

**3M India Limited**

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**Registered Office**

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PAN: AAACB5724H || GSTIN: 29AAACB5724H1ZQ

July 27, 2021

The Corporate Relationship Department  
Bombay Stock Exchange Limited,  
1<sup>st</sup> Floor, New Trading Ring, Rotunda Building  
P.J. Towers, Dalal Street, Fort  
Mumbai - 400 001

Scrip Code - 523395

The Secretary  
National Stock Exchange of India Limited  
Exchange Plaza, Bandra – Kurla Complex  
Bandra (E), Mumbai – 400 051

Scrip Code – 3MINDIA

Dear Sir,

**Sub: 34<sup>th</sup> Annual General Meeting - Notice cum Annual Report 2020-21.**

**Ref: Reg. 30(2) read with para A of part A of Schedule III of SEBI (LODR) Regulations, 2015.**

This is in continuation of our letter dated May 28, 2021, please find attached Notice cum complete set of Annual Report 2020-21. The 34<sup>th</sup> Annual General Meeting (AGM) of the Company will be held at 10.30 A.M. IST on Thursday, the August 26, 2021 through Video Conferencing / Other Audio-Visual Means.

The electronic copies of the Notice of the AGM and Annual Report 2020-21 has been sent through electronic mode to those Members whose email addresses are registered with the Company/Depositories. The dispatch of electronic copies of the Annual Report 2020-21 have been completed on July 27, 2021.

The Annual Report 2020-21 is available on the website of the Company at [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/).

Kindly bring this to the notice of the members of the Stock Exchange.

Thanking you,

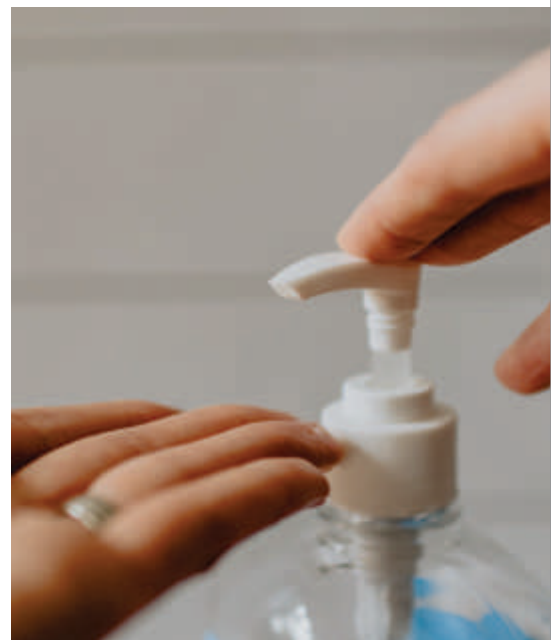
Yours faithfully,  
For 3M India Limited,


V. Srinivasan  
Company Secretary

# Elevating life through science

Purpose. Passion. Progress.







A year where life has been the critical  
element to safeguard, nurture and preserve.

A year that kindled our  
purpose to employ science to

**elevate life.**



and make our world safer, healthier and  
stronger.



# Purpose. Passion. Progress.

A year into the pandemic, the defining sentiment for science is hope.

Each year, 3M conducts a global independent study called the **State of Science Index\*** which explores global attitudes towards science.

In India, this optimism includes priorities that science can solve for beyond health – such as sustainability and STEM equity gaps. These findings reinforce the significant role science has to play in solving problems for our society.

A renewed enthusiasm for science amongst our youth suggests that the image of science may continue to improve as younger generations age.



**90%**

of people in India trust science today.

The pandemic has renewed focus on STEM in India and has inspired more people to pursue a career in the field.



**89%**

agree young people are more engaged in science & science-related issues than ever before.



**9-in-10**

Indians agree the world needs more people pursuing STEM related careers.



# Science is driving hope for a better world.

The pandemic has made many in India be more environmentally conscious, and believe science is a part of the solution.



**88%**

of Indians are more likely to feel the pandemic has made them more environmentally conscious.



**89%**

Indians also believe people should follow science to help make the world more sustainable.



**87%**

agree better solutions to mitigate climate change need to be put in place immediately.

We believe science matters and it continues to inspire us to lead with purpose as we navigate through uncertainty.

\*The State of Science Index is a third-party, independent research study commissioned by 3M that tracks and explores global attitudes toward science, taking the pulse on how people think and feel about the field and its impact on the world around us.



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# Message from the Chairman

Dear Shareholders,

As India continues to fight COVID-19, we look back on a year that has been both unique and unprecedented. The events of the past year have challenged our thinking, disrupted all modes of life and work, and reminded us that we have to consciously stay resolute in the face of an evolving pandemic.

## COVID-19 continues to shape our reality and the future.

While global economic output is showing signs of recovery, it remains uneven as countries continue to contend with resurgent variants of the virus while deploying vaccination programs that are at various stages. Outlook remains uncertain with the level of GDP in 2021 expected to be 3.2% \* below pre-pandemic projections, the impact being higher on emerging and developing countries.

During FY 20-21, India's GDP had contracted by 7.3% triggered by the recession brought on by COVID impacting all sectors of the economy. Economic recovery packages, monetary measures, increased expenditure in infrastructure and healthcare saw some resurgence in the January-February quarter but the rise in infections in March and the subsequent second wave have dampened the recovery. Securing vaccination for the larger population remains the priority and need of the hour. The Government has taken strong fiscal measures to fuel economic recovery while looking out for marginalized sections of society affected by the economic disruptions.

In an uncertain environment, your Company focused on protecting citizens and helping them fight the pandemic, providing customers with innovative solutions and maintaining prudent cash position. During FY 20-21, COVID headwinds softened demand from automotive and manufacturing sectors. At the same time, the demand from healthcare, personal protection, home improvement and cleaning remained strong as customers looked for new solutions to adapt. In an extremely challenging environment, your Company was able to put in its best efforts to sustain a reasonable performance without a steep decline. Your Company's overall growth rate on a standalone basis declined by 12% for the financial year ended March 31, 2021. The operating margin for the current year is 10.8% compared to 13.6 % for the previous financial year.

## Adversity brings out the resilient spirit.

Your Company furthered its efforts on all fronts - employee safety and vaccination, enhanced manufacturing to meet the rapid and growing demand for respirators, sanitizers and other essential commodities and continuing to deliver to customers with innovative solutions. Emerging trends provided opportunities to improve healthcare outcomes, create safer and more hygienic experiences at home, and support business recovery with solutions for enhanced safety and hygiene to name a few. I would like to make a special mention of the employees of your Company who stepped up when they were needed the most. Whether it was dedication to duty to show up on the shop floor to manufacture essential commodities during the harsh lockdown months or supporting each other and families or extending support to the local communities, the efforts have been inspirational. During the second wave, there have been several instances of employees going beyond the call of duty to lend a hand and even save a life. I am also pleased to share that your Company has contributed to the country's COVID immunization program by facilitating the vaccination of all its employees, dependents, and contingent workers across all locations.

COVID also exposed the vulnerabilities of our communities bringing urgent attention to issues such as food security, access to healthcare, disruption of education and several livelihoods. Your Company augmented its CSR efforts through multiple partnerships and collaborations to support communities in various ways like cooked meals and ration distribution to vulnerable communities, enhancement of healthcare infrastructure and skilling and digital education initiatives.

I would like to laud the leadership and employees of your Company for their efforts to serve the country, our customers and communities. We are optimistic about the recovery of the Indian economy as the country scales up mass vaccination and works to contain the spread of infection. We are grateful to the national, state and district Government agencies for their support throughout the year. On behalf of the Board of Directors of 3M India Limited, I want to thank you, shareholders for your trust and support. I am confident we will emerge stronger with science and innovation driving a more inclusive and sustainable future.



**Bharat D. Shah**

Chairman

**"We have to move along a resilient path that is both inclusive and sustainable."**

\* Sources: Global Economic Prospects: The Global Economy: on Track for Strong but Uneven Growth as COVID-19 Still Weighs (worldbank.org) – 8th June 2021



# Message from the Managing Director

## Elevating life through Science

The past twelve to fifteen months were a unique period in our history, bringing to the forefront what matters most – the health and safety of all. It was a year of several learnings for your Company, appreciating new opportunities to take our science and innovation to people who needed them the most.

I would like to first thank our shareholders and the Board of Directors for their support through what has been a challenging year, as we present the Annual Report of your Company for the Financial Year (FY) 2020-21.

The pre-pandemic slowdown was exacerbated by the onset of COVID, and the economy contracted due to the nation-wide lockdown. Subsequently, the gradual reopening of the economy with support from various initiatives and relief packages by the Government, helped boost economic activity on a sequential basis. The national vaccination program launched at the start of the 2021 calendar year further helped improve the economy and boost sentiment, until the onset of the second wave which impeded this momentum. The second wave has also sent all of us a strong message – that we should never let our guard down and continue to adhere to all safety protocols.

Your Company is driven by purpose and built on trust with all stakeholders. You should take pride in the various ways by which your Company brought this to life in the past year. I am delighted to share stories highlighting several aspects of this, not only through my message here, but also in the subsequent pages of this Annual Report.

3M is a science-based company, investing in technology platforms to develop science-based solutions to address customer problems and more broadly, improve life. The past year has brought this into sharp relief, where we have focused on elevating life through science. This was possible by us staying rooted in our purpose, driven by the passion of our people and partners, and support from the various government departments. It was most heartening to see some of the progress we have been able to make in collaboration with a broad group of stakeholders.

On a standalone basis, your Company's growth declined by 12% in FY 2020-21. Profit after tax declined by about 31.8% versus prior year. Your Company maintained a diligent focus on operating prudently in an uncertain environment.

In FY 2020-21, your Company's diverse product portfolio has helped us absorb some of the impact of COVID induced slowdown. We were able to take advantage of the strong recovery in certain market segments and this was borne out by our fiscal Q4 results, with sequential growth of 12.4% over prior quarter and 22.6% growth over prior year, reflecting the ability to bounce back. It is fair to say that your Company's business model and portfolios were pressure tested during the pandemic over the past year. I am pleased to report to you that your Company demonstrated good resilience and agility in managing our revenue recovery, cash position, transitioning non-factory employees to successfully work from home, and operating our factories with high safety standards.

## Helping our Customers stay resilient through COVID

Our vision of advancing every company, enhancing every home and improving every life took on renewed purpose against the backdrop of the pandemic. We helped our customers navigate uncertainty by sharing our expertise in ensuring business continuity, protecting their workforce, and creating a safe and hygienic environment for end-users.

- Protecting people became a priority, with our respirators, sanitisers and personal protection equipment. With the surge in demand, our manufacturing plant in Ranjangaon never shutdown continuing to produce essential commodities to protect frontline workers.
- Our Design team worked closely with customers across segments like airports, railways and commercial spaces with solutions that extended across cleaning chemicals, disinfectants, personal protective kits, and antimicrobial surfaces, including communicating the need for social distancing in spaces.



**Ramesh Ramadurai**

Managing Director

**“Driven by purpose, built on trust and propelled by the passion of our people.”**

- When our customers couldn't see product demos in our labs, our application engineers brought 3M science to life virtually, through webinars and interactive means leading to enhanced product modifications and solutions.
- Our range of cleaning tools, home improvement solutions and air purification products made staying indoors during extended lockdowns a more comfortable experience.
- Our digital learning platforms, **3M Healthcare Academy** and the **3M Energy Academy** (launched in FY 2020-21), supported the learning aspirations of healthcare workers and electrical professionals respectively with on-demand self learning courses and webinars.

## Helping our people thrive through the pandemic

FY 2020-21 was also a year which demanded greater adaptation to change and agility.

- We pivoted to remote working and executed new safety protocols across our operations in a phased manner to ensure employee safety.
- We partnered with third party service providers to support our employees and their families to manage COVID and get the medical care they needed.
- We introduced several initiatives to support employee mental health and well-being and flexible work options to balance work and personal commitments.
- We also established two new Employee Resource Networks to strengthen inclusion.
- As the country stepped up its vaccination drive, we have been supporting and facilitating vaccination of our employees and their dependents across our sites.

## Building resilience in our communities

Since the initial outbreak, your Company's community response towards COVID-19 has been directed around three key areas: food security for vulnerable communities, medical equipment and infrastructure support to Government hospitals and departments and programs to build resilience in education and healthcare. As the pandemic evolves, we continue to ascertain the challenges of our communities and respond with sustainable models to build resilience to combat future waves.

We remain confident and optimistic about the growth prospects of India. The high priority accorded by the Government for investments in infrastructure, strengthening of health-care capacity and capability, and production linked incentive schemes for the "Make in India" initiative provides us the basis for this confidence. India is also an innovation hub with many start-ups creating new business models for value delivery, with a strong emphasis on digital-first.

I would like to thank our Board of Directors led by our Chairman, Mr. Bharat Shah for their guidance and support. We are grateful to the support we have received from all our customers, channel partners, various national, state and local Government agencies through the year. Thank you, dear shareholders for your trust and confidence in your Company. I look forward to your sustained support as we build a stronger tomorrow.

Thank you.





# Purpose

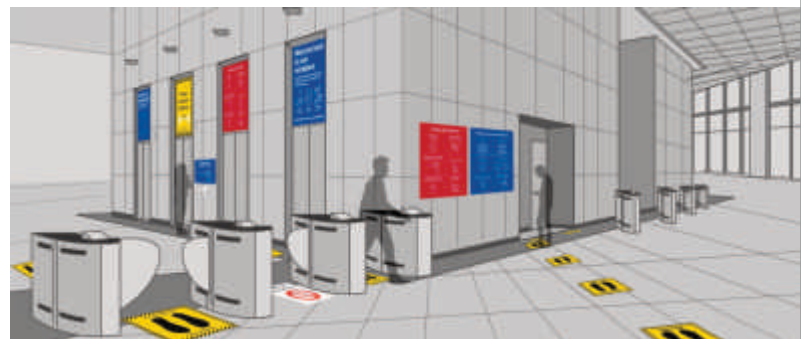


## 3M Design: Empathy drives design.

As the 'new normal' shaped our behaviour and interactions, 3M Design became a powerful way to enable change with solutions to help businesses reopen, welcome their people and customers and establish new norms for safety and hygiene.

We learnt from our customers' problems because we were experiencing them ourselves and turned those insights into meaningful solutions through a collaborative effort.

From public spaces, retail businesses, manufacturing plants, mass transport hubs to quick service restaurants, we have used design to work closely with our customers to develop solutions for COVID preparedness that extended across cleaning chemicals, disinfectants, personal protective equipment, anti-microbial surfaces including communications for social distancing.



# Helping our customers stay resilient through COVID



## Digital Tools

3M scaled-up digital content creation and dissemination in a world that had suddenly moved virtual.

Teams also collaborated to automate processes wherever possible which enhanced speed.

## Virtual Key Customer Engagement

Seminars, tech days and brainstorming sessions marked our virtual business development journey through the year. Technology showcase events which were typically done in-person adapted to virtual mode where our technology from our labs and innovation center were demonstrated virtually through online platforms. Over 500 webinars were conducted that resulted in reaching more than 17,000 customers.

Product trial orders were being obtained through online brainstorming with quick mockups and product modifications to show proof of concept.

3M launched the **Energy Academy**, a specialised e-learning platform to upskill electrical professionals. The e-learning platform has a library of self-learning modules and instructor-led courses covering real-world scenarios.

## R&D: Driving innovation in a virtual world.

With business interactions and partnerships aimed at innovative product development going virtual, our R&D team of application engineers (AEs) transitioned smoothly so customers could continue to get training and understand our product solutions. Key customer relationships were supported through online events and 3M application engineers extensively employed digital tools to facilitate knowledge sharing.





# Purpose



## Consumer: Bringing home health and safety

With WFH bringing a new dimension to everyday living, children schooling from home and the onus of household chores falling upon the family – our varied consumer solutions, made the experience of staying at home more comfortable, productive, healthier and less stressful.

### Stress-free mess-free

Home cleaning, an unavoidable daily chore, with more people staying indoors, became more comfortable with 3M's **Scotch-Brite® kitchen and floor cleaning tools** and solutions. Tasks that were seemingly time consuming became easier with innovations like the **Scotch-Brite® Silver Sparks**, **Scotch-Brite® Scrub Sponge** and the **Scotch-Brite® Sponge Wipe**.

### D-I-Y on command

With consumers in many cases not opting for external services, **3M™ Command™ Mounting** solutions gave consumers a reliable and ready-to-use solution for home improvement and creative DIY projects.

From picture hanging to general purpose hanging hooks, 3M™ Command™ offered decorative and utilitarian benefits.



# Creating healthier and safer living spaces

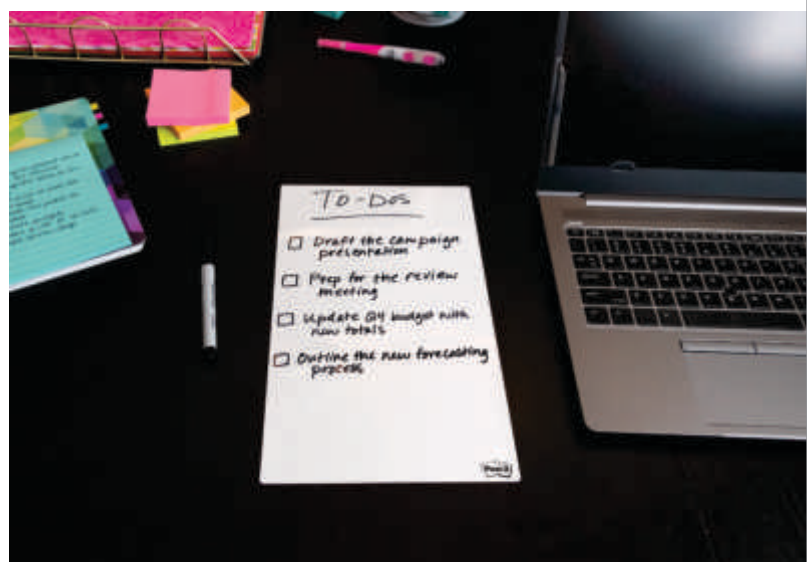
## Clean air in living spaces

Being restricted indoors, without natural fresh air, meant thinking about the quality of indoor air. **3M™ Air Conditioner Filters** offered a reliable, retro-fit solution to purify indoor air by fitting filters on air conditioners that could arrest PM2 particulate matter, pollen and other allergens from entering living spaces.

## Studying smarter at home

As consumers worked and schooled from home, our studies pointed out the need for a quick and easy way to take notes or paint the bigger picture. **3M™ Whiteboard Films** not only brought back the office to home spaces, these peel-and-stick solutions were easy to install, user-friendly and durable, without the need for bulky frames or any carpentry.

Noting homework or schedules made **Post-it® Notes** a natural choice. With their bright colours and functional user-friendliness, these notes have helped students study more efficiently in the absence of regular access to teachers.





