28	1,430.99

27 (b) Operating leases

A. Leases as lessee

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 is as under:

i. Future minimum lease payments

At 31 March, the future minimum lease payments to be made under non-cancellable operating leases are as follows:

	31 March 2017	31 March 2016	1 April 2015
Payable in less than one year	1,849.71	1,672.00	1,288.27
Payable between one and five years	4,263.23	1,367.60	1,073.89
Payable after more than five years	-	-	-
	6,112.94	3,039.60	2,362.16

ii. Amounts recognised in profit or loss

	31 March 2017	31 March 2016
Lease expenses – minimum lease payments	1,885.47	1,991.50
	1,885.47	1,991.50

28 Earnings per share

(Rs. in lakhs except for number of shares)

For the year ended	31 March 2017	31 March 2016
Net profit attributable to equity shareholders	24,075.74	19,476.16
Weighted average number of equity shares outstanding during the year	1,12,65,070	1,12,65,070
Nominal value of equity shares (Rs.)	10	10
Basic earnings per share (Rs.)	213.72	172.89
Diluted earnings per share (Rs.)	213.72	172.89

29 Inter Company agreements and arrangements

a) *Intellectual property agreement* – The Company has entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from 1 July 2006 to 30 June 2009. These payments have been reinstated with effect from 1 July 2009. The Intellectual Property Agreement with 3M Innovative Properties Company and 3M Company, USA has been revised effective 1 July 2013. Accordingly, the Company has incurred an expenditure of Rs. 3,273.92 lakhs for the year ended 31 March 2017 (31 March 2016: Rs. 2,611.44 lakhs) .

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 1 April 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 1 January 2003 which was terminated on 31 March 2009.

The Company has also entered into support services agreement with 3M Hong Kong Ltd with effect from 1 January 2011. The Company is charged with comprehensive support services charges by 3M Hong Kong Ltd for the services rendered in the area of Laboratory, Technical assistance and manufacturing, Selling and marketing and strategic and managerial. This agreement is in addition to the agreement already entered by the Company with 3M Company, USA dated 1 April 2009.

The Company has incurred the following expenditure:

(Rs in lakhs)

	31 March 2017	31 March 2016
- Laboratory and technical assistance manufacturing services	856.08	442.19
- Selling and marketing services	4,819.79	3,920.17
- Information technology services	2,609.10	1,127.59
- Other managerial services	1,825.44	991.89
	10,110.41	6,481.84
- Foreign services employees expense are included in employee costs amounting to	311.21	10.01

The Company has accrued an amount of Rs. 2,484.46 lakhs (31 March 2016: Rs. 1,772.00 lakhs, 1 April 2015: Rs. 1,640.09 lakhs) in respect of estimated liability for the above services during period 1 January 2017 to 31 March 2017, the actual liability would be ascertained by December 2017.

(ii) The support service agreement enables the Company to recharge expenses relating to Foreign Service Employees (FSEs) of 3M Company and its affiliates. Accordingly the Company has recognized a receivable of Rs. 1,193.17 lakhs (31 March 2016: Rs. 1,462.28 lakhs).

c) *Contract research agreement* – The Company has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for carrying out contract research activities. During the year, Company has recognized an income of Rs. 2,295.37 lakhs (31 March 2016: Rs. 2,114.29 lakhs).

30 Employee stock option plan**A. Description of share based payment arrangements****i) Share purchase plan (equity-settled)**

3M Company, USA, the parent Company has offered 'General Employees Stock Purchase Plan' to all the employees of the Company, under which the employees of the Company are eligible to purchase the shares of 3M Company, USA at 85% of the market price of the share. Under the plan, the Company deducts the amount from the monthly salary of the employees and remits the amount to 3M Company, USA. In accordance with the plan, the Company during the year has deducted for remittance a sum of Rs. 178.96 lakhs (2016: Rs. 105.45 lakhs) and cumulatively amounting to Rs. 730.97 lakhs (2016: Rs. 552.01 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of Rs. 19.35 lakhs (2016: Rs. 8.72 lakhs) is pending remittance to the holding Company and the same is included under 'Other financial liabilities' (refer note 17).

ii) Stock appreciation rights and Restricted stock units (cash-settled)

3M Company, USA has established 3M Company Long Term Incentive Plan (LTIP). As a part of the plan, Executive Directors and Senior Executives of the Company 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. Exercise price of SARs and RSUs will be Nil.

B. Measurement of fair values

The Company 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 Company, USA on the date of the grant.

The fair value of the cash settled SARs and the inputs used in the measurement of fair value at grant date and measurement date of the SARs are as follows:

	31 March 2017	31 March 2016
Fair value (in \$)	29.11	41.90
Share price (in \$)	175.76	147.87
Expected volatility (%)	17.3%	17.3%
Expected life (years)	6.52 years	5.44 years
Expected dividends (%)	2.51%	2.51%
Risk free interest rate (%)	1.37%	1.37%

The expected term of the SARs is estimated based on the vesting term and contractual term of the SARs, as well as expected exercise behaviour of the employee who receives the SAR. Expected volatility during the expected term is based on historical volatility of the observed market prices of the 3M Company USA's publicly traded equity shares particularly over the historical period commensurate with the expected term.

C. Reconciliation of outstanding share options

The activity in the cash-settled share based payment transactions during the year ended 31 March 2017 is set out below:

	31 March 2017		31 March 2016	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
Stock appreciation right				
Outstanding at the beginning	66,020	-	53,787	-
Granted	20,247	-	14,735	-
Forfeited and expired	-	-	-	-
Exercised	5,978	-	2,502	-
Outstanding at the end	80,289		66,020	
Exercisable at the end	58,455		51,033	
Restricted stock unit				
Outstanding at the beginning	11,711	-	11,187	-
Granted	2,369	-	3,515	-
Forfeited and expired	-	-	-	-
Exercised	4,946	-	2,991	-
Outstanding at the end	9,134		11,711	
Exercisable at the end	4,975		5,909	

D. Expense recognised in Statement of profit and loss

An amount of Rs. 1,391.25 lakhs (31 March 2016: Rs. 555.54 lakhs) has been debited to the Statement of profit and loss for the year and included under Employee benefits expense.

The above disclosures have been made to the extent information is available with the Company.

31 Employee benefits**(a) Defined contribution plan**

The Company offers its employees defined contribution plans in the form of Provident Fund (PF), Superannuation Fund (SF), Employees' State Insurance (ESI). Contribution to SF is made to 3M India Superannuation Fund. Other contributions are made to the Government's funds. While both the employees and the Company pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into superannuation fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary.

During the year, the Company has recognised the following amounts in the Statement of profit and loss, which are included in contribution to provident and other funds:

(Rs. in lakhs)

Benefits (contribution to)	31 March 2017	31 March 2016
Provident fund	1,095.36	984.84
Superannuation fund	121.01	110.85
Employee State Insurance Corporation	2.40	0.54
	1,218.77	1,096.23

(b) Defined benefit plan

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company contributes all ascertained liabilities

towards gratuity to the 3M India Limited Employees Gratuity Fund Trust. Trustees administer contributions made to the trust. As of 31 March 2017 and 31 March 2016, the plan assets have been primarily invested in insurer managed funds.