# Purpose



## Healthcare: Pandemic to panacea

As the pandemic continued to rage, 3M proactively engaged with mission critical vaccine manufacturers and the pharmaceutical industry to identify areas where 3M technology and solutions could help ease the pressure on an overburdened healthcare system. To meet the needs of essential commodities, 3M ramped up its manufacturing capacity of respirators and hand sanitisers. As learning went virtual, 3M's online offerings helped enhance professional expertise.

### Filtering for prevention

3M began partnering with bio-pharma companies early on, to specify filters that will aid in COVID-19 vaccine manufacture. Our expertise is now aiding the industry with professional inputs on filter selection, optimisation and capacity. This has resulted in 3M filtering solutions being chosen for commercial scale production.



# Safely nurturing health and knowledge



## Enabling hand hygiene at the frontline

In line with the “Make in India” initiative, our increased investment in healthcare manufacturing capability at Ranjangaon stood us in good stead during these trying times. 3M was able to rapidly scale up sanitiser production to meet the surge in demand brought about by the increased compliance on hand hygiene protocol in hospitals.

Our professional educators reinforced hand washing and sanitisation protocols through our work with hospitals in improving standards and practices.

## Supporting learning aspirations

With patrons and practitioners increasingly opting for e-learning to enhance knowledge, **3M Health Care Academy** quickly put together webinars and other virtual content tailored to cater to specific pandemic induced knowledge demands from healthcare workers.

On-demand education was made accessible through recorded sessions from local and global experts. Over 2,500 healthcare workers have been trained virtually on infection prevention and safety.



# Purpose



## Hygiene: Promoting hygiene and safety in our spaces

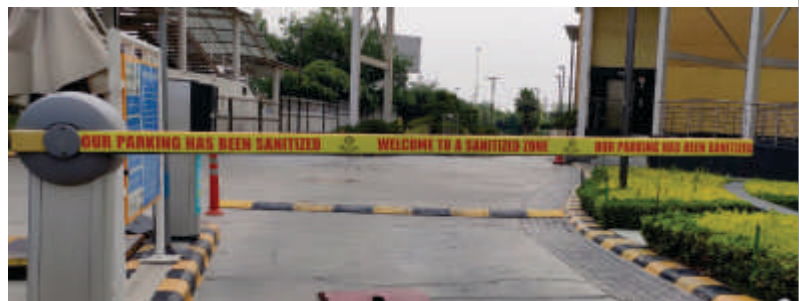
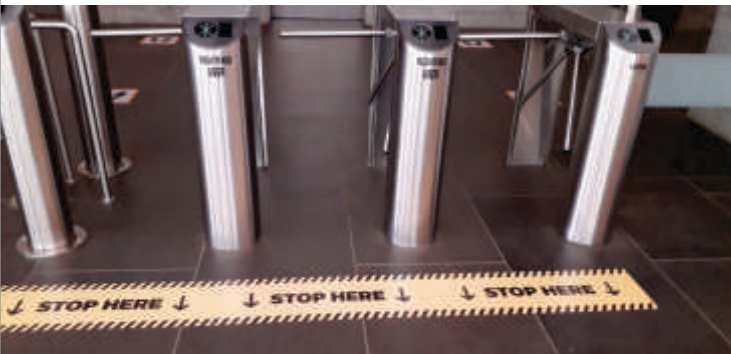
Established social habits were turned topsy and hygiene became paramount in everyday behaviour. From the surfaces we touch, to the air we breathe and places we frequent, 3M solutions are proving to be key in ensuring our consumers and the wider public remain safe.

### Communicating safe messages

Distancing remains a key aspect in infection control and prevention. 3M's vast expertise in public sign systems made us a natural ally in production and dissemination of distancing messages.

**3M™ Graphic Systems** have given prominence to social distancing in key public utilities like hospitals, airports and railway stations.

We also collaborated with companies to design a suite of large format graphic templates of signs with relevant messaging which could be easily printed and executed in various Return to Work programs.



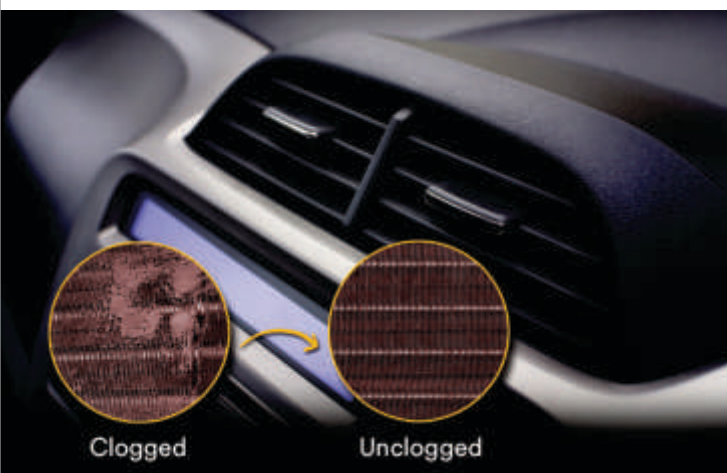


# Helping people move ahead safely

## Journey to a fresher future

Enabling hygienic commute remains a pivot in our solutions for the automotive sector.

A patent-pending innovation, **3M™ AC Evaporator Cleaner**, has revolutionised efficient cleaning of the vehicle HVAC system, specifically the evaporator. This advanced system uses specialty 3M chemicals to clean, purify and disinfect the AC system and cuts cleaning time from a few hours to about 20 minutes without any compromise.



The **3M™ AC Vent Cleaner** and **Anti-microbial Foam**, are D-I-Y applications that allow a vehicle owner to quickly clean the AC ducts following simple instructions.

A recent introduction, **3M™ Anti-microbial Smoggy**, offers up to 99% germ reduction, decreases formaldehyde molecules in cabin air and eliminates malodour – all through a single, eco-friendly formulation.



# Passion



## 3M People: The pride of being us

When the world faces a daunting challenge, it is our people who can make the difference between hope and despair. 3Mers have risen in unison during this trying period and have taken WFH, virtual collaboration and partnering in their stride, often going beyond the call of duty to support each other during tough times.

### Employee health and safety

Since the onset of the pandemic, we took actions to protect the well-being of our people, advising remote work for most part of the year. When we started to reopen our offices, we adopted a staggered approach to re-entry, encouraging employees to prioritise their health and safety to minimise the spread of infection. Our manufacturing sites have continued working based on local regulations and requirements. All our sites were upgraded with robust safety protocols and social distancing signs.

We began to participate in the Government's mass vaccination mission with camps at our manufacturing sites to facilitate the vaccination for our employees, their dependents and contingent workers.

COVID-19 related health care and support for our employees and their families was extended through an exclusive association with a third party healthcare service provider.

### Learning never stops

Learning and development emerged as a strong lever in reinforcing our culture, engaging people in a virtual world, and building resilience in a changing environment. 3M's existing global virtual learning platform, Develop U, with updated content became a powerful employee engagement driver during this time. Facilitator-led sessions combined with self-paced and social learning saw over 85% of employees engaged in virtual learning through the past year.

The Company also launched a new performance management system called Performance Everyday . This system is based on the philosophy of continuous interaction, engagement and discussion between employees and their supervisor.



# Enabling our people to thrive during the pandemic

## Engaging our manufacturing shopfloor employees

3M's learning philosophy of 'Development for All' was seen in action with all employees including production actively engaged in learning programs. Our plant teams participated in a unique training program to manage one's energy called TEJ - The Energy Journey. Technology paved the way for social distancing and adoption on the shop floor, with mobile phones being used as the learning platform by technical associates.

## 360° employee wellness

Extended periods of WFH underscored the need for a holistic approach to employee wellness. A 360° wellness initiative was launched, covering physical & mental health and nutrition. Webinars on yoga, nutrition, family health and financial awareness provided employees with tools, and strategies to maintain safe and healthy behaviour during difficult times. Employee Assistance Program (EAP) with a new partner was also relaunched to enable our employees and their family members deal with the mental and emotional toll of the pandemic.

## Making everyone feel welcome

Inclusion is the key to unlocking the power of our diversity. We launched the India chapters of our global employee resource networks for new employees, NEON ( New Employee Opportunity Network) and 3M Pride for the LGBTQI+ community. NEON supports newly joined employees to make their transition into the company culture easier. 3M Pride works to create awareness and sensitise our workforce on the issues faced by the LGBTQI+ community.

A key focus for the inclusion agenda is in reinforcing psychological safety and reiterating that 3M is a safe space for employees to express themselves and be authentic. We are also sharing the power of Allyship as a way of becoming a more inclusive organization.



# Progress



## 3M Sustainability: Science fuels our sustainability and societal goals

The COVID-19 pandemic has brought the health of the planet and our people front and center. These challenges have strengthened our commitment to sustainability.

Our sustainability goals and targets are anchored around a strategic framework of 3 pillars driven by science

### **Science for Circular**

Design solutions that do more with less material, advancing a global circular economy.

### **Science for Climate**

Innovate to decarbonize industry, accelerate global climate solutions and improve our environmental footprint.

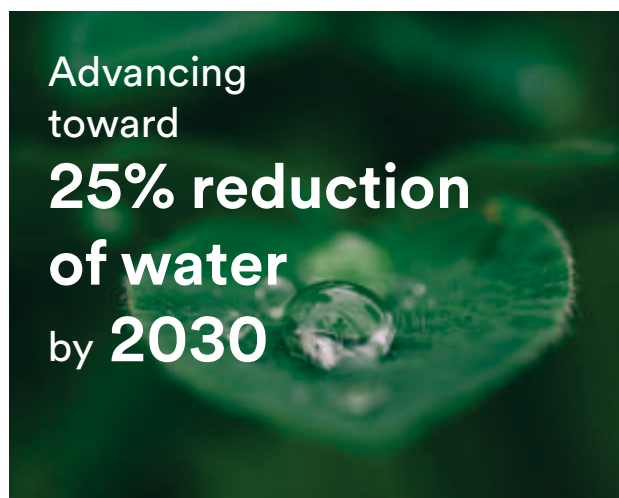
### **Science for Community**

Create a more positive world through science and inspire people to join us.



# Bolder commitments for a sustainable future

At the start of 2021, 3M Company announced significant initiatives and investment over the next 20 years as we apply 3M science to shape a world with cleaner air, better water quality and less waste.



In India, we strive to align our operations to the goals and targets set by the Corporation.

## Waste



- Reduction of carbon footprint by 400MT of CO<sub>2</sub>
- Waste generation reduction by 13.2%

## Energy & Climate



- Partnering with customers to develop greener solutions that reduce emissions and conserve energy
- Energy consumption reduced by 26.1%

## Water



- 'Zero Water Discharge' policy: treated water used inhouse for gardening & other purposes
- Water consumption reduced by 48.1%

## Renewable Energy



- In two of our manufacturing plants, 26% of energy consumption is from renewable sources

# Progress



## Building resilience in our communities

It was a year when corporate social responsibility efforts took on new meaning. The pandemic exposed the inequities in our society. While we prioritised the needs of our communities affected by COVID, we also continued to invest in our legacy programs which took on greater purpose.

### Ensuring that no one goes hungry

During the harsh lockdown of the first wave, 3M deployed a cooked food and dry rations program to support stranded migrant workers near our manufacturing sites in Pune. As the impact of the lockdown worsened with several migrant populations losing their livelihood, we collaborated with multiple NGO partners to implement a national food and essentials kit distribution program to support vulnerable communities across districts in Bihar, Rajasthan, Karnataka, Assam, Tripura, Telangana and Gujarat. Our relief efforts were augmented by a grant of USD 300,000 from 3Mgives which was deployed to support Government COVID hospitals with critical medical equipment.

The COVID-19 situation further complicated relief and rehabilitation efforts when natural disasters like Cyclone Amphan hit West Bengal and Odisha. We extended our food and essentials kits program to support families located around Anganwadis in the slums of Kolkata.



**3M's COVID relief efforts in India, in the past year reached over 10,000+ families across multiple states.**



# Creating stronger communities

## Building capacity of community health workers

The Government of India relied on the efforts of Community Health Workers (CHWs), largely women to create awareness on how to curb the spread of infection in communities. 3M along with a consortium of partners completed an important milestone of skilling **4,400** women community health workers on healthcare and hygiene practices in FY 20-21. As a knowledge partner, 3M brought in expertise in fields such as medical solutions, personal safety, sanitisation and hygiene.

The curriculum was updated with a COVID-19 module which focused on hygiene, sanitisation and social distancing practices. The last batch of 300+ community health workers were trained virtually via tablets, which came in handy to execute these trainings online.

The program showed an **80% awareness** on COVID-19. This has led to a marked contribution by **CHWs** in spreading awareness on COVID-19 prevention in the community.



Photograph taken during pre-COVID time

## Giving wings to young changemakers



The pandemic did not hinder us from investing in what was important – giving wings to the hopes and dreams of India's young innovators.

A low cost, wheel mounted microclimate storage bin that preserves the freshness of farm produce, a simple brace to help bedridden patients return to a more active lifestyle and an app-based audio visual assistant to help the elderly overcome fear of technology. These were some of the award-winning innovations recognized at the 7th edition of the 3M-CII Young Innovators Challenge Awards program.

The 2020 YICA competition brought in a record-breaking 2,500+ entries. Seven winners won seed grants from 3M to further their ideas.

  
**3-in-4**

believe that during the pandemic, scientists/ medical professionals are inspiring a new generation to pursue science-based careers in the future.

  
**83%**

acknowledge that under-represented minority groups often do not receive equal access to STEM education.

Source: 2021 3M State of Science Index (SOSI)

# 10 Year Financial Highlights

	12 months ended (April to March) (Standalone)										
	(₹ in Lakhs)										
Summary of Information	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16@	2016-17@	2017-18@	2018-19@	2019-20@	2020-21@
Gross Sales*	1,23,489	1,47,123	1,65,250	1,81,809	1,92,790	2,22,376	2,45,785	2,58,040	2,80,876	2,76,488	2,42,036
Total Income	1,20,241	1,41,037	1,58,463	1,76,229	1,85,478	2,24,159	2,50,732	2,62,401	2,84,159	2,80,646	2,44,723
Profit Before Depreciation, Interest & Tax (PBITDA)	16,644	12,632	12,101	13,084	21,759	35,428	41,824	52,343	54,043	38,139	26,455
Profit Before Tax (PBT)	14,806	9,611	7,520	6,907	16,456	30,310	36,922	47,968	49,746	32,040	20,244
Profit After Tax (PAT)	9,881	6,477	5,227	4,299	10,834	19,417	23,832	31,027	32,286	21,523	14,675
Net Fixed Assets	25,952	31,067	42,040	42,530	38,905	34,873	31,467	28,491	26,927	24,277	22,380
Share Capital	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51	1,126.51
Reserves & Surplus	52,813	59,291	64,517	68,816	79,645	97,681	1,21,513	1,52,540	1,84,827	2,06,350	2,21,024
Net Worth	53,940	60,417	65,644	69,943	80,772	98,807	1,22,638	1,53,666	1,85,953	2,07,476	2,22,151
Retained Earnings	9,881	6,477	5,227	4,299	10,834	19,417	23,832	31,027	32,286	21,523	14,675
Employee cost to sales	12.68	13.16	13.52	14.05	13.27	11.17	11.17	12.49	10.59	10.61	13.76
Net Deferred Tax Asset	640	440	906	1,289	966	837	780	1,135	2,347	1,666	2,561
Capital Investment	10,293	9,668	12,899	4,759	1,472	1,387	1,412	1,641	3,084	1,984	4,042
Ratio Analysis											
PBT to Total Income (%)	12.31	6.81	4.75	3.92	8.87	13.52	14.73	18.28	17.51	11.42	8.27
PAT to Total Income (%)	8.22	4.59	3.30	2.44	5.84	8.66	9.50	11.82	11.36	7.67	6.00
Return on Networth (RONW)(%)	18.32	10.72	7.96	6.15	13.41	19.65	19.43	20.19	17.36	10.37	6.61
Return on Capital Employed (%)	27.45	15.91	11.46	9.88	20.37	30.68	30.11	31.22	26.75	15.44	9.11
Return on Equity(%)	18.32	10.72	7.96	6.15	13.41	19.65	19.43	20.19	17.36	10.37	6.61
EPS	87.71	57.50	46.40	38.16	96.17	172.89	213.72	275.66	286.72	194.38	132.53
No. of shareholders	9,145	9,490	9,432	9,225	10,723	12,974	16,290	18,607	23,240	31,047	29,720

## Notes/Glossary:

\* Sales before Excise duty charged up to FY 2017-18.