(Rs. in lakhs)

A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation	31 March 2017	31 March 2016
Obligation at the beginning of the year	2,697.24	2,427.43
Current service cost	308.58	295.89
Interest cost	207.78	179.04
Actuarial loss / (gains) - experience	205.90	84.52
Actuarial loss / (gains) - financial assumptions	220.98	(25.68)
Benefits paid	(134.20)	(263.96)
Obligation at the end of the year	3,506.28	2,697.24
B. Reconciliation of opening and closing balances of the fair value of plan assets	31 March 2017	31 March 2016
Plan assets at the beginning of the year	1,793.86	1,707.47
Interest income on plan assets	140.36	132.64
Contribution by the Company	100.00	250.00
Remeasurements- Return on plan assets excluding amounts included in interest income	53.39	(32.29)
Benefits paid	(134.20)	(263.96)
Plan assets at the end of the year	1,953.41	1,793.86
C. Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognized in the Balance Sheet	31 March 2017	31 March 2016
Present value of obligation at the end of the year	3,506.28	2,697.24
Fair value of plan assets at the end of the year	1,953.41	1,793.86
Liability / (net asset) recognised in Balance Sheet	1,552.87	903.38
D. Expenses recognized in the Statement of profit and loss	31 March 2017	31 March 2016
Current service cost	308.58	295.89
Interest cost	207.78	179.04
Interest income on plan assets	(140.36)	(132.64)
	376.00	342.29
E. Remeasurements recognized in Other comprehensive income	31 March 2017	31 March 2016
Actuarial losses / (gains) on defined benefit obligation	426.88	58.84
Actuarial losses / (gains) on plan assets	(53.39)	32.29
	373.49	91.13
F. Investment details of plan assets	31 March 2017	31 March 2016
Government securities	0.00%	0.00%
High quality corporate bonds (including public sector bonds)	0.00%	0.00%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Cash (including Special deposits)	0.41%	0.00%
Fund balance with Insurance companies	99.59%	100.00%
	100.00%	100.00%

G. Assumptions	31 March 2017	31 March 2016	1 April 2015
Discount rate (per annum)	7.20%	7.90%	7.80%
Rate of escalation in salary (per annum)	6.00%	6.00%	6.00%
Retirement age (in years)	60 years	60 years	60 years
Mortality rates	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal rates			
Under 30 years	15.00%	15.00%	15.00%
31-34 years	10.00%	10.00%	10.00%
35-44 years	5.00%	5.00%	5.00%
45-50 years	3.00%	3.00%	3.00%
51-54 years	2.00%	2.00%	2.00%
55-60 years	1.00%	1.00%	1.00%

(Rs. in lakhs)

H. Sensitivity analysis	31 March 2017	31 March 2016
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below.		
A. Discount rate		
Effect on defined benefit obligation due to 1% increase in discount rate	(308.99)	(237.12)
Effect on defined benefit obligation due to 1% decrease in discount rate	358.68	274.99
B. Salary escalation rate		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate	359.61	277.66
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate	(315.16)	(243.33)

(Rs. in lakhs)

I. Maturity profile of defined benefit obligation	Amounts
1. March 31, 2018	180.48
2. March 31, 2019	206.08
3. March 31, 2020	231.01
4. March 31, 2021	377.57
5. March 31, 2022	401.08
6. March 31, 2023 to March 31, 2027	2,665.00

Notes :

- The discount rate is based on the prevailing market yield on Government securities as at the Balance Sheet date for the estimated term of obligations.
- The estimates of future increase in compensation levels, considered in the actuarial valuation, have been taken on account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.
- As per the best estimate of the management, contribution of Rs. Nil (31 March 2016: Rs. Nil) is expected to be paid to the plans during the year ending 31 March 2018.

32 Related party transaction

Names of related parties and nature of relationship:

i) Holding Company	3M Company, USA	
ii) Fellow subsidiaries	3M China Limited 3M Thailand Limited 3M France S.A.S. 3M Gulf Limited 3M Electro & Communication India Private Ltd 3M Asia Pacific Pte.Ltd P.T. 3M Indonesia 3M APAC RDC Pte Limited 3M Argentina S.A.C.I.F.I.A. 3M Australia Pty. Limited 3M Canada Company 3M Do Brasil Limitada 3M EMEA, GmbH 3M Espana, S.A. 3M Hong Kong Limited 3M Innovation Singapore Pte Limited 3M Italia S.P.A. 3M Japan Ltd 3M Malaysia Sdn. Bhn. 3M Nederland Holding B.V. 3M Svenska AB 3M Sanayi AS Ticaret 3M Oesterreich GmbH 3M Korea Limited 3M Korea Health & Safety Ltd 3M Korea High Tech, Korea 3M United Kingdom PLC 3M Deutschland GmbH 3M ESPE Dental AG EMFI SAS 3M Innovation Properties Company Dyneon GmbH 3M Unitek Corporation 3M International Trading (TJ) Co., Limited 3M Material Tech(Guangzhou) Co., Limited 3M Wroclaw SP. Z O.O. Biotrace Limited	3M Lanka Private Limited Dyneon B.V. 3M Belgium S.A./N.V. 3M Mexico, S.A. de C.V. Cogent Systems, Inc. 3M Singapore Pte. Ltd. 3M Material Technology(Hefei) Co Limited Sumitomo 3M Limited 3M Film Construction(Shanghai) Co Limited 3M Taiwan Limited 3M Technologies (S) Pte Ltd 3M Philippines, Inc. 3M Health Care Sales Limited 3M Pakistan Private Limited 3M Congent Systems (Shenzhen) Inc. 3M Health Care Ltd, Japan 3M Japan Products Ltd. 3M International Trading (Shanghai) Co., Ltd 3M New Zealand 3M Panama S.A 3M Speciality Materials 3M Traffic Manufacturing (Shanghai) Co. Ltd. 3M Rapphold Winterthur 3M Vietnam Limited 3M Turkey 3M Hellas Limited 3M Kenya Ltd. 3M CN Shenzhen 3M Germany Hilden GmbH 3M Industrial Tapes Ltd. 3M Innovation (Thailand) Co. Ltd. 3M International Trading (Shanghai) Co. Ltd. 3M LATIN AMERICA 3M Turkiye 3M UK Holdings Limited 3M Wendt GmbH 3M Winterthur Technologies AG

iii) Key management personnel

Executive Directors

Amit Laroya (Resigned effective 31 May 2016 as Managing Director)

Debarati Sen (Appointed effective 1 June 2016 as Managing Director)

B V Shankaranarayana Rao (Director)

Non-executive Directors

Amit Laroya (Non-executive Director effective 1 June 2016)

Bharat D. Shah

Biren Gabhawala

Radhika Rajan (Appointed effective 27 May 2016)

Albert C. Wang

Sadhana Kaul (Resigned effective 27 May 2016)

Ramesh Ramadurai

Manuel B. Pardo

B. S. Iyer (Resigned effective 31 March 2016)

Others

Panagiotis Goulakos (Appointed effective 15 March 2016 as Chief Financial Officer)

Sameer Agarwal (Resigned effective 31 March 2016 as Chief Financial Officer)

V. Srinivasan (Company Secretary)

The details of the amounts due to or due from related parties are as follows:

(Rs. in lakhs)

Name of related party	Relationship	31 March 2017	31 March 2016	1 April 2015
Trade payables				
3M Company, USA	Holding Company	13,165.16	7,069.20	4,687.93
3M APAC RDC Pte Limited	Fellow subsidiary	2,346.87	1,475.51	617.59
3M Argentina S.A.C.I.F.I.A.	Fellow subsidiary	49.24	133.93	43.86
3M Australia Pty. Limited	Fellow subsidiary	0.17	-	0.80
3M Belgium S.A./N.V.	Fellow subsidiary	5.46	4.11	-
3M Canada Company	Fellow subsidiary	638.63	231.54	44.54
3M China Limited	Fellow subsidiary	708.25	-	44.15
3M Cogent Systems (Shenzhen) Inc.	Fellow subsidiary	-	43.20	0.91
3M Deutschland GmbH	Fellow subsidiary	-	-	-
3M Do Brazil Limitada	Fellow subsidiary	49.89	112.45	96.30
3M Electro & Communication India Private Limited	Fellow subsidiary	-	111.10	19.27
3M EMEA, GmbH	Fellow subsidiary	3,916.13	1,518.34	596.05
3M Espana, S.A.	Fellow subsidiary	12.52	-	-
3M Espe Dental Ag	Fellow subsidiary	37.72	88.31	45.98
3M France S.A.S.	Fellow subsidiary	235.36	101.24	12.98
3M Germany Hilden GmbH	Fellow subsidiary	50.61	84.06	129.62
3M Health Care Ltd, Japan	Fellow subsidiary	2,929.17	1,254.43	647.35
3M Hong Kong Limited	Fellow subsidiary	2.82	7.43	-
3M Innovation Singapore Pte Limited	Fellow subsidiary	3,338.63	1,485.58	1,644.05
3M International Trading (Shanghai) Co. Ltd.	Fellow subsidiary	10.94	-	33.26
3M Italia S.P.A.	Fellow subsidiary	31.51	20.46	9.20
3M Korea	Fellow subsidiary	644.51	299.21	328.35
3M Korea Health & Safety Ltd	Fellow subsidiary	284.76	261.37	129.35
3M Korea High Tech Ltd, Korea	Fellow subsidiary	229.35	60.69	15.08
3M Lanka Private Limited	Fellow subsidiary	-	10.26	0.93

(Rs. in lakhs)

Name of related party	Relationship	31 March 2017	31 March 2016	1 April 2015
3M Malaysia Sdn. Bhn.	Fellow subsidiary	7.29	-	1.24
3M Material Tech(Guangzhou) Co., Limited	Fellow subsidiary	14.30	14.30	18.95
3M Mexico, S.A. De C.V.	Fellow subsidiary	-	0.44	0.16
3M New Zealand	Fellow subsidiary	0.25	-	-
3M Panama S.A	Fellow subsidiary	36.95	12.41	-
3M Philippines, Inc.	Fellow subsidiary	-	3.07	0.02
3M Sanayi As Ticaret	Fellow subsidiary	1.04	23.45	-
3M Singapore Pte. Ltd.	Fellow subsidiary	1,480.24	-	-
3M Speciality Materials (Shanghai) Co. Ltd.	Fellow subsidiary	10.92	33.03	20.28
3M Svenska AB	Fellow subsidiary	0.70	-	3.30
3M Taiwan Limited	Fellow subsidiary	27.94	42.64	2.05
3M Thailand Limited	Fellow subsidiary	216.16	14.29	-
3M Traffic Manufacturing (Shanghai) Co. Ltd.	Fellow subsidiary	-	15.23	-
3M United Kingdom Plc	Fellow subsidiary	2.27	50.93	145.19
3M Unitek Corporation	Fellow subsidiary	95.37	150.61	4.33
3M Wroclaw Sp. Z O.O.	Fellow subsidiary	107.47	23.63	0.54
Dyneon Gmbh	Fellow subsidiary	30.08	54.52	263.16
Emfi Sas	Fellow subsidiary	128.46	101.33	85.11
P.T. 3M Indonesia	Fellow subsidiary	2.18	-	-
		30,849.32	14,912.30	9,691.88
Other payables				
3M Company, USA	Holding Company	3,362.48	332.82	573.67
3M Electro & Communication India Private Limited	Fellow subsidiary	23.67	-	-
3M Gulf Limited	Fellow subsidiary	27.39	-	-
3M Singapore Pte. Ltd.	Fellow subsidiary	67.39	-	-
		3,480.93	332.82	573.67
Trade receivables				
3M Company, USA	Holding Company	53.99	378.00	633.45
3M Argentina S.A.C.I.F.I.A.	Fellow subsidiary	-	84.44	-
3M China Limited	Fellow subsidiary	14.00	-	-
3M Do Brasil Limitada	Fellow subsidiary	-	(0.18)	-
3M Electro & Communication India Private Limited	Fellow subsidiary	2.11	60.89	2.21
3M EMEA, GmbH	Fellow subsidiary	80.01	36.99	5.34
3M Espana, S.A.	Fellow subsidiary	-	-	1.15
3M Gulf Limited	Fellow subsidiary	-	859.88	263.85
3M Hong Kong Limited	Fellow subsidiary	2.06	3.10	5.86
3M Innovation Singapore Pte Limited	Fellow subsidiary	-	0.54	15.86
3M Italia S.P.A.	Fellow subsidiary	64.98	179.36	2.60
3M Japan Products Ltd.	Fellow subsidiary	-	-	1.18
3M Kenya Ltd.	Fellow subsidiary	-	0.34	-
3M Korea Limited	Fellow subsidiary	0.79	275.07	-

(Rs. in lakhs)

Name of related party	Relationship	31 March 2017	31 March 2016	1 April 2015
3M Lanka Private Limited	Fellow subsidiary	63.66	96.41	75.85
3M Malaysia Sdn. Bhn.	Fellow subsidiary	160.63	0.84	9.47
3M Mexico, S.A. de C.V.	Fellow subsidiary	-	-	0.01
3M Pakistan Private Limited	Fellow subsidiary	16.82	9.06	-
3M Speciality Materials (Shanghai) Co. Ltd.	Fellow subsidiary	7.72	-	-
3M Svenska AB	Fellow subsidiary	-	-	0.63
3M Taiwan Limited	Fellow subsidiary	-	2.17	11.70
3M Thailand Limited	Fellow subsidiary	-	107.07	39.33
P.T. 3M Indonesia	Fellow subsidiary	1.18	-	1.61
Sumitomo 3M Limited	Fellow subsidiary	3.15	6.49	3.40
		471.10	2,100.65	1,073.50
Other receivables				
3M China Limited	Fellow subsidiary	260.38	288.27	180.79
3M Electro & Communication India Private Limited	Fellow subsidiary	-	72.65	139.80
3M Kenya Ltd.	Fellow subsidiary	48.25	121.86	-
3M Korea Limited	Fellow subsidiary	161.23	-	-
3M Philippines, Inc.	Fellow subsidiary	-	-	106.62
3M Singapore Pte. Ltd.	Fellow subsidiary	-	135.61	56.88
3M Thailand Limited	Fellow subsidiary	16.63	6.51	-
P.T. 3M Indonesia	Fellow subsidiary	202.79	124.09	100.67
		689.28	748.99	584.76

Name of related party	Relationship	31 March 2017	31 March 2016
Remuneration paid to Key management personnel			
Debarati Sen	Managing Director	335.80	-
Amit Laroya	Managing Director/Non Executive Director	88.99	442.63
B.V. Shankaranarayana Rao	Whole time Director	179.57	170.34
Panagiotis Goulakos	Chief financial officer	220.79	13.24
Sameer Agarwal	Chief financial officer	-	125.87
V. Srinivasan	Company secretary	39.02	35.56
		864.17	787.64

Excludes contributions to employee retirement / post retirement and other employee benefits which are based on actuarial valuation done on an overall Company basis.

Name of related party	Relationship	31 March 2017	31 March 2016
Sitting fees and commission paid to Key management personnel			
Bharat D. Shah	Non-executive and Independent Director	18.40	17.40
Biren Gabhawala	Non-executive and Independent Director	18.00	17.20
Radhika Rajan	Non-executive and Independent Director	14.10	-
B. S. Iyer	Non-executive and Independent Director	-	17.80
		50.50	52.40

(Rs. in lakhs)

Name of related party	Relationship	31 March 2017	31 March 2016
Sales of products (net of returns)			
3M Company, USA	Holding Company	238.60	579.24
3M Gulf Limited	Fellow subsidiary	1,303.52	2,070.40
3M Thailand Limited	Fellow subsidiary	231.76	335.34
3M Malaysia Sdn Bhd	Fellow subsidiary	184.75	39.41
3M Korea Limited	Fellow subsidiary	182.87	369.86
P.T. 3M Indonesia	Fellow subsidiary	163.38	258.03
3M Italia S.P.A	Fellow subsidiary	155.27	368.64
3M EMEA, Gmbh	Fellow subsidiary	99.24	78.67
3M Pakistan Private Limited	Fellow subsidiary	91.56	9.08
3M Lanka Private Limited	Fellow subsidiary	84.69	62.62
3M Belgium S.A/N.V	Fellow subsidiary	43.96	89.86
3M Material Technology (Hefei) Co Limited	Fellow subsidiary	35.81	45.96
3M China Limited	Fellow subsidiary	28.13	298.83
3M Electro & Communication India Private Limited	Fellow subsidiary	17.71	33.80
3M Hong kong Limited	Fellow subsidiary	12.34	8.61
3M Flim Contrcution(Shanghai) Co Limited	Fellow subsidiary	7.73	-
3M Japan Ltd	Fellow subsidiary	7.50	16.66
3M Technologies (S) Pte Ltd	Fellow subsidiary	5.80	1.17
3M Svenska AB	Fellow subsidiary	4.97	8.76
3M Taiwan Limited	Fellow subsidiary	3.71	38.11
3M Philippines, Inc	Fellow subsidiary	2.37	1.12
3M Australia Pty. Limited	Fellow subsidiary	1.76	-
3M Vietnam Limited	Fellow subsidiary	1.29	-
3M APAC RDC Pte Limited	Fellow subsidiary	0.55	4.19
3M Turkey	Fellow subsidiary	0.17	-
3M Hellas Limited	Fellow subsidiary	-	0.78
3M Kenya Ltd.	Fellow subsidiary	-	0.34
3M Sanay AS Ticaret	Fellow subsidiary	-	0.28
3M Argentina S.A.C.I.F.I.A	Fellow subsidiary	-	183.87
3M Nederland Holding B.V	Fellow subsidiary	-	5.17
3M Innovation Singapore Pte Ltd	Fellow subsidiary	-	0.06
		2,909.44	4,908.86
Income from contract research			
3M Company, USA	Holding Company	2,295.37	2,114.29
		2,295.37	2,114.29