@Ind AS

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

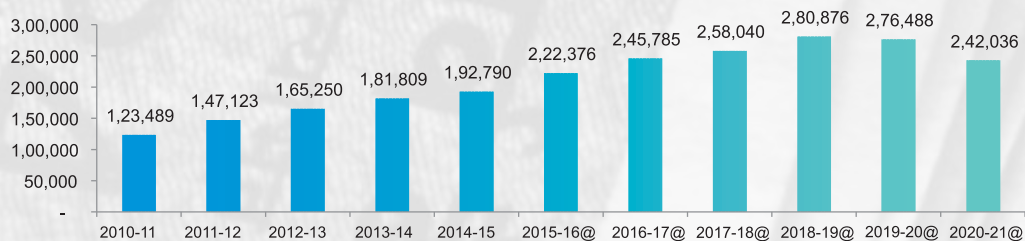
Net worth=Share Capital+ Reserves & Surplus

RONW=PAT/ Network

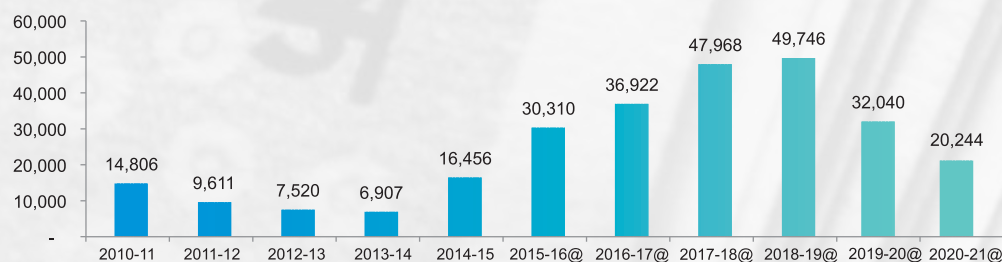
Return on Capital Employed(%)=PBT/Capital employed

Return on Equity=PAT/Networth

## Gross Sales (Rs. in Lakhs)

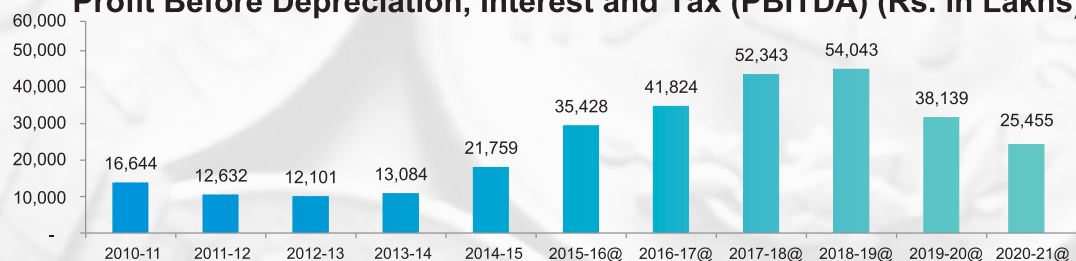


## Profit Before Tax (PBT) (Rs. in Lakhs)

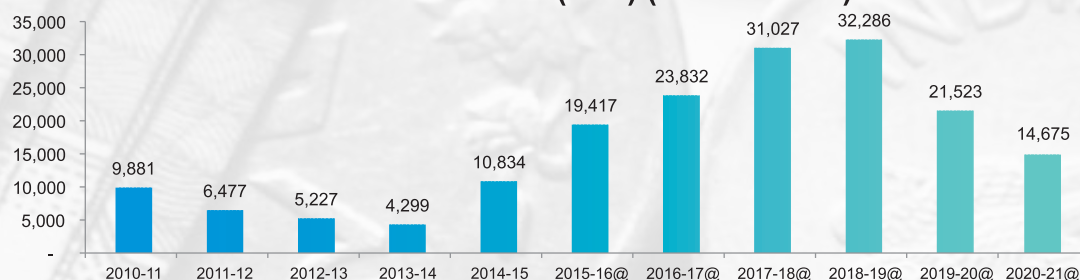




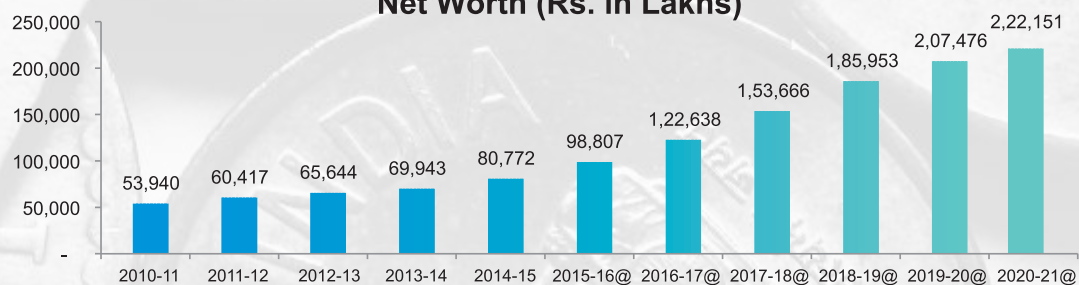
### Profit Before Depreciation, Interest and Tax (PBITDA) (Rs. in Lakhs)



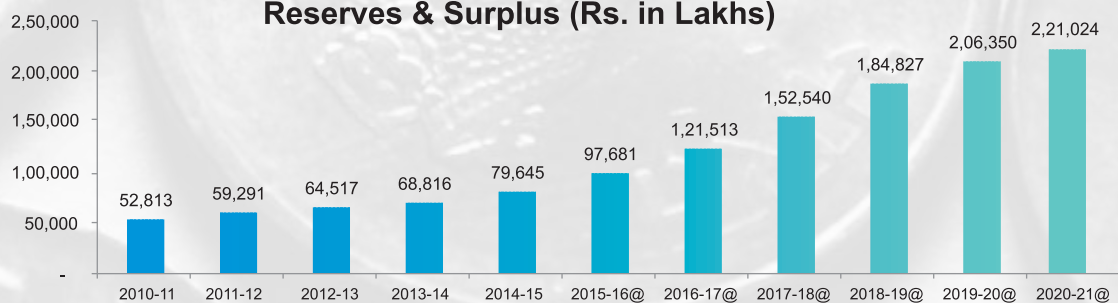
### Profit After Tax (PAT) (Rs. in Lakhs)



### Net Worth (Rs. in Lakhs)



### Reserves & Surplus (Rs. in Lakhs)



# Board of Directors



**Bharat D. Shah**  
Chairman, Non-Executive  
Independent Director



**Ramesh Ramadurai**  
Managing Director



**Biren Gabhawala**  
Non-Executive  
Independent Director



**Radhika Rajan**  
Non-Executive  
Independent Director

## Key Managerial Personnel & Committee Details

### Key Managerial Personnel

Mr. Ramesh Ramadurai	Managing Director
Ms. Mamta Janak Gore	Whole-time Director and CFO (upto May 31, 2021)
Ms. Vidya Sarathy	Chief Financial Officer (from June 1, 2021)
Mr. V. Srinivasan	Company Secretary and Compliance Officer

### Audit Committee

Mr. Biren Gabhawala	Chairman
Mr. Bharat D. Shah	Member
Ms. Radhika Rajan	Member
Mr. Jongho Lee	Member

### Stakeholders Relationship Committee

Mr. Bharat D. Shah	Chairman
Mr. Biren Gabhawala	Member
Ms. Radhika Rajan	Member
Mr. Ramesh Ramadurai	Member

### Corporate Social Responsibility Committee

Mr. Bharat D. Shah	Chairman
Mr. Ramesh Ramadurai	Member
Ms. Radhika Rajan	Member
Ms. Mamta Janak Gore	Member

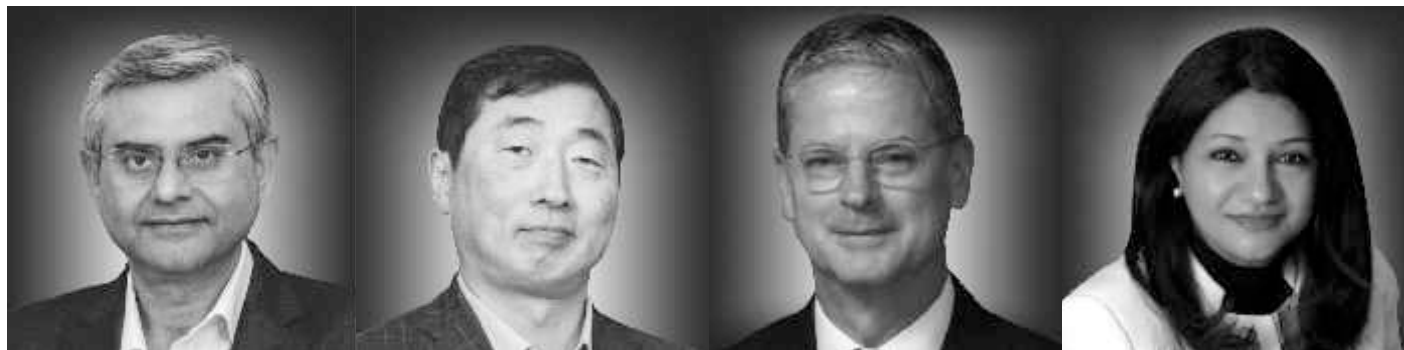
### Nomination and Remuneration Committee

Mr. Biren Gabhawala	Chairman
Mr. Bharat D. Shah	Member
Mr. Amit Laroya	Member
Mr. Jongho Lee	Member

### Risk Management Committee

Mr. Biren Gabhawala	Chairman
Mr. Bharat D. Shah	Member
Ms. Radhika Rajan	Member
Mr. Ramesh Ramadurai	Member
Mr. James Ernest Falteisek	Member





**Amit Laroya**  
Non-Executive Director

**Jongho Lee**  
Non-Executive Director

**James Ernest Falteisek**  
Non-Executive Director

**Mamta Janak Gore**  
Non-Executive Director  
(from June 1, 2021)

## Corporate Information

### Bankers

BNP Paribas  
Citibank N.A  
Deutsche Bank AG  
HDFC Bank Limited  
ICICI Bank Limited  
The Hong Kong and Shanghai Banking Corporation Limited  
Sumitomo Mitsui Banking Corporation

### Auditors

Messrs. B.S.R. & Co. LLP,  
Chartered Accountants  
Embassy Gold Links Business Park,  
Pebble Beach, B Block, 3rd Floor,  
Bengaluru - 560071

### Cost Auditors

Messrs. Rao, Murthy & Associates  
Cost Accountants  
Sampurna Chambers  
No.13, 1st Floor-FF2  
Vasavi Temple Road, V.V. Puram  
Bengaluru- 560004

### Secretarial Auditor

Mr. Parameshwar G Bhat  
No. 496/4, II Floor, 10th Cross,  
Near Bashyam Circle, Sadashivanagar,  
Bengaluru - 560080

### Registrar & Transfer Agent

KFin Technologies Private Limited  
(formerly Karvy Fintech Private Limited)  
KFintech 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](http://www.3m.com/in)

**E-mail id:** [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com)

### Address for correspondence:

Registered Office:  
Plot Nos. 48-51, Electronic City,  
Hosur Road,  
Bengaluru - 560100

### Corporate Office:

WeWork Prestige Central, 3rd floor,  
36 Infantry Road, Tasker Town,  
Bengaluru - 560001



# Recognition during the pandemic

## Awards & Recognition



### Ethical Leadership



3M Company was honoured as one of the 8 companies in the industrial manufacturing category worldwide for the World's Most Ethical Company® recognition. We are proud to receive this for

eight years in a row, an outcome of the collective efforts of 3Mers around the world.

### Performance during COVID



3M India was featured in Forbes India publication's "Ultimate 120" list which honoured companies and individuals who took the lead and performed under challenging conditions due to COVID-19.

### Diversity & Inclusion

Two women leaders from 3M India were recognized by external bodies for their professional achievements.



**Mamta Gore**, company CFO till May 2021 was recognized as the Best Woman CFO, 2020, at the 4th edition of BW Businessworld Best CFO Summit & Awards for outstanding performance and leadership.



**Priya Menon**, General Counsel was awarded the Women in Law Excellence Award 2021, instituted by the Legal Era, Legal Media Group which recognizes leadership, innovation and achievements of women lawyers.





## Environmental Health & Safety



3M India Bangalore Electronics city plant was recognized by CII (Confederation of Indian Industry) with a 4 Star Rating for its commitment to EHS Practices and was awarded with the

“Certificate of Commitment” for the year 2020.



3M India Ranjangaon Plant received 3M Corporate’s highest honour for environmental health and safety, **CEO EHS Award**, demonstrating excellence in environment, health and safety.

## Industry Recognition

The company’s local product packaging designs for **3M™ Conspicuity tape, Command™ Hook promotional pack** and **Scotch-Brite® broom** were recognized for the **Indiastar Packaging Awards**, a national award for excellence in packaging, instituted by the Indian Institute of Packaging.





A microscopic image of plant cells, likely from a leaf, showing large, irregularly shaped cells. The cells are filled with various colors, including deep blue, green, yellow, and magenta, which are likely due to the presence of chlorophyll and other pigments. The cell walls are clearly visible as thin, dark lines separating the cells. The overall texture is grainy, typical of a microscopic image.

**Elevating life  
through science**



## 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: investorhelpdesk.in@mmm.com, Website: www.3m.com/in

July 26, 2021

Dear Members,

We are pleased to invite you to the 34th Annual General Meeting of the Members of 3M India Limited (“the Company”) to be held at 10.30 A.M. IST on Thursday, the August 26, 2021 through Video Conferencing (“VC”) / Other Audio Visual Means (“OAVM”).

The Notice of the Meeting, containing the business to be transacted and other statutory reports is enclosed herewith. As per Section 108 of the Companies Act, 2013 (“the Act”), read with the related rules and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“the Listing Regulations”), the Company is pleased to provide its Members the facility to cast their vote by electronic means on all resolutions set forth in the Notice. The Company has appointed National Securities Depository Limited, to provide VC/OAVM facility for the Annual General Meeting and the attendant enablers for conducting of the Annual General Meeting.

Thanking you.

Yours faithfully,

**For 3M India Limited**



**V. Srinivasan**

Company Secretary & Compliance Officer

### Enclosures:

1. Notice of the 34<sup>th</sup> Annual General Meeting ..... 30-43
2. Important Information at a glance..... 43
3. Note to the Members holding share in physical form ..... 44
4. Report of the Board of Directors and its annexures ..... 45-138
5. Independent Auditors' Report together with Standalone Financial Statements ..... 139-194
6. Independent Auditors' Report together with Consolidated Financial Statements ..... 195-247

## 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: investorhelpdesk.in@mmm.com, Website: www. 3m.com/in

### NOTICE TO MEMBERS

NOTICE is hereby given that the **Thirty Fourth (34<sup>th</sup>) Annual General Meeting** (“AGM/eAGM”) of 3M India Limited will be held at **10.30 A.M. IST on Thursday, the August 26, 2021** through Video Conferencing (“VC”)/Other Audio Visual Means (“OAVM”) to transact the following business:

#### ORDINARY BUSINESS:

**1. Adoption of Standalone Financial Statements for the financial year ended March 31, 2021.**

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

“RESOLVED THAT the Audited Standalone Financial Statements of the Company for the financial year ended March 31, 2021, together with the Auditors’ Report thereon and the Board’s Report including Secretarial Audit Report be and are hereby received, considered and adopted.”

**2. Adoption of Consolidated Financial Statements for the financial year ended March 31, 2021.**

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

“RESOLVED THAT the Audited Consolidated Financial Statements of the Company for the financial year ended March 31, 2021, together with the Auditors’ Report thereon be and are hereby received, considered and adopted.”

**3. Re-appointment of Mr. Jongho Lee (holding DIN: 06720950) who retires by rotation.**

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

“RESOLVED THAT Mr. Jongho Lee (holding DIN: 06720950) 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.”

**4. Re-appointment of Statutory Auditors of the Company for a second term of Five (5) years and fixing their remuneration.**

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

“RESOLVED THAT pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, and based on the recommendation of the Audit Committee and of the Board of Directors, Messrs. BSR & Co. LLP, Chartered Accountants, Bengaluru (ICAI Firm Registration No. 101248W/W-100022) who have offered themselves for re-appointment and have confirmed their eligibility under the relevant provisions of Chapter X of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for their second term of Five (5) years from the conclusion this 34<sup>th</sup> Annual General Meeting till the conclusion of 39<sup>th</sup> Annual General Meeting for the financial year 2025-2026 at a remuneration as may be decided by the Board of Directors of the Company every year in consultation with the said auditors and that this approval be and is hereby deemed as valid for the next 5 years, there being no need to seek further approval from the Shareholders each year.

RESOLVED FURTHER THAT the Board of Directors of the Company 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.”

#### SPECIAL BUSINESS:

**5. Payment of remuneration by way of commission to Non-Executive Independent Directors of the Company for Five (5) financial years commencing from the financial year April 01, 2021.**

*To consider and, if thought it, to pass, the following Resolution as a Special Resolution:*

“RESOLVED THAT pursuant to the provisions of Sections 197 and 198 and any other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 17(6) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, consent of the Company be and is hereby accorded for payment to its Non-Executive Independent Directors, in addition to the sitting fees being paid for



## NOTICE TO MEMBERS

attending the meetings of the Board or its Committees of the Board thereof, a sum not exceeding One percent (1%) per annum of the net profits of the Company calculated in accordance with the provisions of Section 198 of the Companies Act, 2013, be paid to and distributed amongst the Non-Executive Independent Directors or some or any of them in such amounts or proportions and in such manner and in all respects as may be decided and directed by the Nomination & Remuneration Committee and by the Board of Directors and such payments shall be made in respect of the profits of the Company for each financial year, for a period of Five (5) financial years commencing from April 1, 2021.

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

### 6. Ratification of remuneration payable to Messrs. Rao, Murthy & Associates, Cost Auditors for the financial year 2021-22.

*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 or re-enactment thereof), the remuneration payable to Messrs. Rao, Murthy & Associates, Bengaluru (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 2021-22 at a remuneration of Rs. 475,000/- (Rupees Four Lakhs Seventy-Five Thousand only) excluding applicable taxes and re-imbursement of out of pocket expenses incurred by them in connection with the audit of cost records, be and is hereby ratified and approved.

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*

Membership No. A16430

Place: Bengaluru

Date : May 28, 2021

Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100

### Notes to e-AGM Notice:

In view of the continuing Covid-19 pandemic and also in view of continuing restrictions on the movement of persons at several places in the country due to outbreak of Covid-19 and the need to follow social distancing norms and pursuant to General Circular Nos. 14/2020, 17/2020, 20/2020 and 02/2021 dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021, respectively issued by the Ministry of Corporate Affairs ('MCA') (collectively referred to as 'MCA Circulars') and Circular Nos. SEBI/HO/CFD/ CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/ CIR/P/2021/11 dated May 12, 2020 and January 15, 2021, respectively issued by the Securities and Exchange Board of India (collectively referred to as 'SEBI Circulars') permitted the holding of the Annual General Meeting ('AGM') through VC/OAVM, without the physical presence of the Members. In compliance with the provisions of the Companies Act, 2013 ('the Act'), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ('the Listing Regulations'), MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC/ OAVM which does not require physical presence of Members at a common venue. Hence, Members can attend and participate in the ensuing AGM through VC/OAVM. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

1. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company: Pursuant to the Circular No. 14/2020 dated April 08, 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the Members is not available for this AGM. However, the Bodies Corporate are entitled to appoint authorised representatives to attend the AGM through VC/OAVM and participate there at and cast their votes through e-voting. However, since this AGM is being held pursuant to the above MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
2. Since the AGM will be held through VC/OAVM, the Route Map is not annexed in this Notice.

## NOTICE TO MEMBERS

3. Members attending the AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
4. Explanatory Statement pursuant to Section 102 of the Act in respect of Special Business is annexed hereto.
5. The Register of Members and the Share Transfer Books of the Company will remain closed from Saturday, August 21, 2021 to Thursday, August 26, 2021 (both days inclusive).
6. The Shares of the Company are mandated by 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. 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 (R&T).
7. The Registrar and Transfer Agent: KFin Technologies Private Limited (formerly: Karvy Fintech Private Limited), KFinTech Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Gachibowli, Hyderabad – 500 032 is handling registry work in respect of Shares held both in physical form and in electronic/demat form.
8. In compliance with the MCA Circulars and SEBI Circulars Notice of the AGM along with the Annual Report 2020-21 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local>, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and NSDL at <https://www.evoting.nsdl.com>.
9. Members may refer additional information on Directors recommended for appointment/re-appointment under the provisions of Listing Regulations.
10. 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 the Companies (Management & Administration) Rules, 2014, Registers of Members of all the Companies now should have additional details pertaining to e-mail, PAN/ CIN, UID, Occupation, Status, Nationality. The Company seeks from 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.
11. 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.
12. Pursuant to Section 72 of the Act, 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.
13. Electronic copy of the Notice of the 34<sup>th</sup> Annual General Meeting of the Company inter alia indicating the process and manner of e-voting is being sent only to all the Members whose email IDs are registered with the Company/ Depository Participant(s) for communication purposes. 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.
14. **e-AGM: The Company has appointed National Securities Depository Limited (NSDL), to provide VC/OAVM facility for the AGM and the attendant enablers for conducting of the e-AGM.**
15. Pursuant to the provisions of the circulars of MCA on the VC/OAVM (e-AGM):
  - a. Members can attend the meeting by following the instructions mentioned in the notice to connect to Video conference. Physical attendance of the Members at the Meeting venue is not required.
  - b. Appointment of proxy to attend and cast vote on behalf of the Member is not available.