(Rs. in lakhs)

Name of related party	Relationship	31 March 2017	31 March 2016
Income from management support services			
3M Company, USA	Holding Company	390.82	469.66
3M Lanka Private Limited	Fellow subsidiary	-	16.92
		390.82	486.58
Recharges/ reimbursement of expenses received			
3M Company, USA	Holding Company	555.24	470.99
P.T. 3M Indonesia	Fellow subsidiary	68.23	-
3M Korea Limited	Fellow subsidiary	343.24	-
3M Singapore Pte Ltd	Fellow subsidiary	163.18	151.22
3M Flim Contrcution(Shanghai) Co Limited	Fellow subsidiary	299.40	257.17
3M Thailand Limited	Fellow subsidiary	24.74	19.06
3M Kenya Ltd.	Fellow subsidiary	243.51	230.81
3M Electro & Communication India Private Limited	Fellow subsidiary	191.68	543.44
		1,889.22	1,672.69
Sale of capital goods			
3M Health Care Sales Limited	Fellow subsidiary	-	169.01
		-	169.01
Purchase of materials (net of returns)			
3M Company, USA	Holding Company	32,598.80	26,702.17
3M APAC RDC Pte Limited	Fellow subsidiary	8,099.54	6,169.01
3M Australia Pty. Limited	Fellow subsidiary	4.86	5.61
3M Belgium S.A./N.V.	Fellow subsidiary	16.26	-
3M Canada Company	Fellow subsidiary	842.88	227.14
3M China Limited	Fellow subsidiary	675.03	182.91
3M CN Shenzhen	Fellow subsidiary	222.42	-
3M Cogent Systems (Shenzhen) Inc.	Fellow subsidiary	-	-
3M Deutschland GmbH	Fellow subsidiary	1,220.69	1,807.57
3M Do Brasil Limitada	Fellow subsidiary	366.54	278.03
3M EMEA, GmbH	Fellow subsidiary	859.36	-
3M Espana, S.A.	Fellow subsidiary	99.21	26.04
3M ESPE Dental AG	Fellow subsidiary	1,223.59	-
3M Film Construction(Shanghai) Co Limited	Fellow subsidiary	11.12	108.03
3M France S.A.S.	Fellow subsidiary	134.39	133.57
3M Germany Hilden GmbH	Fellow subsidiary	423.88	-
3M Gulf Limited	Fellow subsidiary	-	34.96
3M Hong Kong Limited	Fellow subsidiary	19.42	31.91
3M Industrial Tapes Ltd.	Fellow subsidiary	10.99	-
3M Innovation (Thailand) Co. Ltd.	Fellow subsidiary	0.73	-
3M Innovation Singapore Pte Limited	Fellow subsidiary	13,149.78	11,134.00

(Rs. in lakhs)

Name of related party	Relationship	31 March 2017	31 March 2016
3M International Trading (Shanghai) Co. Ltd.	Fellow subsidiary	33.09	158.39
3M International Trading (TJ) Co., Limited	Fellow subsidiary	127.15	49.14
3M Italia S.P.A.	Fellow subsidiary	66.67	21.48
3M Japan Ltd	Fellow subsidiary	292.27	4,547.57
3M Korea Health & Safety Ltd	Fellow subsidiary	797.50	577.64
3M Korea High Tech Ltd, Korea	Fellow subsidiary	653.37	304.83
3M Korea Limited	Fellow subsidiary	1,701.64	1,672.19
3M Lanka Private Limited	Fellow subsidiary	-	3.09
3M LATIN AMERICA	Fellow subsidiary	212.22	-
3M Latin America Regional DC	Fellow subsidiary	-	43.52
3M Malaysia Sdn. Bhn.	Fellow subsidiary	14.79	3.86
3M Material Tech(Guangzhou) Co., Limited	Fellow subsidiary	-	237.74
3M Mexico, S.A. de C.V.	Fellow subsidiary	-	5.66
3M New Zealand	Fellow subsidiary	0.25	-
3M Panama S.A	Fellow subsidiary	55.52	-
3M Philippines, Inc.	Fellow subsidiary	1.68	8.37
3M Sanayi AS Ticaret	Fellow subsidiary	-	-
3M Speciality Materials (Shanghai) Co. Ltd.	Fellow subsidiary	152.38	185.23
3M Svenska AB	Fellow subsidiary	464.52	444.80
3M Taiwan Limited	Fellow subsidiary	100.70	74.08
3M Technologies (S) Pte. Ltd	Fellow subsidiary	-	3.18
3M Thailand Limited	Fellow subsidiary	344.23	28.00
3M Turkiye	Fellow subsidiary	1.07	-
3M UK Holdings Limited	Fellow subsidiary	-	1,114.43
3M United Kingdom PLC	Fellow subsidiary	1,556.33	1,170.35
3M Unitek Corporation	Fellow subsidiary	630.52	372.63
3M Wendt GmbH	Fellow subsidiary	11.04	-
3M Winterthur Technologies AG	Fellow subsidiary	294.28	82.68
3M Wroclaw SP. Z O.O.	Fellow subsidiary	130.44	59.84
Biotrace Limited	Fellow subsidiary	-	22.04
Dyneon B.V.	Fellow subsidiary	13.97	-
Dyneon GmbH	Fellow subsidiary	824.00	710.13
EMFI SAS	Fellow subsidiary	801.18	590.28
P.T. 3M Indonesia	Fellow subsidiary	8.58	4.67
Sumitomo 3M Limited	Fellow subsidiary	8,508.81	-
Others		-	-
		77,777.69	59,336.77
Corporate management fees (excluding ineligible portion of service tax)			
3M Company, USA	Holding Company	9,442.73	5,978.94
3M Hong Kong Limited	Fellow subsidiary	113.75	84.99
		9,556.48	6,063.93

(Rs. in lakhs)

Name of related party	Relationship	31 March 2017	31 March 2016
Royalty (excluding ineligible portion of service tax)			
3M Company, USA	Holding Company	2,936.09	2,405.25
		2,936.09	2,405.25
Recharges of expenses paid			
3M Company, USA	Holding Company	94.02	-
3M Hellas Limited	Fellow subsidiary	217.19	10.01
3M Electro & Communication India Private Limited	Fellow subsidiary	58.23	78.74
		369.44	88.75

In the annual general meeting held on 5 August 2016, the Company had obtained approval from its shareholders for the material related party transactions to be entered into with 3M Company, USA for the year ended 31 March 2017. As the actual transactions entered into with 3M Company, USA during the year ended 31 March 2017 exceeded the amount approved by the shareholders, the Company will seek approval from its shareholders in the ensuing annual general meeting to ratify the excess amount.

33 Segment Reporting

A. Basis for segmentation

Ind AS 108 establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the “management approach” as defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Company’s performance and allocates resources based on an analysis of various performance indicators by segments. The accounting principles used in the preparation of the financial statements are consistently applied to record revenue and expenditure in individual segments, and are as set out in the significant accounting policies.

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 Company has five reportable segments, as described below. For each of the segments, the Company’s Managing Director reviews internal management reports on at least a quarterly basis.

Segment revenue, results, assets and liabilities 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 following summary describes the products included in each of the Company’s reportable segment:

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

B. Information about reportable segments

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (before tax), as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(Rs. in lakhs)

	31 March 2017	31 March 2016
Segment revenue (revenue from operations)		
a) Industrial	1,05,770.05	96,235.82
b) Health Care	37,355.13	32,377.63
c) Safety and Graphics	61,533.53	53,761.11
d) Consumer	24,914.88	22,534.40
e) Energy	13,348.31	12,751.05
f) Others *	2,863.03	4,715.80
Total revenue	2,45,784.93	2,22,375.81
* Includes exports sales	2,863.03	4,715.80
Segment results		
a) Industrial	14,907.47	14,043.62
b) Health Care	5,265.14	3,809.74
c) Safety and Graphics	4,856.46	3,410.25
d) Consumer	3,529.97	3,274.60
e) Energy	2,500.51	3,106.16
f) Others	915.78	882.53
Total segment results	31,975.33	28,526.90
Add: Other un-allocable income net off un-allocable expenditure	4,946.63	1,783.31
Profit before tax	36,921.96	30,310.21
Tax expense	12,846.22	10,834.05
Profit after tax	24,075.74	19,476.16
Segment assets		
a) Industrial	42,389.59	39,110.20
b) Health Care	17,904.85	16,266.28
c) Safety and Graphics	26,480.89	22,430.00
d) Consumer	9,589.48	9,320.42
e) Energy	5,462.86	6,760.59
f) Unallocated corporate assets	88,026.34	48,992.73
Total assets	1,89,854.01	1,42,880.22
Segment liability		
a) Industrial	16,036.60	9,098.22
b) Health Care	5,706.92	3,408.53
c) Safety and Graphics	10,889.58	6,864.91
d) Consumer	2,580.19	1,372.40
e) Energy	2,368.88	1,825.08
f) Unallocated corporate liabilities	29,632.43	21,503.18
Total liabilities	67,214.60	44,072.32
Capital expenditure		
a) Industrial	650.39	133.65
b) Health Care	33.39	66.95
c) Safety and Graphics	9.09	16.25
d) Consumer	61.58	128.63
e) Energy	16.98	84.39
f) Unallocated capital expenditure	640.59	787.08
Total capital expenditure	1,412.02	1,216.95

(Rs. in lakhs)

	31 March 2017	31 March 2016
Depreciation and amortisation expenses		
a) Industrial	2,852.14	2,200.01
b) Health Care	418.99	488.89
c) Safety and Graphics	82.03	733.34
d) Consumer	88.11	342.22
e) Energy	282.24	635.56
f) Unallocated depreciation / amortisation expenses	951.23	492.81
Total depreciation / amortisation expenses	4,674.74	4,892.83
Non cash expenses other than depreciation and amortisation expense		
a) Industrial	-	84.57
b) Health Care	-	320.75
c) Safety and Graphics	-	1,645.07
d) Consumer	-	145.36
e) Energy	-	124.24
f) Unallocated non cash expenses	36.12	192.71
Total non cash expenses	36.12	2,512.70

Segment revenue, results, assets and liabilities 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.

34 Disclosure on Specified Bank Notes (SBNs)

As per the Notification G.S.R 308(E) dated 31 March 2017 issued by the Ministry of Corporate Affairs, the Company needs to provide the details of Specified Bank Notes (SBNs) held and transacted during the period from 8 November 2016 to 30 December 2016. The Company did not have any SBNs in hand as on 8 November 2016 and 30 December 2016 as given below:

(Rs. in lakhs)

	SBNs*	Other denomination notes	Total
Closing cash in hand as on 8 November 2016	-	0.08	0.08
(+) Permitted receipts	-	0.40	0.40
(-) Permitted payments	-	(0.20)	(0.20)
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30 December 2016	-	0.28	0.28

* The term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated 8 November 2016.

35 Corporate social responsibility

During the year, the amount required to be spent on corporate social responsibility activities amounted to Rs. 361.08 lakhs (31 March 2016: Rs. 205.88 lakhs) in accordance with Section 135 of the Companies Act, 2013. The following amounts were spent during the current and previous year:

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
(i) Amount spent other than for construction / acquisition of any asset	346.59	87.97
(ii) Amount not spent	14.49	117.91
Total	361.08	205.88

36 Contingent liabilities and commitments:

(Rs. in lakhs)

As at	31 March 2017	31 March 2016	1 April 2015
a) Guarantees:			
-Issued by Company's bankers	1,830.47	2,466.46	2,262.48
b) Claims against the Company not acknowledged as debts:			
-Income tax demand (including interest) (refer note (i) below)	5,726.92	2,882.22	2,384.00
-Custom duty demands (refer note (ii) and (iii) below)	9,969.00	1,961.51	1,961.51
-Sales tax matters (refer note (iv) below)	12,788.12	2,090.62	10,816.61
-Service tax matters (refer note (v) below)	544.47	544.46	544.46
-Central excise duty matters (refer note (vi) below)	1,128.30	1,120.11	-
c) Bills discounted	-	82.19	96.63

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 has been issued with a Show Cause Notice dated 8 December 2016 by the Directorate of Revenue Intelligence (DRI) in relation to levy of custom duty on inter-Company transactions for import of goods and services and hence proposing to demand differential duty of customs totally amounting to Rs. 8,007.49 lakhs under the provisions of Section 28(4) of the Customs Act, 1962 for import of goods through 13 ports. The proposal for demand of duty is for the period from 8 December 2011 to 7 February 2014 for goods imported from M/s 3M USA and its affiliates. The Company has already paid an amount of Rs. 50 lakhs under protest.
- (iv) Sales tax cases primarily pertains to Maharashtra Value Added Tax Act, 2002 and Karnataka Value Added Tax Act, 2003. These are pertaining to the years from 2005-06 to 2011-12. These cases are with respect to the applicable rate of tax for various products and matters pertaining to declaration forms.
- (v) Service tax matters relates to cases with respect to manner of apportionment of credit availed by the Company without registering as an Input service distributor.
- (vi) Excise matters relates to penalty for allegedly dealing in goods liable to confiscation under Rule 26 of the Central Excise Act.

Capital commitments	31 March 2017	31 March 2016	1 April 2015
Estimated value of contracts in capital account remaining to be executed	175.44	251.41	344.21

During the year ended 31 March 2017 no material foreseeable loss (previous year: nil) was incurred for any long-term contract including derivative contracts.

37 First time adoption of Ind AS

For the purposes of reporting as set out in note 2, we have transitioned our basis of accounting from Indian Generally Accepted Accounting Principles ("IGAAP") to Ind AS. The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an opening Ind AS Balance Sheet as at 1 April 2015 (the "transition date").

In preparing our opening Ind AS Balance Sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

Reconciliation of equity as at 1 April 2015

(Rs. in lakhs)

Particulars	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
I Assets				
(1) Non-current assets				
(a) Property, plant and equipment	a	38,710.62	6.75	38,717.37
(b) Capital work-in-progress		129.97	-	129.97
(c) Intangible assets		64.36	-	64.36
(d) Financial assets				
(i) Trade receivables		133.50	-	133.50
(ii) Loans		17.24	-	17.24
(iii) Other financial assets	b	1,558.36	(44.03)	1,514.33
(e) Deferred tax assets (net)	c	966.25	(638.50)	327.75
(f) Other non-current assets		1,593.42	-	1,593.42
Total non-current assets		43,173.72	(675.78)	42,497.94
(2) Current assets				
(a) Inventories		29,785.59	-	29,785.59
(b) Financial assets				
(i) Trade receivables	d	29,347.04	-	29,347.04
(ii) Cash and cash equivalents		11,390.95	-	11,390.95
(iii) Loans		64.87	-	64.87
(iv) Other financial assets	b	991.72	52.70	1,044.42
(c) Other current assets		2,208.08	-	2,208.08
Total current assets		73,788.25	52.70	73,840.95
Total assets		1,16,961.97	(623.08)	1,16,338.89
II Equity and liabilities				
Equity				
(a) Equity share capital	e	1,126.51	-	1,126.51
(b) Other equity		79,644.84	(1,380.02)	78,264.82
Total equity		80,771.35	(1,380.02)	79,391.33
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings		754.37	-	754.37
(b) Provisions	a	1,062.35	76.97	1,139.32
Total non-current liabilities		1,816.72	76.97	1,893.69
(2) Current liabilities				

(Rs. in lakhs)

Particulars	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
(a) Financial liabilities				
(i) Trade payables		16,562.32	-	16,562.32
(ii) Other financial liabilities	f	9,076.97	985.05	10,062.02
(b) Other current liabilities	g	2,934.16	(281.52)	2,652.64
(c) Provisions	h	5,662.98	(23.56)	5,639.42
(d) Current tax liabilities (net)		137.47	-	137.47
Total current liabilities		34,373.90	679.97	35,053.87
Total liabilities		36,190.62	756.94	36,947.56
Total equity and liabilities		1,16,961.97	(623.08)	1,16,338.89

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of equity as at 1 April 2016

(Rs. in lakhs)