## NOTICE TO MEMBERS

- c. Bodies Corporate are entitled to appoint authorised representatives to attend the e-AGM through VC/OAVM and participate thereat and cast their votes through e-voting.
16. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice.
17. The attendance of the Members (members logins) attending the e-AGM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
18. **Remote e-Voting and Voting at the e-AGM:** Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations (as amended), and the Circulars issued by the Ministry of Corporate Affairs dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-Voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with **National Securities Depository Limited (NSDL)** for facilitating voting through electronic means, as the authorized agency. The facility of casting votes by a member using remote e-Voting system as well as voting on the day of the AGM will be provided by **NSDL**.
19. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM has been uploaded on the website of the Company at [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/). The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and the AGM Notice is also available on the website of NSDL (agency for providing the Remote e-Voting facility) i.e. [www.evoting.nsdl.com](http://www.evoting.nsdl.com). The AGM has been convened through VC/OAVM in compliance with applicable provisions of the Act, MCA Circulars, SEBI Circular and the listing regulations.
20. The Company has appointed **Mr. Parameshwar G Bhat**, Practising Company Secretary, who in the opinion of the Board is a duly qualified person, as 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.
21. **THE INSTRUCTIONS FOR MEMBERS FOR REMOTE E-VOTING AND JOINING e-AGM ARE AS UNDER: -**  
The remote e-voting period begins at **9: 00 A.M. IST on Monday, August 23, 2021** and ends at **5: 00 P.M. IST on Wednesday, August 25, 2021**. The remote e-voting module shall be disabled by NSDL for voting thereafter. The Members, whose names appear in the Register of Members/Beneficial Owners as on the record date (cut-off date) i.e. Friday, August 20, 2021, may cast their vote electronically. The voting right of shareholders shall be in proportion to their share in the paid-up Equity Share Capital of the Company as on the cut-off date, being Friday, August 20, 2021.

### How do I vote electronically using NSDL e-Voting system?

The way to vote electronically on NSDL e-Voting system consists of “Two Steps” which are mentioned below:





#### Step 1: Access to NSDL e-Voting system

##### A) Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode

In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

## NOTICE TO MEMBERS

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL.	<ol style="list-style-type: none"> <li>If you are already registered for <b>NSDL IDeAS facility</b>, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com/">https://eservices.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “<b>Beneficial Owner</b>” icon under “<b>Login</b>” which is available under “<b>IDeAS</b>” section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “<b>Access to e-Voting</b>” under e-Voting services and you will be able to see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be re-directed to NSDL e-Voting website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select “<b>Register Online for IDeAS</b>” Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “<b>Login</b>” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on options available against company name or <b>e-Voting service provider - NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App “NSDL Speede” facility by scanning the QR code mentioned below for seamless voting experience.  <div> <p>NSDL Mobile App is available on</p> <div>  App Store            Google Play         </div> <div>   </div> </div> </li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> <li>Existing users who have opted for Easi/Easiest, they can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi/Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>After successful login of Easi/Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL. Click on NSDL to cast your vote.</li> <li>If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. NSDL where the e-Voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<p>You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on options available against company name or <b>e-Voting service provider-NSDL</b> and you will be redirected to e-Voting website of NSDL for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</p>



## NOTICE TO MEMBERS

**Important Note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.**

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. NSDL and CDSL.

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 or 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022-23058738 or 022-23058542-43

### B) Login Method for shareholders other than Individual shareholders holding securities in demat mode and shareholders holding securities in physical mode.

#### How to Log-in to NSDL e-Voting website?

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section.
3. A new screen will open. You will have to enter your User ID, your Password/OTP and a Verification Code as shown on the screen.

*Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.*

4. Your User ID details are given below:

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID is:
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID For example, if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12***** then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the company For example, if folio number is 001*** and EVEN is 116497 then user ID is 116497001***

5. Password details for shareholders other than Individual shareholders are given below:
  - a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.
  - b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the ‘initial password’ which was communicated to you. Once you retrieve your ‘initial password’, you need to enter the ‘initial password’ and the system will force you to change your password.
  - c) How to retrieve your ‘initial password’?
    - (i) If your email ID is registered in your demat account or with the company, your ‘initial password’ is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a.pdf file. Open the .pdf file. The password to open the .pdf file is your 8-digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your ‘User ID’ and your ‘initial password’.
    - (ii) If your email ID is not registered, please follow steps mentioned below in process for those shareholders whose email ids are not registered.

## NOTICE TO MEMBERS

6. If you are unable to retrieve or have not received the “Initial password” or have forgotten your password:
  - a) Click on “[Forgot User Details/Password?](#)” (If you are holding shares in your demat account with NSDL or CDSL) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - b) [Physical User Reset Password?](#)” (If you are holding shares in physical mode) option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
  - c) If you are still unable to get the password by aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, your PAN, your name and your registered address etc.
  - d) Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.
7. After entering your password, tick on Agree to “Terms and Conditions” by selecting on the check box.
8. Now, you will have to click on “Login” button.
9. After you click on the “Login” button, Home page of e-Voting will open.

### Step 2: Cast your vote electronically and join e-AGM on NSDL e-Voting system.

#### How to cast your vote electronically and join e-AGM on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see all the companies “EVEN” in which you are holding shares and whose voting cycle and General Meeting is in active status.
2. Select “EVEN” of company for which you wish to cast your vote during the remote e-Voting period and casting your vote during the General Meeting. For joining virtual meeting, you need to click on “VC/OAVM” link placed under “Join General Meeting”.
3. Now you are ready for e-Voting as the Voting page opens.
4. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on “Submit” and also “Confirm” when prompted.
5. Upon confirmation, the message “Vote cast successfully” will be displayed.
6. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
7. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### General Guidelines for Shareholders:

1. Institutional shareholders (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. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to Mr. Parameshwar G Bhat at [parameshwar@vjkt.in](mailto:parameshwar@vjkt.in) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the “[Forgot User Details/Password?](#)” or “[Physical User Reset Password?](#)” option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) to reset the password.
3. 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 [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800 1020 990 or 1800 22 44 30 or send a request to Ms. Pallavi Mhatre, Manager at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call 1800 1020 990 or 1800 22 44 30 .

#### Process for those shareholders whose email ids are not registered with the depositories for procuring user id and password and registration of email ids for e-voting for the Resolutions set out in this notice:

1. In case shares are held in physical mode please provide Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com).



## NOTICE TO MEMBERS

2. In case shares are held in demat mode, please provide DPID-CLID (16 digit DPID + CLID or 16 digit beneficiary ID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self- attested scanned copy of Aadhar Card) to [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com). If you are an Individual shareholder holding securities in demat mode, you are requested to refer to the login method explained at Step 1 (A) i.e. Login method for e-Voting and joining virtual meeting for Individual shareholders holding securities in demat mode.
3. Alternatively shareholder/members may send a request to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) for procuring user id and password for e-voting by providing above mentioned documents.
4. In terms of SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are required to update their mobile number and email ID correctly in their demat account in order to access e-Voting facility.

### THE INSTRUCTIONS FOR MEMBERS FOR e-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. Only those Members/shareholders, who will be present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

### INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the NSDL e-Voting system. Members may access by following the steps mentioned above for **Access to NSDL e-Voting system**. After successful login, you can see link of “VC/OAVM link” placed under “Join General meeting” menu against company name. You are requested to click on VC/OAVM link placed under Join General Meeting menu. The link for VC/OAVM will be available in Shareholder/Member login where the EVEN of Company will be displayed. Please note that the members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the notice to avoid last minute rush.
2. Members are encouraged to join the Meeting through Laptops for better experience.
3. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.

**Members questions prior to e-AGM:** Shareholders who desire to express their views/have questions may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com) from **9.00 A.M. IST on Monday, August 23, 2021 to 5.00 P.M. IST on Tuesday, August 24, 2021**. The same will be replied by the Company suitably at the AGM. Please note that only those Members who continue to hold shares as of cut-off date as on Friday, August 20, 2021 will be entitled to this facility. As the AGM is being conducted through VC/OAVM, for the smooth conduct of proceedings of the AGM, Members are encouraged to express their views/send their queries in advance mentioning their name demat account number/folio number, email id, mobile number at [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com). Questions /queries received by the Company till 5.00 P.M. IST on Tuesday, August 24, 2021 shall only be considered and responded during the AGM.

**Speaker Registration for e-AGM:** Members who would seek to express their views or ask questions during the AGM may register themselves as a speaker by using the login method explained at note no. 21 E-voting: under the sub head “ Step 1: Access to NSDL e-Voting system” from **9.00 A.M. IST on Monday, August 23, 2021 to 5.00 P.M. IST on Tuesday, August 24, 2021**. After successful login, Members will be able to register themselves as a speaker shareholder by clicking on the link available against the EVEN of 3M India Limited.

## NOTICE TO MEMBERS

### OTHER IMPORTANT GENERAL INSTRUCTIONS:

- (a) The Company urges Members to support 3M's commitment to environmental protection by choosing to receive the Company's communication through email. Members holding shares in demat mode, who have not registered their email addresses are requested to register their email addresses with their respective depository participants, and members holding shares in physical mode are requested to update their email addresses with the Company's RTA, KFin Technologies Private Limited at [inward.ris@kfintech.com](mailto:inward.ris@kfintech.com) to receive copies of the Annual Report 2020-21 in electronic mode. Members may follow the process detailed below for registration of email ID to obtain the Annual Report.
- (b) Members may note that the VC/OAVM Facility, provided by NSDL, has capacity to allow participation of at least 1,000 Members on a first-come first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 34<sup>th</sup> AGM without any restriction on account of first-come first-served principle.
- (c) Pursuant to Section 108 of the Act read with Rule 20 of the 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 Standards 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 Friday, August 20, 2021 i.e. the date prior to the commencement of Book Closure date are entitled to vote on the Resolutions set forth in this Notice. The remote e-voting period will commence at 9.00 A.M. IST on Monday, August 23, 2021 to 5.00 P.M. IST on Wednesday, August 25, 2021. 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/its discretion, subject to compliance with the instructions prescribed in the notes. The Company has engaged the services of NSDL 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 provided in the notes.
- (d) Once the vote on the Resolution is cast by the Shareholder, he shall not be allowed to change it subsequently.
- (e) The Companies (Management and Administration) Amendment Rules, 2015 provide that the electronic voting period shall close at 5.00 P.M. IST on the date preceding the date of the AGM. Accordingly, the Portal will be open for voting from 9.00 A.M. IST on Monday, August 23, 2021 to 5.00 P.M. IST on Wednesday, August 25, 2021. The e-voting module shall be disabled by NSDL at 5.00 P.M. IST on Wednesday, August 25, 2021. During this period Shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of Friday, August 20, 2021, may cast their vote electronically.
- (f) 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. Friday, August 20, 2021.
- (g) The Members, whose names appear in the Register of Members/list of Beneficial Owners as on Friday, August 20, 2021, are entitled to vote on the Resolutions set forth in this Notice.
- (h) Any person holding shares in physical form and non-individual shareholders, who acquires shares of the Company and becomes Member of the Company after the notice is sent through e-mail and holding shares as of the cut-off date i.e. **Friday, August 20, 2021**, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). However, if you are already registered with NSDL for remote e-voting, then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" or "Physical User Reset Password" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no. **1800 1020 990** or **1800 22 44 30**. In case of Individual Shareholders holding securities in demat mode who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date i.e. **Friday, August 20, 2021** may follow steps mentioned in the Notice of the AGM under "**Access to NSDL e-Voting system**".
- (i) A Member may participate in the AGM through VC/OAVM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
- (j) The Scrutinizer shall within Two (2) working days of the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Scrutinizer's Report



## NOTICE TO MEMBERS

of the votes cast in favour or against, if any, forthwith to the Chairman or designated Director or Key Managerial Personnel of the Company.

- (k) The Results shall be declared within two working days from the date of AGM. The results declared along with the Report of the Scrutinizer shall be placed on the website of the Company <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and on NSDL 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.
- (l) 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.
- (m) 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 [parameshwar@vjkt.in](mailto:parameshwar@vjkt.in). File naming convention should be 'Corporate Name'. The documents should reach the Scrutinizer on or before the close of working hours on Wednesday, August 25, 2021.

### Webcast facility:

The Company is pleased to provide the facility of live webcast of the proceedings of AGM. Members who are entitled to participate in the AGM can view the proceeding of AGM at [www.evoting.nsdl.com](http://www.evoting.nsdl.com) using their secure login credentials. Members are encouraged to use this facility of webcast.

Members who need assistance before or during the AGM, can contact Ms. Pallavi Mhatre, Manager at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or call 1800 1020 990 or 1800 22 44 30.

### Procedure for Inspection of documents:

The Register of directors and key managerial personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act and all the documents referred to in the accompanying Notice and Explanatory Statements will be available electronically for inspection by the Members during the AGM. All documents referred to in the Notice will also be available for electronic inspection without any fee by the Members from the date of circulation of this Notice up to the date of AGM, i.e. August 26, 2021. Members seeking to inspect such documents can send an email to [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com).

## ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT/RE-APPOINTMENT PURSUANT TO SECRETARIAL STANDARD-2 AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

### Item No. 3

In terms of Sections 149, 152 and other applicable provisions of the Companies Act, 2013, for the purpose of determining the Directors liable to retire by rotation, the Independent Directors and Whole-time Directors shall not be included in the total number of Directors of the Company. Mr. Jongho Lee, 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. Jongho Lee, 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 the Listing Regulations are exhibited below:

Mr. Jongho Lee (JH), Non-Executive Director (holding DIN- 06720950), aged 57 years, was appointed as a Non-Executive Non-Independent Director of the Company with effect from May 26, 2017. JH was named as a Finance Director - Asia based out of Hong Kong from April 1, 2017. JH comes with a strong pedigree and regional experience across multiple companies. JH 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

## NOTICE TO MEMBERS

He is also the Co-Chairman of the AMCHAM CFO Committee, Korea, and a Tax Committee Member of Korea Chamber of Commerce. JH holds an MBA from the University of Michigan, Ann Arbor and a B.A., Seoul National University. He is appointed as Director- Accounting - APAC for International Finance from January 1, 2020.

Expertise in Specific Functional Areas	Finance and General Management of Business
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2021	Nil

He is a Member of Audit Committee and Nomination and Remuneration Committee of the Company. He does not hold any Shares in the Company. There is no *inter-se* relationship among the Board Members. He has attended all the Committee/Board Meetings during the FY 2020-21. Kindly refer to the Corporate Governance Report for the details of the Board/ Committee Meetings attended by Jongho Lee for the financial year 2020-21.

*Memberships/Chairmanships of Audit and Stakeholders' Relationship Committees across Public Companies including 3M India Limited: 1*

*Remuneration last drawn (FY 2020-21) from the Company: Nil*

*Remuneration sought to be paid from the Company: Nil*

The Board recommends the Ordinary Resolution set out at item no. 3 of the Notice, for the approval of the Members of the Company.

Except Jongho Lee, 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. 3.

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

### EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 AND SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015.

The following statements set out all material facts relating to Ordinary/Special business mentioned in the accompanying Notice dated May 28, 2021 and shall be taken as forming part of the Notice.

#### Item No. 4

Messrs. BSR & Co. LLP, Chartered Accountants, Bengaluru (ICAI Firm Registration No. 101248W/W-100022) were appointed as the Statutory Auditors of the Company at the 29<sup>th</sup> AGM held on August 5, 2016 for a term of Five (5) years and they hold office upto the conclusion of the ensuing 34<sup>th</sup> AGM of the Company.

The remuneration of Messrs. BSR & Co. LLP, Chartered Accountants, for conducting the audit for the financial year 2020-21, was Rs. 110 Lakhs (exclusive of applicable taxes thereon and out of pocket expenses) for audit of quarterly and annual financial statements of the Company under the IND AS and Tax Audit, for the financial year ended March 31, 2021.

Messrs. BSR & Co. LLP, Chartered Accountants, Statutory Auditors have conducted the statutory audit of the Company from the FY 2016-17 to FY 2020-21 and their performance was found to be satisfactory. Before recommending their re-appointment, the Audit Committee considered various parameters like capability to serve complex business, landscape with expertise in respect of manufacturing Company, audit experience in the Company's operating segments, market standing of the firm, clientele served, technical knowledge etc., and found them suitable to handle the scale, diversity and complexity associated with the audit of the financial statements of the Company.

The Board of Directors of the Company at its meeting held on February 10, 2021 had on the recommendation of the Audit Committee, approved the re-appointment Messrs. BSR & Co. LLP, Chartered Accountants, Bengaluru (ICAI Firm Registration No. 101248W/W-100022) as Statutory Auditors of the Company, subject to the approval of the Members of the Company at this AGM. Messrs. BSR & Co., LLP, being eligible, have indicated their willingness to serve as Statutory Auditors of the Company, if re-appointed at this Meeting.

Terms and Conditions of Re-appointment are as under:

**Term of Appointment:** 5 years from the conclusion of this 34<sup>th</sup> AGM till the conclusion of 39<sup>th</sup> AGM for FY 2025-26 without there being further approvals required from the Shareholders year after year for 5 years.

**Remuneration:** Remuneration will be as decided by the Board of Directors of the Company every year based on the recommendation of the Audit Committee. Remuneration will be fixed by the Board based on knowledge, expertise, industry experience, time and efforts required to be put in by Messrs. BSR & Co. LLP, during their association with the



## NOTICE TO MEMBERS

Company. The fees proposed are in line with the industry benchmarks. The fees for services in the nature of Limited Review, Statutory certifications and other professional work will be in addition to the audit fee and will be decided by the management in consultation with the Auditors.

The Board of Directors of the Company at its meeting held on May 28, 2021, based on the recommendations of the Audit Committee has approved and has proposed Rs. 117 Lakhs (without considering the ongoing merger of the wholly owned subsidiary with the Company) or Rs. 122 Lakhs (considering the merger of the wholly owned subsidiary with the Company) as fees for the FY 2021-22 for audit of quarterly and annual financial statements of the Company under the IND AS and Tax Audit, as the case may be. Members can refer to the Standalone and Consolidated Notes to the financial statements for the total fees paid for the FY 2020-21 for all services rendered by the Auditors.

**Brief Profile:** Messrs. B S R & Co. LLP ("Firm") converted into Limited Liability Partnership viz., B S R & Co. LLP on October 14, 2013 thereby having ICAI Firm Registration No. 101248W/W-100022. The Firm is a member entity of B S R & Associates, a network registered with the Institute of Chartered Accountants of India, and their Bangalore office is situated at: Embassy Gold Links Business Park, Pebble Beach, 'B' Block, 3<sup>rd</sup> Floor, Bengaluru – 560071. The Firm is also registered in Mumbai, Gurugram, Kolkata, Vijayawada, Hyderabad, Pune, Chennai, Chandigarh, Ahmedabad, Vadodara, Noida, Jaipur, and Kochi.

**Name of the current signing partner:** Mr. Vikash Gupta, Membership no. 064597

None of the Promoters/Directors/Key Managerial Personnel of the Company/their respective relatives, is, in anyway, concerned or interested, financially or otherwise, in the resolution set out at item no. 4 of the Notice.

The Board recommends the Ordinary Resolution set forth at item no. 4 of the Notice, for the approval of the Members of the Company.

### Item No. 5

The Members of the Company, at the 29<sup>th</sup> AGM held on August 5, 2011 by way of a Special Resolution approved, the payment of remuneration by way of Commission to the Non-Executive Independent Directors of the Company, of a sum not exceeding One percent (1%) per annum of the Net Profits of the Company, calculated in accordance with the provisions of the Act for a period of Five (5) years commencing from April 1, 2016.

The Board of Directors of the Company at its meeting held on May 28, 2021 had based on the recommendation of the Nomination and Remuneration Committee, recommended and approved payment of Commission not exceeding One percent (1%) of the Net Profits of the Company for a period of Five (5) years commencing from April 1, 2021.

It is proposed to continue with this remuneration for further period of Five (5) years of the Company commencing from April 1, 2021, provided that the remuneration in the form of Commission shall not exceeding One percent (1%) per annum of the Net Profits of the Company computed in accordance with the provisions of the Act and Listing Regulations. This remuneration will be distributed amongst all the Non-Executive Independent Directors in accordance with the directions given by the Board of Directors and subject to any other applicable requirements under the Act. The Directors shall receive individually a sum as may be decided by the Board from time to time and this remuneration shall be in addition to fee payable to the Directors for attending the meetings of the Board or Committee thereof or for any other purpose whatsoever as may be decided by the Board, and reimbursement of expenses for participation in the Board and other meetings.

At present the Non- Executive Independent Directors receive Rs. 20,000/- per Committee /Board meeting attended and a fixed amount of Rs. 18 Lakhs as Commission per annum. The remuneration to Non- Executive Independent Directors for the FY 2020-21 is provided under 'Annexure K' to the Report of the Board of Directors.

Specific approval of the Shareholders is not required for the payment of sitting fees to Non-Executive Directors. Non-Executive Directors can also be paid commission/remuneration up to 1% of the net profits of the Company (if there is a Managing or Whole-time Director or Manager) and 3% otherwise, by passing an Ordinary Resolution. These limits are permitted to be extended on obtaining approval of the Shareholders by a Special Resolution. As per the Listing Regulations, approval of Shareholders must be obtained if annual remuneration for a single Non-Executive Director exceeds 50% of the total remuneration to all Non-Executive Directors.

In the event of no profits or inadequate profits, Non-Executive Directors and Independent Directors can receive remuneration in accordance with the limits based on the 'effective capital' of the Company. The Company may pay remuneration over the ceiling limit specified in Schedule V, if Members' approval by way of a Special Resolution has been taken for a period not exceeding 3 years.

## NOTICE TO MEMBERS

As the Company will generate/have adequate profits in future years also and does not expect/anticipate no profits or inadequate profits, accordingly, fresh approval of the Members is sought by way of a Special Resolution under the applicable provisions of the Act and the Listing Regulations for payment of remuneration by way of Commission to the Independent Directors of the Company for a period of Five (5) years commencing from April 1, 2021 as set out in the Resolution at item no. 5 of the Notice.

Directors other than the Managing Director, Whole-time Director, Non-Executive Non Independent Directors and Key Managerial Personnel of the Company are deemed to be concerned or interested in the resolution set out at item no. 5 of the Notice to the extent of remuneration that may be received by them.

The Board recommends the Special Resolution set forth at item no. 5 of the Notice, for the approval of the Members of the Company.

### Item No. 6

The Board of Directors of the Company at its meeting held on May 28, 2021 had on the recommendation of the Audit Committee, approved the re-appointment and remuneration of Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (ICAI Firm Registration No. 000065), to conduct the audit of the cost records of the Company for the financial year ending March 31, 2022 for the products covered (as per the details below) as per the Companies (Cost Records and Audit) Rules, 2014, on an remuneration of Rs. 475,000/- (Rupees Four Lakhs Seventy-Five Thousand) plus applicable taxes and out of pocket expenses at actuals.

#### Regulated Sector: 3

Industries/sectors/products/services	CETA heading (wherever Applicable)	No. of tariff items/ Products/Services
Drugs and pharmaceuticals	3004	2
Drugs and pharmaceuticals	3005	4
Drugs and pharmaceuticals	3006	1

#### Non-Regulated Sector: 16

Industries/sectors/products/services	CETA heading (wherever Applicable)	No. of tariff items/ Products/Services
Plastics and Polymers	3919	1
Plastics and Polymers	3907	1
Plastics and Polymers	3921	1
Plastics and Polymers	3920	1
Organic and Inorganic Chemicals, etc.	3402	1
Organic and Inorganic Chemicals, etc.	3403	1
Organic and Inorganic Chemicals, etc.	3811	1
Organic and Inorganic Chemicals, etc.	3814	1
Iron and Steel	7323	1
Plastics and Polymers	3904	1
Plastics and Polymers	3901	1
Medical devices (Other)	9018	1
Medical devices (Other)	9020	1
Electricals or electronic machinery	8544	1
Insecticides	3808	1
Rubber and allied products	4015	1

In terms of the provisions of Section 148(3) of the Act 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. The proposed remuneration to the Cost Auditor will commensurate with the size and complexity of the Business. 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.



## NOTICE TO MEMBERS

None of the Promoters/Directors/Key Managerial Personnel of the Company/their relatives, is in any way concerned or interested financial or otherwise, in the Resolution set out at item no. 6 of the Notice.

The Board recommends the Ordinary Resolution set forth at item no. 6 of the Notice, for the approval of the Members of the Company.

Place: Bengaluru

Date : May 28, 2021

Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100

**V. Srinivasan**

Company Secretary

Membership No. A16430

### IMPORTANT INFORMATION AT A GLANCE

Particulars	Details
Time and date of AGM	10: 30 A.M. IST on Thursday, August 26, 2021
Mode	Video Conferencing /Other Audio-Visual Means
Link for participation through VC and webcasting	<a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a>
Helpline number for VC participation	Toll free no.: 1800 1020 990 or 1800 22 44 30
Webcast and transcripts	<a href="https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/">https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/</a>
Cut-off date for e-voting	Friday, August 20, 2021
E-voting start time and date	9.00 A.M. IST on Monday, August 23, 2021
E-voting end time and date	5.00 P.M. IST on Wednesday, August 25, 2021
E-voting website of NSDL	<a href="https://www.evoting.nsdl.com">https://www.evoting.nsdl.com</a>
Name and contact details of e-voting service provider	Ms. Pallavi Mhatre, Manager National Securities Depository Limited, 4 <sup>th</sup> Floor, A Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013, India Email ID: <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> . Contact number: Toll free no.: 1800 1020 990/1800 224 430
Name and contact details of Registrar and Transfer Agent	Mr. Rajeev Kumar Kfin Technologies Private Limited Hyderabad-500032 Email id: <a href="mailto:rajeev.kr@kfintech.com">rajeev.kr@kfintech.com</a> Contact No. 040-6716 1524
Contact details for obtaining the Annual Report, e-AGM notice, and e-voting instructions by the shareholders whose email addresses are not registered with the depositories or with RTA on physical folios	<a href="https://evoting@nsdl.co.in">https://evoting@nsdl.co.in</a>
Members Questions prior to e-AGM and Speaker Registration for e-AGM start and end time and date	9.00 A.M. IST on Monday, August 23, 2021 to 5.00 P.M. IST on Tuesday, August 24, 2021
Company's contact details	<a href="mailto:investorhelpdesk.in@mmm.com">investorhelpdesk.in@mmm.com</a> Mr. Vilas Kuradikeri, from Corporate Secretarial Department Contact No: +91 9980355411 Mr. V. Srinivasan, Company Secretary Contact No: +91 9886294790

## NOTE TO MEMBERS

### 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. Members may please note that with effect from April 1, 2019, shares held in physical form cannot be transferred. Members in their own interest are requested to have their physical holdings dematerialized through a Depository Participant by opening a demat account.

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](http://www.nsdl.co.in) and [www.cdslindia.com](http://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, Passport 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.*

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.

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): KFin Technologies Private Ltd, KFinTech Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Gachibowli, Hyderabad – 500 032.

## REPORT OF THE BOARD OF DIRECTORS

To the Members of 3M India Limited,

Your Directors have pleasure in presenting the Thirty Forth (34<sup>th</sup>) Annual Report of the Company. The Standalone and Consolidated Financial Statements of the Company for the financial year ended March 31, 2021 are prepared in compliance with the applicable provisions of the Companies Act, 2013 including Indian Accounting Standards. The audited Standalone and Consolidated financial statements together with the Auditors' Report thereon form part of the Annual Report.

### FINANCIAL HIGHLIGHTS – Standalone and Consolidated

(Rs. in Lakhs)

Particulars	Standalone			Consolidated		
	Year ended March 31, 2021	Year ended March 31, 2020	% age increase / decrease (-)	Year ended March 31, 2021	Year ended March 31, 2020	% age increase / decrease (-)
Revenue from Operations	242,036.39	276,487.73	-12.46%	260,483.14	298,655.09	-12.78%
Of which -Export Sales	2,497.17	2,210.14	12.99%	2,658.32	2,409.49	10.33%
Other Income, net	2,686.77	4,158.32	-35.39%	2,473.73	4,589.56	-46.10%
<b>Total Income</b>	<b>244,723.16</b>	<b>280,646.05</b>	<b>-12.80%</b>	<b>262,956.87</b>	<b>303,244.65</b>	<b>-13.29%</b>
Less: Expenditure	218,268.32	242,506.93	-10.00%	234,534.71	253,688.61	-7.55%
<b>Profit before Interest and Depreciation</b>	<b>26,454.84</b>	<b>38,139.12</b>	<b>-30.64%</b>	<b>28,422.16</b>	<b>49,556.04</b>	<b>-43.65%</b>
Less: Finance costs	243.22	361.11	-32.65%	245.41	366.21	-32.99%
Less: Depreciation and amortization expense	5,967.54	5,737.70	4.01%	6,184.59	5,933.25	4.24%
<b>Profit before Taxation</b>	<b>20,244.08</b>	<b>32,040.31</b>	<b>-36.82%</b>	<b>21,992.16</b>	<b>43,256.58</b>	<b>-49.16%</b>
Less: Tax expense	5,313.99	10,143.06	-47.61%	5,754.51	11,039.66	-47.87%
<b>Profit for the year</b>	<b>14,930.09</b>	<b>21,897.25</b>	<b>-31.82%</b>	<b>16,237.65</b>	<b>32,216.92</b>	<b>-52.96%</b>
Items that will not be re-classified subsequently to profit or loss	(255.40)	(374.23)	-31.75%	(292.01)	(413.22)	-29.33%
<b>Total Comprehensive income for the year</b>	<b>14,674.69</b>	<b>21,523.02</b>	<b>-31.82%</b>	<b>15,945.64</b>	<b>31,803.70</b>	<b>-53.25%</b>

### DIVIDEND

Your 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 was uploaded at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and the same is also annexed herewith as "Annexure J".

The Company remains invested in India and the areas of investment opportunity highlighted in prior years continue to hold good. Just when the Indian economy slowly started to limp back to recovery after the impact of the recent COVID-19 pandemic during the last financial year 2020-21, resurgence of the COVID-19 pandemic second wave is slowing down our entire country and it remains to be seen how far it will affect Indian economy and the growth prospects. The Company remains responsible to our shareholders in the Company to maintain a strong Balance Sheet during these uncertain times. For these reasons, the Company has decided to conserve and retain the earnings and is not proposing a Dividend.

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, your Board does not propose to transfer any amounts to reserves.

### STATE OF COMPANY'S AFFAIRS

In an uncertain environment, your Company focused on fighting the pandemic from all angles, providing customers with innovative solutions, and improving operational execution. During the year under review, as the pandemic continued to evolve, the Industrial Production Index (IPI) and several end markets experienced sharp decline



## REPORT OF THE BOARD OF DIRECTORS

driven by COVID-19 related headwinds. At the same time, the demand from healthcare, personal protection, home improvement and cleaning remained strong. In an extremely challenging environment, your Company declined from FY 19-20 while maintaining stable cash position. Your Company was able to leverage its strengths in wide product portfolio and breadth of technology solutions to take advantage of the emerging trends in end markets.

### Discipline in operational execution

Your Company maintained a stable cash position and managed cost across all aspects of the business keeping employee costs low.

### Momentum with eCommerce

Your Company captured the sharp momentum in eCommerce, with solutions and new SKUs for homes and commercial spaces, in line with attractive trends from end markets.

### Enhanced manufacturing to meet demand

The demand for respirators and masks led to increased manufacturing capacity at your Company's manufacturing facilities in Pune. With increasing demand for disinfectants and cleaning products, your Company also executed new manufacturing projects to locally manufacture hand-sanitizers, certain types of disinfectants, and BS-VI compliant emission control materials.

### Emerging opportunities in new market segments

New market trends in personal safety, vehicle safety, homecare and cleaning and automotive electrification have opened up new product solutions in the areas of vehicle interior cleaning for the aftermarket segment, road safety products, wound care, and bio pharma purification. Your Company also aligned with key Government construction and infrastructure projects as the country's economy opened up after lockdown.

### Leveraging Virtual

Your Company leveraged the potential of virtual with focused learning and education initiatives for various customer segments to support new business opportunities.

### Supporting our communities to fight the pandemic

During the pandemic, your Company effectively collaborated in a timely manner to provide much needed support to various migrant communities in the form of cooked food, dry rations, and others. During the peak of the first wave of COVID, your Company also supported several district hospitals across major cities with medical equipment to augment their capacity. In addition, partnerships with multiple agencies enabled the execution of a national food and essential kits distribution program amongst vulnerable communities.

The breadth of technologies and product portfolio and an engaged and committed workforce continues to remain essential to remain resilient during uncertain times. Your Company continues to leverage these strengths to position itself for sustainable growth.

The Company has considered internal and external sources of information as of the date of approval of the financial results in determining the possible impact, if any, of the resurgence of the COVID-19 pandemic on the carrying amounts of its trade receivables, inventories, financial and non-financial assets. The Company has used the principle of prudence in applying judgements and making estimates. Based on this evaluation, the Company does not expect any material impact on its financial results. However, the eventual outcome of impact of Covid-19 pandemic may be different from those estimated as on the date of approval of these financial results.

The Company on a standalone basis declined by 12.46% at Rs. 242,036.39 Lakhs for the financial year ended March 31, 2021 compared to Rs. 276,487.73 Lakhs in the previous financial year. The Profit before Interest and Depreciation is Rs. 26,454.84 Lakhs compared to Rs. 38,139.12 Lakhs for the previous financial year. Profit before Tax is Rs. 20,244.08 Lakhs compared to Rs. 32,040.31 Lakhs for the previous financial year. The operating margin for the current year is 10.81% compared to 13.59% for the previous financial year. Total Comprehensive Income is Rs. 14,674.69 Lakhs compared to Rs. 21,523.02 Lakhs for the previous financial year. Economic slowdown due to Covid-19 affected the topline growth and bottom-line. Export Sales is Rs. 2,497.17 Lakhs for the financial year ended March 31, 2021 compared to Rs. 2,210.14 Lakhs in the previous financial year, an increase of 12.99%, due to demand in the global market.

## REPORT OF THE BOARD OF DIRECTORS

The Company delivered broad-based growth across most of our end markets in the Jan-Mar 2021 quarter, sustaining the sequential improvements since FY Q2 2020-21. Due to the strong demand rebound as well as supply chain interruptions, the Company experienced cost pressures in raw materials and logistics costs. Notwithstanding, our teams worked hard to ensure that we maintained our service levels to customers. During the Jan- Mar quarter, we also announced actions to consolidate our manufacturing footprint in Pune, which will improve our operational efficiencies and customer service.

On a standalone basis, the Safety and Industrial business declined by 6.86%; Transportation business declined by 14.05%; Health Care business declined by 30.24%; and Consumer business declined by 2.13%.

The EPS (Basic and Diluted) of the Company for the financial year 2020-21 was Rs. 132.53 per Share as compared to Rs. 194.38 per Share in the previous financial year, a decrease of 31.82%. Detailed analysis of the performance has been discussed in the Management's Discussion and Analysis Section of the Annual Report.

**Portfolio Management:** Last year, in June 2020, the Company had announced the intention to exit printed graphics (also called decals) business that used to sell to the 2W and 4W automotive OEMs. This was part of Transportation and Electronics portfolio. This portfolio represented well below 5% of our total company sales. The Company would like to inform that the business exit was completed with good transition support to our customers. The VRS scheme was also successfully implemented. We would like to thank our employees who were part of this business for several years for their contributions as well as our customers.

### Scheme of Arrangement between the Company and 3M Electro & Communication India Private Limited

The Board of Directors of the Company and 3M Electro & Communication India Private Limited (3M E&C) at their Meetings held on 13 November 2019 had approved the Scheme of Amalgamation of 3M E&C with the Company under Section 233 of the Companies Act, 2013. The Appointed Date fixed under the Scheme was 1 April 2019. The Company sought approvals from Members and Creditors under Section 233(1)(b) of the Companies Act, 2013 by Special Resolutions through Postal Ballot notice dated January 21, 2020. The results of the voting by Postal Ballot were announced on February 28, 2020.

Based on the opinion from external Legal Counsel, the Company has made an application during the month of October 2020 with the jurisdictional Regional Director of the Ministry of Corporate Affairs seeking approval of the Scheme. Additional information sought by the Regional Director has been submitted and the Company is awaiting updates from the office of the Regional Director.

### Shifting of Corporate Office

3M India corporate headquarters situated at UB City, Bangalore, was at the end of lease period, with legal requirement to provide six months' notice to all the landlords. This office measured 102,088 sq. ft. across 8 floors in Concorde Block. Due to the CoVID19 pandemic and subsequent to lock-down from March 2020, this office was largely vacant with only security and housekeeping staff present. Moving into a co-shared office space was proposed to the global Headquarters. The US Real Estate team, meanwhile, was searching for a 'Future of the Workspace' template in a post COVID world and were enthusiastic about the proposal and approval was attained in record time. A large multi-functional team was formed in November 2020 to address multiple aspects of exiting UB City in a smooth process. The Company is proud to report that from May 1, 2021, 3M India shifted its corporate office to the co-shared space at WeWork, in Bangalore.

### Information Technology

Your Company operates an Information Security Management System (ISMS), mainly centered in the Head Office, St. Paul, USA, is certified to the requirements of ISO/IEC 27001:2013 and continue to meet the certification requirements since 2014. Enhancing and optimizing cybersecurity protection continue to be one of top priorities. A new SaaS security awareness tool with advanced features was deployed. This includes monthly phishing campaigns to all users globally, and monthly security awareness communication and training features. Yearly programme on renewing and testing the cybersecurity incident response process continued to ensure currency and adequacy. NIST CSF - The National Institute of Standards and Technologies, Cybersecurity Framework: provides a common language and lifecycle approach for understanding, managing, and expressing cybersecurity risks. It helps identify and prioritize actions for reducing risk, and helps align policy, business, and technology approaches to managing that risk. Your Company has also deployed Unified Threat Management, commonly abbreviated as UTM that provides multiple security features and services in a single device or service on the network, protecting users from security threats in a simplified way. UTM includes functions such as anti-virus, anti-spam, content filtering, and web filtering. 3M

## REPORT OF THE BOARD OF DIRECTORS

Information Technology support team has been able to provide best of the IT Support during the second wave spread of COVID-19 across the Country by enabling Work from Home solution in terms of Connectivity, End User support and have a seam less IT Continuity Plan without affecting business operations of the Company.