Particulars	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
I Assets				
(1) Non-current assets				
(a) Property, plant and equipment	a	34,870.53	2.83	34,873.36
(b) Capital work-in-progress		120.77	-	120.77
(c) Intangible assets		48.36	-	48.36
(d) Financial assets				
(i) Trade receivables		133.50	-	133.50
(ii) Loans		21.04	-	21.04
(iii) Other financial assets	b	1,382.32	(53.66)	1,328.66
(e) Deferred tax assets (net)	c	1,540.30	(703.21)	837.09
(f) Other non-current assets		2,514.54	-	2,514.54
(g) Income tax assets (net)		807.22	-	807.22
Total non-current assets		41,438.58	(754.04)	40,684.54
(2) Current assets				

(Rs. in lakhs)

Particulars	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
(a) Inventories		29,237.89	-	29,237.89
(b) Financial assets				
(i) Trade receivables	d	32,309.17	(593.83)	31,715.34
(ii) Cash and cash equivalents		37,087.50	-	37,087.50
(iii) Loans		70.10	-	70.10
(iv) Other financial assets	b	1,620.27	39.61	1,659.88
(c) Other current assets		2,424.97	-	2,424.97
Total current assets		1,02,749.90	(554.22)	1,02,195.68
Total assets		1,44,188.48	(1,308.26)	1,42,880.22
II Equity and liabilities				
Equity				
(a) Equity share capital	e	1,126.51	-	1,126.51
(b) Other equity		99,737.82	(2,056.43)	97,681.39
Total equity		1,00,864.33	(2,056.43)	98,807.90
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings		572.49	-	572.49
(b) Provisions	a	1,365.42	83.75	1,449.17
Total non-current liabilities		1,937.91	83.75	2,021.66
(2) Current liabilities				
(a) Financial liabilities				
(i) Trade payables		22,569.14	-	22,569.14
(ii) Other financial liabilities	f	10,514.20	861.96	11,376.16
(b) Other current liabilities	g	2,627.00	(200.96)	2,426.04
(c) Provisions	h	5,675.90	3.42	5,679.32
Total current liabilities		41,386.24	664.42	42,050.66
Total liabilities		43,324.15	748.17	44,072.32
Total equity and liabilities		1,44,188.48	(1,308.26)	1,42,880.22

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of total comprehensive income for the year ended 31 March 2016

(Rs. in lakhs)

Particulars	Note	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Revenue from operations	i	2,13,959.71	8,416.10	2,22,375.81
Other income	b	1,721.62	61.69	1,783.31
Total income		2,15,681.33	8,477.79	2,24,159.12
Expenses				
Cost of materials consumed		62,907.95	-	62,907.95
Purchases of stock- in-trade		58,315.20	-	58,315.20
Changes in inventories of finished goods, stock- in-trade and work- in- progress		(1,041.88)	-	(1,041.88)
Excise duty	i	-	8,416.10	8,416.10
Employee benefits expense	f, j	25,252.77	(214.18)	25,038.59
Finance costs	a	218.65	6.21	224.86
Depreciation and amortisation expense	a	4,888.91	3.92	4,892.83
Other expenses	b,d, g, h	34,340.49	754.77	35,095.26
Total expenses		1,84,882.09	8,966.82	1,93,848.91
Profit before tax		30,799.24	(489.03)	30,310.21
Tax expense	c,j	10,706.25	127.80	10,834.05
Profit for the year		20,092.99	(616.83)	19,476.16
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>	j			
Remeasurements of net defined benefit liability / asset		-	(91.13)	(91.13)
Income tax relating to items not to be reclassified subsequently to profit or loss		-	31.54	31.54
Other comprehensive income, net of tax		-	(59.59)	(59.59)
Total comprehensive income for the year		20,092.99	(676.42)	19,416.57

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

a. Property, plant and equipment

As per Ind AS 16, the cost of the item of Property, plant and equipment comprises the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The Company had estimated the liability incurred for dismantling the assets and discounted the same using the remaining life of the leased assets. This is included in the cost of the lease hold asset and depreciated accordingly. Similarly, a provision for asset retirement obligation is created and shown under "Long-term provisions".

b. Other financial assets

Under the previous GAAP, interest free security deposits were recorded at their transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. The interest unwinding on the same is shown as "other income".

c. Deferred tax assets (net)

The (decrease) / increase in the deferred tax assets are on account of adjustments made on transition to Ind AS.

d. Trade receivables

On transition to Ind AS, the Company has recognised impairment loss on trade receivables based on expected credit loss model as required by 'Ind AS 109 "Financial Instruments"'. The Company measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables. Consequently trade receivables have been reduced with a corresponding decrease in the Statement of profit and loss for the year ended 31 March 2016.

e. Reconciliation of total equity as at 31 March 2016 and 1 April 2015*(Rs. in lakhs)*

Particulars	Note	As at 1 April 2015	As at 31 March 2016
Total equity (shareholder's funds) as per previous GAAP		80,771.35	1,00,864.33
Impact of graded vesting of stock options	f	(985.01)	(861.95)
Incremental provision on expected credit loss	d	-	(593.82)
Effect of amortisation of advance lease rentals	b	(388.62)	(441.50)
Effect of unwinding of interest on security deposits	b	365.75	427.45
Changes in deferred tax due to Ind AS adoption	c	(638.50)	(703.20)
Reversal of rent equalisation reserve	g	281.50	200.96
Depreciation charged on asset retirement obligation	a	(32.80)	(36.70)
Interest on provision for asset retirement obligation	a	(37.44)	(44.28)
Interest on warranty provision	h	(26.90)	(3.34)
Others		82.00	(0.05)
Total equity as per Ind AS		79,391.33	98,807.90

f. Share based payment

The Company under the previous GAAP recognised costs in relation to share based payments on a straight-line basis. Under Ind AS, the Company is required to account for share based payments in a graded vesting manner under an accelerated amortization model. Accordingly, the Company has incurred an incremental charge due to such accelerated amortization of share options.

g. Other current liabilities

As per Ind AS 17 "Leases", if the Company has a rent escalation clause which is in line with inflationary conditions, there is no requirement for rent equalisation. Since the rate of inflation is in line with the rent escalation, hence the adjustments towards rent equalisation is reversed.

h. Provisions

Under Ind AS, the provision for warranty is present valued using the effective interest rate. The present value of the provision is shown in the Balance Sheet as a provision and the interest unwinding on the same is shown as an expense.

i. Revenue from operations

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the Statement of profit and loss as part of expenses. This change has resulted in an increase in the revenue from operation and expenses for the year ended 31 March 2016. There is no impact on the total equity and profit.

j. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the Statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

k. Cash flow statement

There were no significant reconciliation items between cash flows prepared under Indian GAAP and those prepared under Ind AS.

38 Tax expenses**(a) Amount recognised in Statement of profit and loss***(Rs. in lakhs)*

	31 March 2017	31 March 2016
Current tax	12,788.65	11,343.38
Deferred tax expense / (income) related to: Origination and reversal of temporary differences	57.57	(509.33)
Tax expense for the year	12,846.22	10,834.05

(b) Reconciliation of effective tax rate*(Rs. in lakhs)*

	31 March 2017	31 March 2016
Profit before tax	36,921.96	30,310.21
Less: Exceptional items, net	-	-
Profit before tax and exceptional items	36,921.96	30,310.21
Tax at statutory income tax rate 34.61% (31 March 2016 - 34.61%)	34.61% 12,777.95	34.61% 10,489.76
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:</i>		
Non-deductible expenses	0.24% 90.25	1.05% 319.37
Income taxable at a lower rate	-0.01% (2.97)	-0.16% (46.78)
Others	-0.05% (19.01)	0.24% 71.70
Income tax expense	34.79% 12,846.22	35.74% 10,834.05

(c) Deferred tax assets and liabilities are attributable to the following:*(Rs. in lakhs)*

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax, net	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016	31 March 2017	31 March 2016
Property, plant and equipment	-	-	2,206.27	2,462.68	2,206.27	2,462.68
Employee benefits expense	834.52	598.16	-	-	(834.52)	(598.16)
Provisions	2,093.01	2,730.86	-	-	(2,093.01)	(2,730.86)
Other items	58.27	-	-	29.25	(58.27)	29.25
	2,985.80	3,329.02	2,206.27	2,491.93	(779.53)	(837.09)