### Supply Chain

- Year 2020 was challenging year with pandemic crippling the supply chain routes, your Company ensured that all the Customer orders are catered in the fastest manner while working around the logistics challenges;
- Market slow down impacted the working capital which rose to a high in June 2020 impacting the cash reserves, accordingly actions were initiated to stagger the purchases, collaborative planning, parameter management which led to working capital coming down by December 2020; and
- Re-alignment of Supply Chain Planning function with Asia Centre of Excellence(COE) wherein business group wise alignment was made with dedicated resources; India benefiting through best practices deployment and regional team's support.

### Contribution to Exchequer

During the financial year 2020-21, the Company has paid various taxes on account of its business/operation viz., CGST, IGST, Direct Taxes and Customs Duty amounting to **Rs. 791.57 crores** in aggregate.

### Investments

Capital Investments during the financial year 2020-21 is **Rs. 4,041.72 Lakhs** (Net of capital work-in-progress and capital advances) (PY 2019-20: Rs. 1,983.52 Lakhs).

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

In accordance with Section 129(3) of the Companies Act, 2013, a statement containing salient features of the financial statement of the Subsidiary Company in Form AOC-1 is provided as "Annexure L" to this report.

#### 3M Electro & Communication India Private Limited (3M E&C)

During the year under review, the revenue from operations of 3M E&C decreased to **Rs.18,451.93 Lakhs** in the financial year 2020-21 compared to Rs. 22,221.45 Lakhs in financial year 2019-20. The Profit before tax for the financial year 2020-21 is **Rs.1,748.08 Lakhs** as against Rs. 3,226.27 Lakhs in the financial year 2019-20. The Profit after tax for the financial year 2020-21 is **Rs. 1,307.56 Lakhs** as against Rs. 2,329.67 Lakhs in the financial year 2019-20. The Total Comprehensive Income is **Rs. 1,270.95 Lakhs** for the financial year 2020-21 as against Rs. 2,290.68 Lakhs for the last financial year.

#### Highlights of 3M E&C

- Government focus and its clear intentions to drive Sustainability and Make in India provide us with clear mega trends which presented the Company with the opportunity in EV and MHH segments.
- In EV space the industry declined by 20% compared to FY20 and main reason being 2W and 3W EV drop. The Indian OEMs continues to be leader in PV EV. Auto Electrification remains a strong focus area for us and we are taking the Big 3M approach to introduce Value added solutions with OEMs in the area of Battery Thermal Management, Improvement of Life and safety of Batteries and Heads up Display solutions.
- In the year 2020, India's smartphone shipments reached over 150 million units and around a similar number for the feature phones. The government cleared 16 proposals from domestic and international companies entailing investment of 11,000 crore under the PLI scheme to manufacture mobile phones worth 10.5 lakh crore over the next five years. This brought in investments from almost all large mobile OEMs and their contract manufacturers. However, due to travel restrictions, their tiers could not commence production as planned. The Company, which has long been in the forefront as a material supplier to this segment globally, with continued close engagement has been and will continue to facilitate supply chain movement to the tier suppliers to enable more local content.

In accordance with the third proviso to Section 136(1) of the Companies Act, 2013, the Annual Report and Financial Statements of the Subsidiary Company for the financial year 2020-21 have also been placed on the website of the Company <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.



## REPORT OF THE BOARD OF DIRECTORS

### 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 Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred as “Listing Regulations”) along with Certificate from a 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 the Listing Regulations.

### SHARE CAPITAL 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 Share Capital as at March 31, 2021 is **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 Equity Shares nor 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 financial year 2021-22 to National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) where the Company's Equity Shares are listed.

### BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### Appointment and Re-appointment:

The following Appointment and Re-appointment were made during the financial year till the date of the report:

- Based on the recommendations of the Nomination and Remuneration Committee and performance evaluation carried out, the Board at its Meeting held on February 10, 2021 approved the re-appointment of Ms. Radhika Govind Rajan (holding DIN: 00499485) as a Non-Executive Independent Director for a second term of Five (5) years with effect from May 27, 2021. The Members of the Company have approved her re-appointment by way of a Special Resolution through Postal Ballot Notice dated February 10, 2021. The results of the voting by Postal Ballot were announced on March 26, 2021.
- Based on the recommendations of the Nomination and Remuneration Committee, the Board at its Meeting held on August 13, 2020 had appointed Ms. Mamta Janak Gore (holding DIN: 08792863) as an Additional Director and Whole-time Director (designated as Whole-time Director and Chief Financial Officer) of the Company for a period of Three (3) years with effect from September 01, 2020 to August 31, 2023 (categorized as Executive Non- Independent Director). The Members of the Company have approved her appointment by way of an Ordinary Resolutions through Postal Ballot Notice dated February 10, 2021. The results of the voting by Postal Ballot were announced on March 26, 2021.
- Based on the recommendations of the Nomination and Remuneration Committee, the Board at its Meeting held on August 13, 2020 had appointed Mr. James Ernest Falteisek (holding DIN: 08792857) as an Additional Director (categorized as Non-Executive Non- Independent Director) of the Company with effect from September 01, 2020. The Members of the Company have approved his appointment by way of an Ordinary Resolution through Postal Ballot Notice dated February 10, 2021. The results of the voting by Postal Ballot were announced on March 26, 2021.

## REPORT OF THE BOARD OF DIRECTORS

- Mr. Jongho Lee (holding DIN: 06720950) will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re- appointment. The details of Mr. Jongho Lee are exhibited in the Explanatory Statement to the Notice of the Annual General Meeting. The Board of Directors recommends his re-appointment.
- Based on the recommendations of the Nomination and Remuneration Committee and the Audit Committee, the Board at its Meeting held on May 28, 2021 has appointed Ms. Vidya Sarathy as Chief Financial Officer and also as Key Managerial Personal of the Company with effect from June 1, 2021.

### Resignation and Retirement:

The following mentioned details are resignation and retirement were received during the financial year end until the date of the report:

- Ms. Sadhana Kaul (holding DIN: 02589934), Non-Executive Non-Independent Director resigned as Director of the Company from the closing hours of May 05, 2020, as she had decided to pursue her career outside of 3M Group. The Board places on record its appreciation for the contributions made by her to the progress of the Company during her tenure as Director.
- Mr. B.V. Shankaranarayana Rao (holding DIN:00044840), Whole-time Director of the Company superannuated from the Company from the closing hours of May 13, 2020 after a long association of 30 years of service with the Company. The Board places on record its appreciation for the contributions made by him to the progress of the Company during his tenure as Chief Financial Officer and as a Director.
- Ms. Mamta Janak Gore (holding DIN: 0008792863), Whole-time Director and Chief Financial Officer (CFO) of the Company resigned as Whole-time Director and CFO from the closing hours of May 31, 2021 consequent upon taking up higher role within 3M Group with effect from June 1, 2021. However, she continues to be a Non-Executive Director of the Company with effect from June 1, 2021. The Board places on record its appreciation for the contributions made by her to the progress of the Company during her tenure as Chief Financial Officer and as Whole-time Director of the Company.

As at the financial year ended March 31, 2021, Mr. Ramesh Ramadurai, Managing Director, Ms. Mamta Janak Gore, Whole- time Director and 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 Director of the Company under the provisions of Section 149(7) of the Companies Act, 2013, that they meet the criteria of their Independence laid down under the provisions of Section 149(6) of the Companies Act, 2013 read with Listing Regulations. All the Independent Directors have also confirmed under Regulation 16(b) of SEBI (LODR) Regulations, 2015 that they are not Non-Independent Director of another Company on the Board of which any Non- Independent Director of the listed entity is an Independent Director.

### DETAILS OF BOARD AND COMMITTEE MEETINGS DURING THE FINANCIAL YEAR

During the financial year ended March 31, 2021, Four (4) Meetings of the Board were held. The Company has Five (5) Board Committees. The date, composition and number of Meetings attended by each Director/Committee Member along with other Committee Meetings details are furnished in the Corporate Governance Report. All the Board/ Committee meetings for the FY 2020-21 were held through video conferencing/other audio visual means.

### COMPOSITION OF AUDIT COMMITTEE

As on the financial year ended March 31, 2021, 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, and Mr. Jongho Lee. The Board has accepted all the recommendations made by the Audit Committee during the year under review.

### NOMINATION AND REMUNERATION COMMITTEE POLICY

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a Policy for selection and appointment of Directors, Senior Management and for other employees and their remuneration. The same has been disclosed on the website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

## REPORT OF THE BOARD OF DIRECTORS

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

The Board of Directors has carried out an annual evaluation of its own performance, its Committees and Directors pursuant to the requirements of the Companies Act, 2013, Listing Regulations and as per the Guidance Note issued by SEBI. Further, the Independent Directors, at their exclusive meeting held during the year, reviewed the performance of the Board, its Chairman and Non-Executive Directors and other items as stipulated under the Listing Regulations. 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 D”.

### 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, 2021, 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, 2021 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

The Company's Internal controls is aligned to Global 3M's internal control over financial reporting which are based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Controls — Integrated Framework (2013). The internal controls 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 have 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 controls 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.



## REPORT OF THE BOARD OF DIRECTORS

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 controls 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.

### DISCLOSURE REGARDING FRAUDS

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

### 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 read with the Companies (Acceptance of Deposits) Rules, 2014.

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any Loans, provided any guarantees or made any Investments covered under Section 186 of the Companies Act, 2013. except for the investments made during the financial year 2018-19 for the acquisition of all the outstanding shares of 3M Electro & Communication India Private Limited for Rs. 58,470 Lakhs.

### RELATED PARTY TRANSACTIONS (RPTs)

All RPTs which were entered in to, 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 exhibiting details of all actual RPTs versus the approval is placed before the Audit Committee for approval on a quarterly basis. A Policy on RPTs as approved by the Board is uploaded on the Company's website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

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. None of the Directors and the Key Managerial Personnel has any pecuniary relationships or transactions vis-à-vis the Company.

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.

The Company has already taken approval of the Members for all material RPTs for the estimated transactions for Three (3) financial years starting from April 1, 2020 to March 31, 2023 at the Annual General Meeting held on August 26, 2020. 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 E".

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

As a part of its initiatives under Corporate Social Responsibility (CSR), the Company has undertaken projects under the focus areas of Education and Community. The Company prioritized its CSR allocations for FY 20-21 with greater focus on COVID related relief and support initiatives to meet the emerging and medium-long term impact of COVID-19. These projects have been selected, initiated, and implemented in accordance with the activities under Schedule VII of the Companies Act, 2013.

## REPORT OF THE BOARD OF DIRECTORS

### EDUCATION:

In FY 20-21, the Company supported a variety of education initiatives to help children across age groups with learning support, digital learning aids and opportunities to continue their learning as schools were disrupted due to the pandemic.

1. *School Readiness Program (Anganwadi):*

The Company continued to support the School Readiness (Born Learning) initiative in partnership with United Way of Bengaluru to transform Anganwadis under the ICDS program of Government of India to ensure well rounded development of children under the age of 6. This is a national program covering 130 centers and is improving the lives of over 15,000 children below the age of 6 years. Year 2 intervention to support 40 Anganwadi center activities at S. R. Nagar and Jigani Bangalore, Mumbai and Kolkata included activities to maintain the centers as per COVID guidelines, support the Anganwadi staff with virtual trainings, early child learning materials, community mobilization and training and capacity building activities. This program is working towards achieving the Sustainable Development Goal (SDGs) 4 to ensure inclusive and equitable quality education and promotion of lifelong learning opportunities for all.

2. *Project Nanhi Kali: Educating the Girl Child:*

The Company continued to sponsor the education of 2861 girl students in partnership with K.C. Mahindra Trust under Project Nanhi Kali. During FY 20-21, the program provided additional academic support to girl students from primary and secondary schools in the rural district of Ambegaon in Pune. Due to the pandemic, schools were shut and the after school academic support centers had to be discontinued during the lockdown. To ensure the girls stayed in touch with learning, tutors continued to keep in touch with the girl students via home visits and virtual sessions. Community centers re-opened in September 2020 on a rotational basis where stringent COVID-19 safety and hygiene protocols were followed. A personalized adaptive learning software called Mindspark was introduced via digital tablets and browser versions to help the students continue their learning digitally. The digital curriculum covered English, Math and the local language for girls from Grade 1-10 and science from Grade 6-10. Tutors were trained on the new software to facilitate learning and conduct assessments. A professionally designed sports curriculum was also integrated into the programme. All the girl students received new school bags with stationery items, pullover, raincoat and feminine hygiene material. As a result of these interventions, the program was able to ensure at least 81-83% average attendance amongst the girl students and maintain a high level of performance in foundational subjects i.e. 76% average marks in both English and the local language and 70% average marks in Math.

3. *3M-CII Young Innovators Challenge Awards Program:*

During FY 20-21, the Company successfully completed the 7th edition of the Young Innovators Challenge in partnership with the Confederation of Indian Industry (CII). This program annually recognizes young innovators under 30 years of age with grants, recognition, and access to networks for their innovative ideas to impact society. The theme for the year was inclusive ideas for a resilient India which received over 2500 applications compared to 800+ last year. Due to the pandemic, the end-to-end process from inviting applications, screening submissions to selecting the winners was done virtually. Virtual events, webinars and multiple coaching sessions served as a catalyst to raise the quality of participation. The felicitation of the winners was done virtually at the CII India Innovation Summit which was held virtually last year. The winning ideas demonstrated young peoples' ability to design innovative models and addressed many of the UN Sustainable Development Goals (SDGs) like Good Health and Well Being, Decent Work and Economic Growth, Zero Hunger and Reduced Inequalities.

4. *District Library Program:*

The Company initiated the district library program in partnership with United Way of Bengaluru as a part of its post COVID initiatives to build resilience in our communities. The program supports the Govt. of Karnataka's initiative to set up informal learning spaces in gram panchayat libraries. Due the pandemic, rural children have not had access to schools and learning has been disrupted. The objective of this initiative is to help build a reading habit amongst rural children by using both books and digital reading options. The program supports the setting up of 992 gram panchayat libraries across 5 districts in the state (Bangalore Rural, Mandya, Tumkur, Chikballapur and Ramanagara) Safe and hygienic spaces such as community halls, anganwadi centres, school rooms, arali-kattes etc. will be equipped with physical books and digital infrastructure including computers/laptop, Wi-Fi hotspots LCD projector and screens. The program is expected to impact over 6 lakh children in the age group of 6-14 years, including children with special needs.

## REPORT OF THE BOARD OF DIRECTORS

### COMMUNITY:

In FY 20-21, the Company focused on community initiatives to strengthen healthcare infrastructure in the communities and also skill community health workers on health and hygiene practices.

#### 1. *Project Pahal: Skill Development of Community Healthcare Workers:*

In line with the Government's priorities towards preventive and promotive health, in 2018, the Company joined a consortium of various organizations including GE Healthcare, USAID, Hindustan Latex Family Planning Promotion Trust (HLFPPT) to participate in a skilling initiative to empower women community health workers. In FY 2020-21, the Company continued to support the last phase of the skilling program which helped to successfully meet the milestone of training 4400 women Community Health Workers across Uttar Pradesh and Rajasthan in health and hygiene practices focused on material and childcare. When the pandemic broke out last year, Govt. of India relied on the efforts of Community Health Workers, largely women to support Govt. healthcare initiatives especially around on how to curb the spread of infection in communities. The last leg of community health workers was trained virtually last year with a special COVID module. In December, a virtual closing event was organized with all partners of the program. As a knowledge partner, 3M brought in expertise in infection control and hygiene. The end line findings showed an increase in overall awareness of health and hygiene practices and health seeking behaviour amongst the communities.

#### 2. *Partnership with Sri Shankara Cancer Foundation Hospital to support Bone marrow transplant lab:*

In FY 20-21, the Company, made a grant to the Sri Shankara Cancer Foundation Hospital, Bangalore towards a range of medical equipment to support the new Bone Marrow Transplant lab at the hospital. The Bone Marrow Transplant lab will be able to provide this essential life-saving treatment at a much lower cost than normal operations and provide international standard treatment to patients in India, especially amongst the poorer sections of society. The Sri Shankara Cancer Foundation's work includes research and development to reduce the number of cancer patients in urban and rural areas through prevention, early detection and awareness.

#### 3. *Providing diagnostic and preventive healthcare access to remote communities:*

The Company committed to fund the Smile on Wheels Mobile Healthcare Vans initiative implemented by Smile Foundation to provide access to diagnostic and preventive healthcare to underprivileged populations in 4 aspirational districts Siddharthnagar in Uttar Pradesh, Gaya in Bihar, Goalpara in Assam, and Balangir in Odisha. These districts were identified for their limited accessibility to Primary Health Care Services. Due to COVID-19, the existing Government healthcare delivery system has been overburdened. Each van will travel to the communities to provide preventive, promotive & curative services at their doorsteps. The vans will provide free OPD services medicines, identify, and refer symptomatic COVID-19 patients to govt. facilities, capacity building of Project Staff, create awareness on preventive practices and promote important Govt. healthcare initiatives. The vans will collectively provide approximately 156,000 treatments to the target group population over a span of 39 Months.

### COVID RELIEF INITIATIVES

During the pandemic, the Company's community response towards COVID-19 was directed at programs that helped address the emerging needs of the communities. The Company deployed a number of programs to address the various challenges that arose as the pandemic evolved. During the lockdown, the Company deployed a cooked food and dry rations program to support stranded migrant workers near its manufacturing sites in Pune. As the impact of the lockdown worsened with several migrant populations losing their livelihood, the Company worked with multiple NGOs – Smile Foundation, Barefoot College and Bal Utsav to implement a national food security program to support vulnerable communities with a food and essentials kit across Bihar, Rajasthan, Karnataka, Assam, Tripura, Telangana and Gujarat. The Company also facilitated the implementation of a grant of USD 300,000 from 3Mgives with United Way India to support Govt. COVID hospitals and health departments in hotspot cities with critical medical equipment as the cases peaked during September-October last year.

The Annual Report on CSR activities is annexed herewith as "Annexure F".



## REPORT OF THE BOARD OF DIRECTORS

### 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 (10) employees in terms of remuneration drawn during the financial 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. 8.50 Lakhs or more per month respectively is annexed herewith as “Annexure G.”

### 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 H”.

### 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 financial year by the Regulators/Courts which would impact the going concern status of the Company and its future operations.

### INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016)

There was no application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 (31 of 2016) during the financial year.

### VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has an effective vigil mechanism by way of Business Conduct Concern Reporting Policy (Whistle Blower 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 <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. During the year, the Company reached out to employees through e-learning modules for creating greater awareness with respect to its Fair Competition Directive and Anti-Bribery and Corruption Directive. This has helped in achieving a high level of engagement and compliance among the employees.