(d) Movement in temporary differences*(Rs. in lakhs)*

Particulars	Balance as at 1 April 2015	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2016
Property, plant and equipment	2,364.75	97.93	-	-	-	2,462.68
Employee benefits expense	(610.67)	12.51	-	-	-	(598.16)
Provisions	(2,118.06)	(612.80)	-	-	-	(2,730.86)
Other items	36.22	(6.97)	-	-	-	29.25
	(327.76)	(509.33)	-	-	-	(837.09)

(Rs. in lakhs)

Particulars	Balance as at 1 April 2016	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2017
Property, plant and equipment	2,462.68	(256.41)	-	-	-	2,206.27
Employee benefits expense	(598.16)	(236.36)	-	-	-	(834.52)
Provisions	(2,730.86)	637.85	-	-	-	(2,093.01)
Other items	29.25	(87.51)	-	-	-	(58.27)
	(837.09)	57.57	-	-	-	(779.53)

39 Provision movement

(Rs. in lakhs)

	1 April 2016	Addition	Utilisation/ reversals	31 March 2017
a) Warranty	162.99	96.21	25.80	233.40
b) Asset retirement obligation	83.81	6.66	-	90.47
c) Sales tax, service tax and other issues	986.15	661.90	20.75	1,627.30
d) Credit notes and sales return	4,527.60	-	638.96	3,888.64
	5,760.55	764.77	685.51	5,839.81

	1 April 2015	Addition	Utilisation/ reversals	31 March 2016
a) Warranty	106.34	83.22	26.57	162.99
b) Asset retirement obligation	76.97	6.84	-	83.81
c) Sales tax, service tax and other issues	741.44	552.40	307.69	986.15
d) Credit notes and sales return	4,781.90	323.37	577.67	4,527.60
	5,706.65	965.83	911.93	5,760.55

40 Capital management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the adjusted debt to total equity ratio.

For the purpose of debt to total equity ratio, debt is debt as considered under long-term and short-term borrowings which is on account of finance lease on office equipment and vehicles. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2017, 31 March 2016 and 1 April 2015 was as follows:

(Rs. in lakhs)

Particulars	31 March 2017	31 March 2016	1 April 2015
Debt	978.20	1,115.97	1,430.99
Total equity	1,22,639.41	98,807.90	79,391.33
Debt to total equity ratio	0.80%	1.13%	1.80%

41 Financial Instruments - Fair values and risk management**A. Accounting classification and fair values**

The following table shows the carrying amounts of financial assets and financial liabilities.

(Rs. in lakhs)

	Carrying amount					
	Note	Mandatorily at FVTPL - others	FVOCI- debt instruments	FVOCI- equity instruments	Other financial assets - amortised cost	Total carrying amount
31 March 2017						
Financial assets not measured at fair value						
Trade receivables	6	-	-	-	40,791.66	40,791.66
Loans to employees	7	-	-	-	80.58	80.58
Security deposits	8	-	-	-	1,315.15	1,315.15
Other financial assets	8	-	-	-	1,780.57	1,780.57
Cash and cash equivalents	11	-	-	-	74,415.90	74,415.90
					1,18,383.86	1,18,383.86
Financial liabilities not measured at fair value						
Finance lease obligation	14, 17	-	-	-	978.20	978.20
Trade payables	16	-	-	-	39,983.76	39,983.76
Other financial liabilities	17	-	-	-	15,200.28	15,200.28
					56,162.24	56,162.24
31 March 2016						
Financial assets not measured at fair value						
Trade receivables	6	-	-	-	31,848.84	31,848.84
Loans to employees	7	-	-	-	91.14	91.14
Security deposits	8	-	-	-	1,371.77	1,371.77
Other financial assets	8	-	-	-	1,616.77	1,616.77
Cash and cash equivalents	11	-	-	-	37,087.50	37,087.50
					72,016.02	72,016.02
Financial liabilities not measured at fair value						
Finance lease obligation	14, 17	-	-	-	1,115.97	1,115.97
Trade payables	16	-	-	-	22,569.14	22,569.14
Other financial liabilities	17	-	-	-	10,832.68	10,832.68
					34,517.79	34,517.79

(Rs. in lakhs)

		Carrying amount				
	Note	Mandatorily at FVTPL - others	FVOCI- debt instruments	FVOCI- equity instruments	Other financial assets - amortised cost	Total carrying amount
1 April 2015						
Financial assets not measured at fair value						
Trade receivables	6	-	-	-	29,480.54	29,480.54
Loans to employees	7	-	-	-	82.11	82.11
Security deposits	8	-	-	-	1,589.08	1,589.08
Other financial assets	8	-	-	-	969.67	969.67
Cash and cash equivalents	11	-	-	-	11,390.95	11,390.95
					<u>43,512.35</u>	<u>43,512.35</u>
Financial liabilities not measured at fair value						
Finance lease obligation	14, 17	-	-	-	1,430.99	1,430.99
Trade payables	16	-	-	-	16,562.32	16,562.32
Other financial liabilities	17	-	-	-	9,385.40	9,385.40
					<u>27,378.71</u>	<u>27,378.71</u>

The fair value of financial assets and financial liabilities approximates to their carrying amount largely due to the short-term nature of these instruments.

B. Financial Risk Management

The Company has exposure to the following risk arising from financial instruments

- Credit risk
- Liquidity risk
- Market risk

i. Risk management framework

The Company's principal financial liabilities comprise finance lease obligations, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include trade and other receivables, cash and cash equivalents that are derived directly from its operations.

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

(a) Financial assets that are not credit impaired

The Company has financial assets which are in the nature of cash and cash equivalents, loans to employees, unbilled revenue from related party, interest accrued on fixed deposits and receivables from related parties which are not credit impaired. These are contractually agreed with either banks, related parties or employees where the probability of default is negligible.

(b) Financial assets that are credit impaired

Trade receivables

The Credit services team has established a credit policy under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available. Sale limits are established for each customer and reviewed half-yearly.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

The maximum exposure to credit risk for trade receivables by geographic region is as follows -

(Rs. in lakhs)

	Carrying amount		
	31 March 2017	31 March 2016	1 April 2015
India	40,320.56	29,748.19	28,407.04
Other regions	471.10	2,100.65	1,073.50
	40,791.66	31,848.84	29,480.54

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows -

(Rs. in lakhs)

	Carrying amount		
	31 March 2017	31 March 2016	1 April 2015
Distributors	22,509.30	17,069.09	16,142.27
Other	18,282.36	14,779.75	13,338.27
	40,791.66	31,848.84	29,480.54

Expected credit loss assessment for the Company as at 1 April 2015, 31 March 2016 and 31 March 2017.

The Company has divided all the debtors outstanding for the last twelve quarters into age brackets of not due, 0-90 days, 91-180 days, 181-270 days, 271-365 days and amounts outstanding for more than one year.

The Company has calculated the impairment loss arising on account of past trends in the default rate for time bucket.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Out of the total trade receivables of Rs. 40,791.66 lakhs (31 March 2016 : Rs. 31,848.84 lakhs, 1 April 2015 : 29,480.54 lakhs), the exposure considered for expected credit loss is Rs. 41,364.97 lakhs (31 March 2016 : Rs. 33,020.50 lakhs, 1 April 2015 : 29,933.87 lakhs). The balance which is not considered for impairment pertains to intercompany receivables and secured debtors.