### STATUTORY AUDITOR

The Company at its 29<sup>th</sup> Annual General Meeting (AGM) held on August 5, 2016 had appointed Messrs. BSR & Co. LLP, Chartered Accountants, Bengaluru (ICAI Firm Registration No. 101248W/W-100022) as the Statutory Auditors for a term of Five (5) consecutive years from the conclusion of the 29<sup>th</sup> AGM to the conclusion of the 34<sup>th</sup> AGM subject to ratification of their appointment by the Members every year. The requirement of seeking ratification of the members for continuance of their appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 with effect from May 7, 2018.

The first term of the appointment of Statutory Auditors expires at the conclusion of 34<sup>th</sup> AGM. Accordingly, in terms of Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the present Statutory Auditors of the Company, Messrs. BSR & Co. LLP would hold office until the conclusion of the ensuing AGM. They have expressed their willingness to be reappointed for a further term.

In terms of the provisions of Section 139(2)(b) of the Companies Act, 2013, an Audit Firm can be appointed for two terms of five consecutive years each. The Board of Directors at its meeting held on February 10, 2021, after considering the recommendations of the Audit Committee, had recommended the re-appointment of Messrs. BSR & Co. LLP., as the Statutory Auditors of the Company, for approval of the Members, to hold office for a period of Five (5) consecutive years, from the conclusion of the ensuing 34<sup>th</sup> AGM until the conclusion of 39<sup>th</sup> AGM to be held in the calendar year 2026. Messrs. BSR & Co. LLP., has submitted their confirmation to the effect that they continue to satisfy the criteria provided in Section 141 of the Companies Act, 2013 and that their appointment is within the limits prescribed under Section 141(3)(g) of the Act.

## REPORT OF THE BOARD OF DIRECTORS

Members are requested to consider and approve the re-appointment of Messrs. BSR & Co LLP as the Statutory Auditors of the Company, to hold office for a period of Five (5) consecutive years, from the conclusion of the ensuing 34<sup>th</sup> AGM until the conclusion of 39<sup>th</sup> AGM and to fix their remuneration.

### 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 28, 2021 on the recommendation of the Audit Committee, approved re-appointment of Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (ICAI Firm Registration No. 000065), to conduct the audit of the cost records of the Company for the financial year 2021-22 at a remuneration of Rs. 475,000/- (Rupees Four Lakhs Seventy-Five Thousand only) 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 at the 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 AGM.

**Disclosure on Cost Audit:** For the financial year ended March 31, 2020, the Cost Audit Report submitted by Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, was filed with the Ministry of Corporate Affairs on September 8, 2020 vide SRN: R54066907, well within the due/extended date. Messrs. Rao, Murthy & Associates, has confirmed the cost records for the financial year ended March 31, 2020 are free from any disqualifications as specified under Section 141(3) and proviso to Section 148(3) read with Section 141(4) of the Act.

### 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 CS Parameshwar G. Bhat, Company Secretary in practice (FCS:8860, CP:11004) to undertake the Secretarial Audit of the Company for the financial year 2020-21. The Report of the Secretarial Audit Report is annexed herewith as "Annexure I".

SEBI vide its Circular no. CIR/CFD/CMD1/27/2019 dated February 8, 2019 has mandated all the Listed entities having its Equity Shares Listed on the Stock Exchange(s) to obtain the Annual Secretarial Compliance Report in the prescribed format from a Practising Company Secretary from the financial year ended March 31, 2019 onwards and the Report should be submitted to the concerned Stock Exchanges within 60 days from the end of the financial year and be included in the Annual Report. The Annual Secretarial Compliance Report from CS Vijayakrishna K T is annexed herewith as "Annexure I-1" which will be filed with the Stock exchanges within the prescribed time limit.

### EXPLANATIONS IN RESPONSE TO AUDITORS' QUALIFICATIONS

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

### COMPLIANCE WITH SECRETARIAL STANDARDS

During the financial year 2020-21, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

### ANNUAL RETURN

The details forming part of the extract of the Annual Return in Form MGT 9 is annexed as "Annexure K". In terms of Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014, the draft Annual Return in Form MGT 7 for the FY 2020-21 of the Company is available on the website of the Company at the link: [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/).

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

The Company has in place a Policy against Sexual Harassment at workplace in line with the requirement of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy is available on the

## REPORT OF THE BOARD OF DIRECTORS

website of the Company <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. Internal Complaints Committees (ICC) have been set up to redress complaints received regarding sexual harassment.

### *Status of Complaints during the FY 2020-21:*

1. Number of complaints of sexual harassment received in the financial year (April 1, 2020 to March 31, 2021): **Two**
2. Number of complaints disposed off during the financial year: **Two**
3. Number of cases pending for more than 90 days: **NA**
4. Number of workshops or awareness programmes carried out in connection with sexual harassment: **Two**
5. Remedial measures taken by the Company: Training & awareness, launching communication campaign in Q2 2021. These programs were specifically towards POSH regulations. Apart from this, we also cover POSH as a topic during new-employee onboarding programs

## HUMAN RESOURCES

During the financial year, the Company took many initiatives to increase organizational capability and productivity to be value driven and future ready. As at March 31, 2021, the Company had employee strength of **1,146** personnel.

## OTHER DISCLOSURES

During the financial 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's Shares, and,
- b. has not issued any Shares to trustees for benefit of employees.
- c. there was no revision in the Financial Statements.

## ENVIRONMENT, HEALTH AND SAFETY

Global health and safety issues are prevalent in workplaces around the world. Creative innovation, technology, education, and collaboration are all critical if we are to tackle these human health and workplace safety concerns.

3M India Limited as a Company rooted in scientific exploration and the belief that every problem has a solution. Our success depends on interactions with many functions and at many levels, and a common understanding of the roles and responsibilities of all involved. We also embrace this commitment for our own operations, and to that end, will continue to take steps to protect our most important asset – 3M employees.

## ENVIRONMENT

The Company has three (3) Manufacturing Plants in operation in India and all three plants have Environmental Management Systems certified to new ISO 14001: 2015 standard.

We at 3M are continuing to step up our leadership toward a more sustainable future – in our own operations, and in solutions for our customers. Sustainability is at the core of what we do at 3M. We are committed to improving our business, our planet, and every life.

3M's strategies for sustainable development encompass the pursuit of customer satisfaction and commercial success within a framework of environmental, social, and economic values. We are committed to complying with all applicable environmental requirements worldwide. Beyond compliance, the company continues to make significant investments to reduce the environmental footprint of our operations; and our products with sustainable attributes help customers reduce their environmental footprint and help to meet their Sustainability goals. Always, 3M believes environmental policy and regulations should be guided by science-based decision making.

### *3M's commitment*

The challenges we must tackle for a sustainable future don't always follow clear rules or methods, but we know science can help tackle them. We are looking at ways to build purpose into leadership and talent development across the company, to recognize business opportunities that help the Company to grow while addressing societal issues. We cut across industries and silos to collaborate with suppliers, customers, and communities by working together toward building a more resilient world.

**Raw materials:** As more resources are consumed by an ever-growing population, it is imperative that product design and manufacturing processes consider the ecological impact during life and after end-of-life. 3M's edge begins with



## REPORT OF THE BOARD OF DIRECTORS

our well established safe ecological practices. Today, this is manifest in improved raw material usage, recyclable and sustainable innovations that we are empowering lives with.

Sustainability target for the Manufacturing plants were to reduce the Waste, Water and Energy w.r.t to 2015 Baseline numbers,

Waste generated at Plants is majorly sent for co processing in cement kilns thereby reducing the carbon footprint of the sites.

- **Waste:** Global target for waste has been Reduce manufacturing waste by an additional 10%, indexed to sales by 2025 compared to 2015 baseline. Efforts are made to reduce the waste generation at source. 3M Waste (NWI/ Quality Rejections/Production Waste) being used as alternate fuel in cement Industry This has helped 3M minimize the incineration process and maximize the co processing. This has enabled 3M to reduce the carbon footprint by 400MT of CO<sub>2</sub> so far year. Waste is co-processed; it does not exist in the environment anymore and becomes part of Cement.

Waste generation reduction by 13.2%

- **Water:** Water usage is being monitored with meters and pressure gauges, the drop in pressure gauges readings indicate water leakage which are attended immediately to prevent wastages. The treated wastewater is reused in the restrooms and in gardening. Reduced flowrate nozzles are put for taps in rest rooms to ensure prudent usage of precious resource.

Water consumption reduced by 48.1%.

- **Energy & climate:** Climate change is here to stay unless we drastically alter consumption and adopt renewable alternate sources to power our needs and answer those of our customers. 3M is proactively partnering with customers to understand needs and answering them by employing 3M technology that promotes energy conservation, are greener and contribute to lower emissions.

Energy Consumption reduced by 26.1%

- **Renewable Energy:** Also 2 of the manufacturing plants are utilizing 26% share of its energy consumption through renewable energy.

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. All plants have sewage/wastewater treatment plants and the treated water is recycled for cooling tower make and horticulture within the facilities.

The Company also embraces this commitment for its own operations, and to that end, 3M has a Water Stewardship Standard. 3M operations manage their water resources through compliance with regulatory requirements, conservation, and reuse, and reporting of water usage internally as well complying with law of the land requirement. Water resources include water intake, effluent water discharge and rainwater. All 3M locations have an effective Environmental management System (EMS) which includes the following elements like evaluating internal and external factors (e.g. new processes, regulatory changes, community water issues) that may impact the facility's current or future water management requirements and consideration of water conservation projects and practices as part of environmental footprint minimization efforts. Our responsibility begins at our manufacturing plants - from the way we save this scarce resource, to stringent manufacturing processes that strive to reduce consumption. If any facility falls under water stressed location (with an annual water use equal to or greater than 1,000 cubic meters) is required to understand its water use pattern, associated business risks and impact - and to work with local water resources to understand potential impacts on the surrounding area. Identified sites are also required to do water conservation planning, outlining current and future water conservation efforts.

The Company has undertaken various measures to ensure this precious resource is utilized with utmost care. All these efforts have helped the Company reduce the water consumption by 53% (KL/MT of production) compared to baseline of 2015 water sustainability goals.

- Raw water use reduction by replacing old pipelines. This is done by identifying the pressure difference through the gauges.
- Underground hydrant network of pipelines which had corroded and was difficult to trace to correct leakages have been brought above ground at all plants to eliminate the root cause.
- Increased Water meters monitoring at each source on a daily basis

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- Effluent Treatment Plant is separated from the sewage treatment plant and treated sewage water has been used for gardening and replacing fresh water
- Drive conducted to identify and arrest leakages and leakage prone network. Remote taps plugged where frequent vigilance is not available.
- At few plants we have installed an online Ozonator for water disinfection for safe handling by gardeners
- We practice “Zero water Discharge”, where treated water is utilized for inhouse garden and for other utilities.
- Drip irrigation lines added in the garden area which eliminate conventional flooding & better utilize available water quantity
- Water usage is monitored with meters and pressure gauges. Drop in pressure gauge readings indicate water leakage which are addressed to prevent wastage.
- Reduced flowrate nozzles are put for taps in rest rooms to ensure prudent usage of water.

### SAFETY SYSTEMS

Your Company continues to reinforce our commitment to leadership in safety and health. All three manufacturing plants have migrated to ISO 45001, a standard for management systems of occupational health and Safety with a goal to reduce the occupational injuries and diseases, including promoting and protecting physical and mental health. 3M India continues to forge ahead with our commitment to leadership in safety and health. Like in the prior year, 3M Corporation recognized CEO EHS award for Pimpri manufacturing facility, Bangalore plant received the prestigious Certificate of Commitment from Confederation of India Industries CII 2020, Four Star Rating.

At 3M India We strongly believe that, Safety Starts with every individual, while the behavior of every individual defines the culture of the organization.

All accidents and injuries are preventable

Everyone in organization is accountable for the safety performance

Safety and Health metrics are driven rigorously through tier level meetings which starts with Safety observations. Each plant has qualified Safety Officer and the representation of Employees at Plant safety committees includes both management and shop-floor employees and the meetings are chaired by the Plant manager. The High hazard activities (HHA) that are carried out at sites are driven through Risk and Prioritization (RAP) review approach. Hierarchy of controls focus firstly on elimination of the hazard followed by substitution, engineering controls and finally PPE with management along with management oversight and STOP work initiates ensures our employees perform the job in the safest possible manner. In addition to EHS risk analysis, we have a crisis plan for every single 3M plant. Although we hope to never use our Crisis Management Plans, it's critically important that we have them in place, keep them up to date, and drill often to make sure everyone understands what to do should an emergency occur. We care about the safety of our people and communities around the world.

Your Company also deployed the EHS Cultural Excellence program rolled out by 3M Corporate. Leadership interaction and engagement with workers is a critical aspect of enhancing the culture of an organization. Through applying the 3M Execution Model and Manufacturing Excellence Principles in routine interactions with our workers, the intended outcome is a safer, healthier, happier, more trusting workforce. It is strongly believed that listening to our workers, focusing conversations towards high hazard activities and situations, and ensuring appropriate follow-up to concerns raised will ultimately result in reduced significant injuries and events. Safety in 3M is in the DNA.

The year 2020 also made a mark for new EHS Self-Assessment roll out at all manufacturing units which is required to be implemented by global 3M locations.

The 3M Environment, Health and Safety (EHS) Management Standard (EHS-MS) provides the basis to address EHS risks and compliance obligations applicable to all workers and their 3M operations. All 3M locations and workers must understand, manage, and mitigate their EHS risks and comply with all applicable 3M and government requirements. This approach utilizes a well-developed self-assessment process that is categorized into multiple elements addressing various areas and standards related to safety and health. 3M utilizes a variety of tools to manage risks from hazards in the workplace. We've used specialized tools successfully for a number of years in the areas of process safety, industrial hygiene, and ergonomics. Each of these disciplines uses a risk management approach to categorize hazard levels and define appropriate levels of control.

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The other EHS framework programs which 3M follows are Ergonomics, Industrial hygiene, Process hazard management (PHM), Ventilation programs, Static Management plan, Combustible dust management, Safety trainings, Health and Wellness Programs which enables us to ensure better and safe work environment to all our employees.

All manufacturing units in India also embraced the Compliance & Audit Management & Metrics System (CAMMS) to comply with the regulatory requirements of the states and also of the EHS Management System of 3M.

All these efforts translate into the EHS metrics being achieved and notably there has been ZERO Lost Time injuries at any of the three manufacturing sites during this period under consideration.

### HEALTH AND WELLNESS EFFORTS

Your Company believes in the philosophy that “your health matters as much as your work”. 3M is about collaboration as well as innovation, especially when it comes to employee’s health. That’s why we offer employees and their family with resources and services to support your holistic health: physical, mental, and emotional.

1. Your Company committed to support its employees throughout the pandemic, we made collaboration with a third party for COVID 19 health package to support employees with 24 X 7 telehealth services to all employees and their families and also for Contingent workers. Home quarantine program of active surveillance, at home RTPCR sample collection, Home Care Kit dispatch during Lockdowns, Ambulance to support medical emergencies, hospital bed availability check, door delivery of medicines.
2. COVID Prevention Ambassadors were trained to ensure ideal behaviors are implement and ensure Zero Close Contact at Workplace.
3. Influenza flu Immunization drive was conducted throughout the organization in collaboration with HR Benefits team.
4. Hepatitis B Vaccination has been imparted to all the ERT emergency response team members in 3M India Sites.
5. Respiratory Program was implemented throughout the organization for employees with detailed Electronic Respiratory Medical Evaluation (ere), Respiratory Fit Test (RFT) and online training to ensure they understand the use and care of respirators during pandemic. Fit testing activity was done across 42 cities during pandemic through a third-party service provider.

### LEADERSHIP FOR COVID-19

Customer expectation shifted since COVID-19, the Company relies on scientific analysis and recommendations on how to prevent COVID-19 spread in your plant when making team-based decisions on the health and safety of its employees. The promotion of ZERO CLOSE CONTACT Concepts through leadership was crucial and was carried out in letter and spirit throughout the organization. 3M India adopted the leadership top down approach which motivated and strengthened a positive culture during this pandemic journey through foresight and proper planning. Like personal adversity builds character, a crisis enhances the bonding of team and culture within the company when leaders do the right thing. This type of leadership shows “respect for every individual,” which is the first guiding principle for Operational Excellence that yields a high performing culture with long-term profits.

In the 2020, As the pandemic situation continued to evolve across India and the world, it became all the more important to keep its facilities safe from COVID. While we care for others, protecting our key asset is main, the 3M employee. 3M Corporate had foresight and devised a pandemic preparedness plan for implantation at all facilities. Project Zero was initiated as an effort to prevent the spread of COVID-19, with a goal of Zero work colleagues identified as close contacts of confirmed COVID-19 cases. Winning Behaviors with GROW Inside Out Coaching was extensively used for Breakthrough Performance in our EHS Culture. The EHS Culture excellence model of See and Act was used to drive the ideal behaviors during Pandemic through Project Zero GROW model. Technology is important in achieving excellence and EHS is no exception to this.

3M Corporate developed an online platforms where all the protocols pertaining to COVID-19 management were put in one place for all the 3M subsidiaries to follow, this gave 3M India an upper hand in preparing the facilities in line with global prevailing control systems for mitigating the risk of COVID-19.

3M believes in the hierarchy of controls which we always follow when it comes to safety and Pandemic was no different:

- At 3M India for conducting high quality EHS Leadership interactions with workers, capturing these discussions in the See & Act tool in EHS 360.



## REPORT OF THE BOARD OF DIRECTORS

- Power BI is extensively used for Trend charts of EHS, giving more time for EHS engineers to be on shopfloor.
- A virtual platform was created to learn from best practices in other 3M subsidiaries.
- When the facilities were about to reopen we ensured Return to Work Protocols were implemented through use of technology, Various Skype and Microsoft team broadcasts sessions were held on weekends to ensure employee's families trained on the protective measures one needs to take during covid-19 while at home and outside. It was important this message has to reach people who do not use laptop's, so, links were created, and employees were reached through every available social media platform.
- An Online mobile application was developed to perform the daily self-assessment by the employees with all controls of data privacy in place, we call it 3M SPANDAN. Where employees, who come to any 3M India facilities take the Self-assessment check on a daily basis and obtain a Visual Health Code. Health code shall indicate to the 3M management the list of employees who will be arriving to work on that day. It will also indicate the employees who will be working from home based on the self-assessment results. This helps us in identifying any high-risk employee and appropriate control measures are initiated.