The following table provides information about the exposure to credit risk and expected credit loss for trade and other receivables:

(Rs. in lakhs)

	Gross carrying amount	Weighted average loss rate	Loss allowance
31 March 2017			
Current (not past due)	36,380.40	2.63%	956.77
0-90 days	3,544.85	8.22%	291.34
91-180 days	494.41	29.72%	146.92
181-270 days	182.96	68.11%	124.61
271-360 days	351.99	95.97%	337.83
> 360 days	410.36	100.00%	410.35
	41,364.97		2,267.82

	Gross carrying amount	Weighted average loss rate	Loss allowance
31 March 2016			
Current (not past due)	22,782.65	3.51%	798.57
0-90 days	6,007.27	8.63%	518.56
91-180 days	941.85	34.57%	325.63
181-270 days	743.61	63.85%	474.78
271-360 days	846.19	89.93%	760.97
> 360 days	1,698.93	100.00%	1,698.91
	33,020.50		4,577.42
1 April 2015			
Current (not past due)	21,595.56	3.41%	735.91
0-90 days	5,749.90	7.75%	445.62
91-180 days	1,016.40	33.80%	343.54
180-270 days	390.16	58.25%	227.27
270-360 days	869.44	80.12%	696.61
> 360 days	312.41	100.00%	312.41
	29,933.87		2,761.36

Movements in the allowance for impairment in respect of trade and other receivables

The movement in the allowance for impairment in respect of trade and other receivables is as follows:

(Rs. in lakhs)

	31 March 2017	31 March 2016
Balance as at 1 April	4,577.42	2,761.36
Impairment loss recognised / (reversed) / (write off)	(2,309.60)	1,816.06
Balance as at 31 March	2,267.82	4,577.42

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities -

(Rs. in lakhs)

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
31 March 2017					
Non-derivative financial liabilities					
Finance lease obligations	516.21	301.15	160.84	-	978.20
Trade and other payables	55,184.04	-	-	-	55,184.04
	55,700.25	301.15	160.84	-	56,162.24

(Rs. in lakhs)

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
31 March 2016					
Non-derivative financial liabilities					
Finance lease obligations	543.48	363.97	208.52	-	1,115.97
Trade and other payables	33,401.82	-	-	-	33,401.82
	33,945.30	363.97	208.52	-	34,517.79
1 April 2015					
Non-derivative financial liabilities					
Finance lease obligations	676.62	420.37	334.00	-	1,430.99
Trade and other payables	25,947.72	-	-	-	25,947.72
	26,624.34	420.37	334.00	-	27,378.71

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management is as follows.

(Rs in lakhs)

	31 March 2017			31 March 2016			1 April 2015		
	USD	EURO	Others	USD	EURO	Others	USD	EURO	Others
Trade and other payables	23,882.41	5,064.77	7,293.80	10,604.57	2,512.53	3,606.94	6,950.01	1,482.81	2,536.37
Trade and other receivables	1,158.27	-	-	2,715.93	-	-	1,515.07	-	1.18
Net exposure in respect of recognised assets and liabilities	22,724.14	5,064.77	7,293.80	7,888.64	2,512.53	3,606.94	5,434.94	1,482.81	2,535.19

Sensitivity analysis

A reasonably possible strengthening (weakening) of the US dollar or Euro against all other currencies at 31 March would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

(Rs in lakhs)

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2017				
USD (for 1% movement)	227.24	(227.24)	148.50	(148.50)
EURO (for 1% movement)	50.65	(50.65)	33.10	(33.10)
Others (for 1% movement)	72.94	(72.94)	47.67	(47.67)
	350.83	(350.83)	229.27	(229.27)

(Rs. in lakhs)

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March 2016				
USD (for 1% movement)	78.89	(78.89)	51.55	(51.55)
EURO (for 1% movement)	25.13	(25.13)	16.42	(16.42)
Others (for 1% movement)	36.07	(36.07)	23.57	(23.57)
	140.09	(140.09)	91.54	(91.54)

42 Research and development expenses

(Rs. in lakhs)

For the year ended	31 March 2017	31 March 2016
Capital expenditure	251.74	363.85
Revenue expenditure	4,710.64	4,302.05
	4,962.38	4,665.90

43 The financial statements for the year ended 31 March 2016 and 31 March 2015 were audited by a firm other than B S R & Co. LLP.

As per our report of even date attached

For **B S R & Co. LLP**

Chartered Accountants

Firm registration number: 101248W/W-100022

Amit Somani

Partner

Membership No: 060154

Place: Mumbai

Date: May 26, 2017

Place: Bangalore

Date: May 26, 2017

For and on behalf of the Board of Directors

Debarati Sen

Managing Director

[DIN: 07521172]

B V Shankaranarayana Rao

Whole-time Director

[DIN – 00044840]

Panagiotis Goulakos

Chief Financial Officer

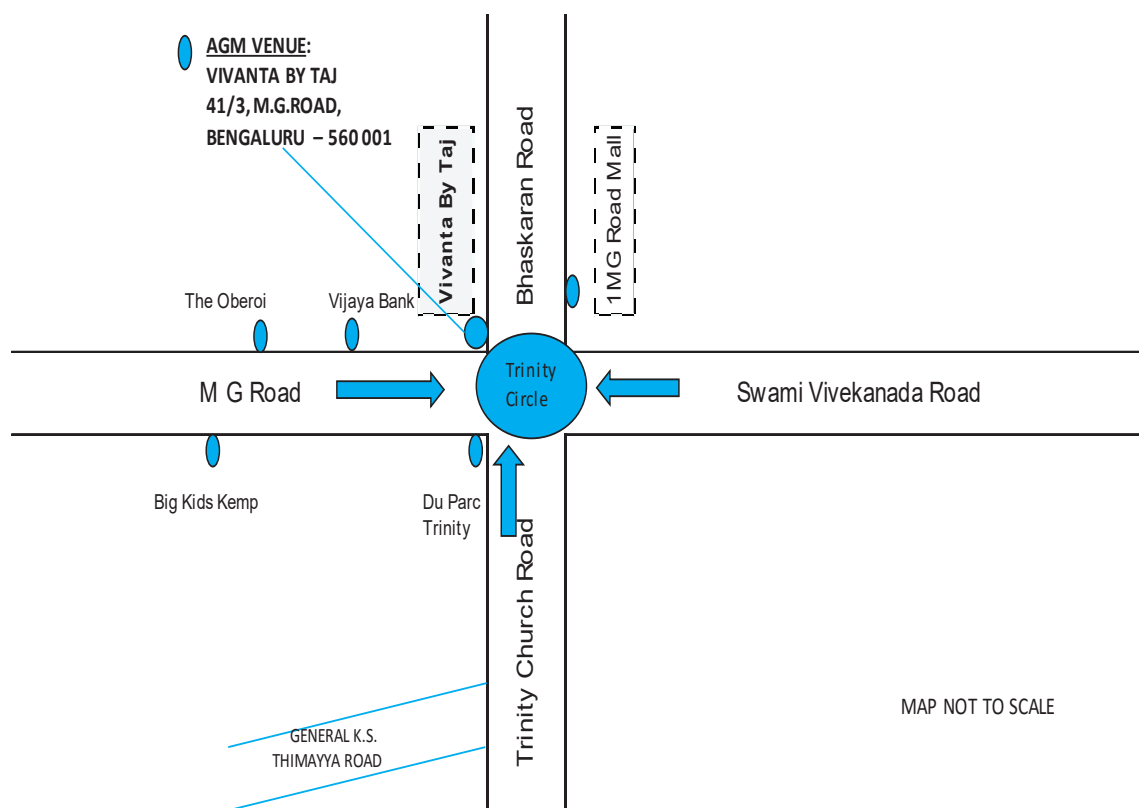
[PAN: CACPG4222Q]

V. Srinivasan

Company Secretary

[ACS – 16430]

**ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING OF THE COMPANY
TO BE HELD ON AUGUST 10, 2017 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

30TH ANNUAL GENERAL MEETING ON THURSDAY ,AUGUST 10, 2017 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 30th Annual General Meeting of the Company on Thursday, August 10, 2017 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 2016-17 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 2016-17 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	XXXXXXX

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 7, 2017 (from 9.00 AM)	Wednesday, August 9, 2017 (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 30th Annual General Meeting of the Company, to be held on **August 10, 2017, Thursday 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 financial year ended March 31, 2017.		
2.	Re-appointment of Mr. Amit Laroya (DIN: 00098933), who retires by rotation.		
3.	Ratification of the appointment of Statutory Auditors of the Company, Messrs. BSR & Co. LLP, Chartered accountants, Bengaluru (ICAI firm registration no. 101248w/w-100022), and to fix their remuneration.		
SPECIAL BUSINESS			
4.	Appointment of Mr. Jong Ho Lee (DIN: 06720950) as a Director of the Company.		
5.	Re-appointment of Mr. B.V. Shankaranarayana Rao (DIN: 00044840) as Whole-time Director of the Company from April 1, 2017 to May 13, 2020.		
6.	Ratification of remuneration payable to Messrs. Rao, Murthy & Associates, Cost Auditors for the financial year 2017-18.		
7.	Approval of Material Related Party Transactions beyond the approval granted.		
8.	Approval of Estimated Material Related Party Transactions for three financial years from April 1, 2017 to March 31, 2020.		

Signed this..... day of..... 2017

Signature of shareholder

Signature of Proxy holder(s)

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 30th 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.

Affix
Revenue
Stamp

NOTES

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3M India Limited

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