## AWARDS AND RECOGNITION

- Your Company was featured in Forbes India publication's "Ultimate 120" list which honoured companies and individuals who took the lead and performed under challenging conditions due to COVID-19.
- 3M India's coating technology (3M™ Scotchkote™ Poly-Tech Exp-RG 700 Solar Heat Reflective Coating) was honoured as amongst Fast Company's World Changing Ideas of 2020.
- Two women leaders from your Company were recognized by external bodies for their professional achievements. The Company's CFO was recognized as the Best Woman CFO 2020 at the 4<sup>th</sup> edition of Businessworld Best CFO Summit & Awards for outstanding performance and leadership. The Company's General Counsel, was awarded the Women in Law excellence award 2021, instituted by the Legal Era, Legal Media Group which recognizes leadership, innovation, and achievements of women lawyers.
- The Company's local product packaging designs for 3M™ Conspicuity tape, Command Hook promotional pack & Scotch-Brite® broom were recognized for the Indiarstar Packaging Awards, a national award for excellence in packaging, instituted by the Indian Institute of Packaging.
- Your Company's Bangalore Electronics City plant was recognized by CII (Confederation of Indian Industry) with a 4 Star Rating for its commitment to EHS Practices and was awarded with the "Certificate of Commitment" for the year 2020. This award category considered industries that excel in EHS practices and its implementation.
- The Company's Ranjangaon Plant received the CEO EHS Award, the highest honour across 3M for manufacturing sites that demonstrate performance excellence in environment, health, and safety.
- The Company has been recognized by key automotive customers for quality excellence through FY 20-21.

## ACKNOWLEDGEMENT

Your Directors 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*

**Ramesh Ramadurai**  
Managing Director

DIN: 07109252

Place : Bengaluru  
Date : May 28, 2021

**Mamta Janak Gore**  
Whole-time Director &  
Chief Financial Officer  
DIN: 08792863

Place : Dubai  
Date : May 28, 2021

# ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

## 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 obligations, assumptions and expectations of future events and trends that are subject to risks and uncertainties. Actual future results and trends may differ materially from historical results or those reflected in any such forward-looking statements depending on a variety of factors.

### THE COMPANY

The Company is the flagship listed Company of 3M Company, USA in India. 3M Company, USA holds 75% equity stake in the Company and is a diversified technology and science company with a global presence in the following businesses: Safety and Industrial; Transportation & Electronics; Health Care; and Consumer 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, 2021, the Company had employee strength of 1,146 personnel. As on March 31, 2021, your Company was ranked 111<sup>th</sup> (PY: 97<sup>th</sup>) based on Market Capitalization @ Rs. 34,28,710 Lakhs (PY: Rs. 21,20,982 Lakhs) and is now one among the top 500 (PY: top 100) Companies based on Market Capitalization (Source: NSE). The Company managed its operations in four (4) operating business segments: Safety and Industrial; Transportation & Electronics; Health Care; and Consumer. The Company's four 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 e-commerce and traditional wholesalers, retailers, jobbers, distributors, and dealers in a wide variety of trades in many countries around the world. Management believes the confidence of wholesalers, retailers, jobbers, distributors and dealers in 3M and its products — a confidence developed through long association with skilled marketing and sales representatives — has contributed significantly to 3M's position in the marketplace and to its growth.

The Company is committed to creating and returning value to shareholders. Accordingly, the Company is dedicated to achieving high levels of operating performance, cost competitiveness, enhancing the productive asset and resource base and striving for excellence in all areas of operations. The Company firmly believes that its success in the marketplace and good reputation are among the primary determinants of shareholder value. Its close relationship with customers and a deep understanding of their challenges and expectations drive the development of new products and services. With many decades of expertise and know-how, the Company offers its customers solutions that enhance their projects and builds trust. Anticipating customer requirements early and being able to address them effectively requires a strong commercial backbone. The Company continues to develop this strength by institutionalizing sound commercial processes and building world-class commercial capabilities across its marketing and sales teams. The Company uses different innovative approach in the development of its products and services, as well as execution of growth opportunities. Your Company is also committed to creating value for all its stakeholders by ensuring that its corporate actions positively impact all the dimensions viz., economic, social and environment.

### GLOBAL ECONOMIC OVERVIEW

Year 2020 was marred by the disruption in global economies triggered by the COVID-19 pandemic. As the pandemic continues to evolve across the world, the global economic output is showing signs of recovery but still lower than pre-pandemic projections. It is estimated that output will remain below pre-pandemic trends for a prolonged period as countries deal with the resurgent virus and deploy vaccination programs.

As per World Bank estimates, the global economic output is expected to expand by 4 percent in 2021 and global growth is projected to moderate to 3.8 percent in 2022. The global recovery, which has been softened in the near term by a resurgence of COVID-19 cases, is expected to strengthen as business confidence, private and Govt. consumption, and trade gradually improve, supported by ongoing vaccination. However, risks continues to dominate, including the

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

possibility of subsequent waves and spread of the virus, delays in vaccine procurement and distribution, and financial impact on several of the world's emerging and developing economies which have set back key development goals. As the crisis abates, policy makers need to balance the risks from large and growing debt loads with those from slowing the economy through premature fiscal tightening. It is also critical to foster resilience by safeguarding health and education, prioritizing investments in digital technologies and sustainability, improving governance, and enhancing debt transparency.

### INDIA ECONOMIC OVERVIEW

1. Real GDP grew by 0.4% in 3QFY21 following a contraction in two successive quarters. According to the second advance estimates of national accounts, real GDP is estimated to contract by (-)8.0% in FY21.
2. IIP contracted by (-)1.6% in January 2021 as compared to a growth of 1.6% in December 2020.
3. In February 2021, PMI manufacturing remained high at 57.5. PMI services increased to 55.3, its highest level in one year.
4. CPI inflation increased to 5.0% in February 2021 from 4.1% in January 2021. Core CPI inflation also increased to a 78-month high of 6.1% in February 2021.
5. Contraction in Center's gross taxes was lower at (-)1.0% during April-January FY21 as compared to (-)2.0% during April-January FY20.
6. During April-January FY21, Center's capital expenditure posted a strong growth of 35.2% while revenue expenditure grew by 7.7%.
7. During April-January FY21, Center's fiscal deficit stood at 66.8% of the annual revised estimate while the corresponding ratio for revenue deficit was at 62.7%.
8. Growth in merchandise exports fell to 0.7% whereas imports growth rose to 7.0% in February 2021.
9. The OECD, in its Interim Economic Outlook, March 2021, estimated a global contraction of (-)3.4% in 2020 while India's GDP is estimated to contract by (-)7.4% (FY21).

Headwinds to the Indian economy may emerge from higher inflation prospects due to persistently high domestic fuel prices on account of steadily rising global crude prices. The recovery in global crude prices is driven by a pick-up in demand as well as supply side factors. These developments have a significant bearing on prices of petroleum products in India. Petrol prices, for example, are at a historic high, nearly touching INR100/litre in some cities in India. These trends are likely to impart upside risks to headline inflation which has reached 5% in February 2021. Core CPI inflation has also increased to 6.1% in February 2021. According to the RBI, the outlook for core inflation may be adversely impacted by broad-based escalation in cost-push pressures in services and manufacturing prices due to increase in industrial raw material prices.

### COVID – 19 in India

With the resurgence of Covid-19, second wave, the daily new cases continue to surge. Assuming that we are close to peak tests, the daily number can only move with positivity rate. Thus, from here on the positivity rate may be the key metric to watch. Given that there has been a constraint in the production of Vaccines in the short term, more lockdowns seem to be the only answer and we are seeing more states announcing various levels of lockdowns.

We believe that the supply side impact on the Economy will be much less compared to the first wave given the less restrictive lockdown. However, it is important to note that relatively stricter lockdowns have now been imposed in States which account for more than half the GDP.

However, given that the virus is more widespread, even impacting small towns and rural areas, the impact on demand is should be higher than what happened during the first wave. States with Positivity rate more than 20% account for 39% of the population and almost half the GDP. The much larger impact of the second wave can be seen from the fact that the number of Active Cases has remained above 1 million for 30 days now. As a comparison the number of active cases peaked at 1.02 mn during the first wave and remained above 1 mn only for 5 days.

Demand impact is much more difficult to predict. The extent and the duration of slowdown will depend on the impacts on income and on consumer sentiment. The Mobility Indicators indicate a broader slowdown, at least for now.



## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

### STANDALONE RESULTS OF THE OPERATIONS OF THE COMPANY

The Company on a standalone basis declined by 12.46% at Rs. 242,036.39 Lakhs for the financial year ended March 31, 2021 compared to Rs. 276,487.73 Lakhs in the previous financial year. The Profit before Interest and Depreciation is Rs. 26,454.84 Lakhs compared to Rs. 38,139.12 Lakhs for the previous financial year. Profit before Tax is Rs. 20,244.08 Lakhs compared to Rs. 32,040.31 Lakhs for the previous financial year. The operating margin for the current year is 10.81% compared to 13.59% for the previous financial year. Total Comprehensive Income is Rs. 14,674.69 Lakhs compared to Rs. 21,523.02 Lakhs for the previous financial year. Economic slowdown due to Covid-19 affected the topline growth and bottom-line. Export Sales is Rs. 2,497.17 Lakhs for the financial year ended March 31, 2021 compared to Rs. 2,210.14 Lakhs in the previous financial year, an increase of 12.99%, due to demand in the global market.

The Company delivered broad-based growth across most of our end markets in the Jan-Mar 2021 quarter, sustaining the sequential improvements since FY Q2 2020-21. Due to the strong demand rebound as well as supply chain interruptions, the Company experienced cost pressures in raw materials and logistics costs. Notwithstanding, our teams worked hard to ensure that we maintained our service levels to customers. During the Jan- Mar quarter, we also announced actions to consolidate our manufacturing footprint in Pune, which will improve our operational efficiencies and customer service.

#### Other Income:

The other income is Rs. 2,686.77 Lakhs for the financial year 2020-21 compared to Rs. 4,158.32 Lakhs for the previous financial year 2019-20.

#### Cost of Goods sold:

The % of cost of raw material consumed as against sales for the financial year 2020-21 is higher by 3.63% at 61.07% as against 57.44% for the previous financial year 2019-20, due to product mix and increase in foreign currency exchange rate.

#### Employee Benefits Expense:

Employee cost as a % of sales for the financial year 2020-21 stood at 13.76% (previous financial year was 10.61%) at Rs. 33,677.10 Lakhs (previous financial year: Rs. 29,782.15 Lakhs). Sales per employee has decreased by 2.83% to Rs. 213.55 Lakhs (no. of employee's 1,146) in the current financial year 2020-21 from Rs. 219.77 Lakhs (no. of employees 1,277) for the previous financial year 2019-20.

#### Finance Cost:

The interest cost for the financial year 2020-21 is Rs. 243.22 Lakhs compared to Rs. 361.11 Lakhs in the previous financial year 2019-20. The interest cost is on account of lease rentals of vehicles and office equipment.

#### Interest earned:

The Company earned Rs. 1,976.53 Lakhs on the surplus during the financial year 2020-21 when compared to Rs. 2,534.76 Lakhs during the financial year 2019-20 by keeping the funds in deposits with the Banks.

#### Earnings per Share (EPS):

The EPS (Basic and Diluted) of the Company for the financial year 2020-21 was Rs. 132.53 per Share as compared to Rs. 194.38 per Share in the previous financial year, a decrease of 31.82%.

#### Share Capital:

The Authorized/Issued/Subscribed and Paid-up Capital as at March 31, 2021 is 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. 14,674.69 Lakhs is retained in profit and loss account for the year ended March 31, 2021. The Reserves & Surplus is Rs. 221,024.23 Lakhs including the current financial year retained profit.

#### Shareholder's Fund:

The total shareholder funds increased to Rs. 222,150.74 Lakhs as at March 31, 2021 from Rs. 207,476.05 Lakhs as of the previous financial year 2019-20, representing a growth of 7.07% mainly because of retained profits of the current financial year.

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### Depreciation:

The depreciation charge for the current financial year is higher at **Rs. 5,967.54 Lakhs** when compared to Rs. 5,737.70 Lakhs of previous financial year 2019-20 due to accelerated depreciation of Graphics lines and Glue stick lines and account of new investments.

### Fixed Assets-Capital Expenditure:

The gross Fixed Assets as at March 31, 2021 was **Rs. 43,432.28 Lakhs** as compared to Rs. 42,717.30 Lakhs of previous financial year 2019-20. Capital Investments during the financial year 2020-21 were at **Rs. 4,041.72 Lakhs** (Net of capital work-in-progress and capital advances) (2019-20: Rs. 1,983.52 Lakhs) an increase of **103.77%** year on year.

### Inventories:

Inventory as at March 31, 2021 amounted to **Rs. 43,027.05 Lakhs** as compared to Rs. 41,104.12 Lakhs of previous financial year 2019-20. The inventory ratio has increased to **105 days** as at March 31, 2021 from 93 days of previous financial year 2019-20 due to CoVID-19 pandemic.

### Trade Receivables:

Trade Receivables as at March 31, 2021 amounted to **Rs. 46,050.86 Lakhs** as against Rs. 50,658.82 Lakhs of previous financial year 2019-20. The debtor's turnover ratio is **69 days** (previous financial year: 66 days).

### Cash and Bank balances:

The total balance of cash and bank balances as at March 31, 2021 was **Rs. 93,715.39 Lakhs** as compared to Rs. 66,576.71 Lakhs as at March 31, 2020.

**Current Ratio:** 3.0 (2020-21); 3.17(2019-20)

**Debt Equity Ratio:** 1.03 (2020-21); 2.01 (2019-20)

**Interest Coverage Ratio:** 84.23 (2020-21); 89.73(2019-20)

### Overall analysis of the Profit and Loss (Standalone):

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Revenue from operations	242,036.39	98.90	276,487.73	98.52
Other income, net	2,686.77	1.10	4,158.32	1.48
<b>Total Revenue</b>	<b>244,723.16</b>	<b>100.00</b>	<b>280,646.05</b>	<b>100.00</b>
Cost of Materials consumed	93,820.92	38.34	102,856.73	36.65
Purchases of stock-in-trade	53,534.70	21.88	59,157.11	21.08
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2,086.59	0.85	(822.45)	(0.29)
Employee benefits expense	33,677.10	13.76	29,782.15	10.61
Other Expenses	35,149.01	14.36	51,533.39	18.36
<b>Profit before Finance costs and Depreciation</b>	<b>26,454.84</b>	<b>10.81</b>	<b>38,139.12</b>	<b>13.59</b>
Finance Costs	243.22	0.10	361.11	0.13
Depreciation and amortization expense	5,967.54	2.44	5,737.70	2.04
<b>Total Expenditure</b>	<b>224,479.08</b>	<b>91.73</b>	<b>248,605.74</b>	<b>88.58</b>
<b>Profit before Tax</b>	<b>20,244.08</b>	<b>8.27</b>	<b>32,040.31</b>	<b>11.42</b>
Tax	5,313.99	2.17	10,143.06	3.61
<b>Profit for the year</b>	<b>14,930.09</b>	<b>6.10</b>	<b>21,897.25</b>	<b>7.80</b>
Items that will not be reclassified subsequently to profit or loss	(255.40)	(0.10)	(374.23)	(0.13)
<b>Total comprehensive income for the year</b>	<b>14,674.69</b>	<b>6.00</b>	<b>21,523.02</b>	<b>7.67</b>

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

### Overall analysis of the Profit and Loss (Consolidated):

Particulars	Year Ended March 31, 2021		Year Ended March 31, 2020	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Revenue from operations	260,483.14	99.06	298,655.09	98.49
Other income, net	2,473.73	0.94	4,589.56	1.51
<b>Total Revenue</b>	<b>262,956.87</b>	<b>100.00</b>	<b>303,244.65</b>	<b>100.00</b>
Cost of Materials consumed	99,441.00	40.63	110,025.50	36.28
Purchases of stock-in-trade	58,365.23	23.85	64,002.11	21.11
Changes in inventories of finished goods, work-in-progress and stock-in-trade	2,101.44	0.86	(399.03)	(0.13)
Employee benefits expense	36,990.48	15.12	32,858.51	10.84
Other Expenses	37,636.56	15.38	47,201.52	15.57
<b>Profit before Finance costs and Depreciation</b>	<b>28,422.16</b>	<b>11.61</b>	<b>49,556.04</b>	<b>16.34</b>
Finance Costs	245.41	0.10	366.21	0.12
Depreciation and amortization expense	6,184.59	2.53	5,933.25	1.96
<b>Total Expenditure</b>	<b>240,964.71</b>	<b>98.46</b>	<b>259,988.07</b>	<b>85.74</b>
<b>Profit before Tax from continuing operations</b>	<b>21,992.16</b>	<b>8.99</b>	<b>43,256.58</b>	<b>14.26</b>
Tax	5,754.51	2.35	11,039.66	3.64
<b>Profit for the year from continuing operations</b>	<b>16,237.65</b>	<b>6.64</b>	<b>32,216.92</b>	<b>10.62</b>
<b>Profit for the year</b>	<b>16,237.65</b>	<b>6.64</b>	<b>32,216.92</b>	<b>10.62</b>
Items that will not be reclassified subsequently to profit or loss	(292.01)	(0.12)	(413.22)	(0.14)
<b>Total comprehensive income for the year</b>	<b>15,945.64</b>	<b>6.52</b>	<b>31,803.70</b>	<b>10.49</b>

### SEGMENTWISE PERFORMANCE:

On a standalone basis, the Safety and Industrial business declined by 6.86%; Transportation business declined by 14.05%; Health Care business declined by 30.24%; and Consumer business declined by 2.13%.

#### (A) Safety and Industrial Business:

This segment includes businesses that serve the global industrial, electrical and safety markets. This business segment consists of personal safety, industrial adhesives and tapes, abrasives, closure and masking systems, electrical markets, automotive aftermarket, and roofing granules.

(Rs. in Lakhs)

		12 Months Ended 31.03.2021	12 Months Ended 31.03.2020
Financial Highlights	Segment Revenue	90,245.49	96,893.89
	Profit Before Interest & Tax	9,569.74	15,666.59
	Capital Employed	39,407.85	38,641.80
Highlights of Safety and Industrial Business	<ul style="list-style-type: none"> <li>Despite Automotive Aftermarket Division was the first to get impacted with the COVID lockdowns, the team responded swiftly to address the need of the hour with renewed focus on Cabin Hygiene with the existing Anti-Microbial treatments and new product launch 'Smoggy'. Since more of the dealerships were under financial stress coupled with manpower shortages, the 3M team executed a series of Virtual Technician Skill Development Programs to improve productivity &amp; efficiency to manage increased loads during Q3 and Q4. We have also gained significant share of the digital organic growth of DIY product sales through Market Place Models like Amazon &amp; Flipkart through a series of digital campaigns and strong end user connect.</li> </ul>		



## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

	<ul style="list-style-type: none"> <li>• Strong end customer mapping &amp; review of our reach during the lockdown helped the Abrasive Systems division to bounce back strongly in Q3 and Q4. Also, during the lockdown, the team conducted series of Seminars focused on Automation &amp; productivity with large end customers. 2020 also saw new initiative to use our Global Technology for 'Make In India' project: the 981CP Cubitron II Fiber Discs to meet the Indian customer's value expectations.</li> <li>• Personal Safety Division worked very closely with the HealthCare Businesses of 3M to address the urgent need for personal protective equipment for the Doctors &amp; frontline healthcare staff. Servicing the healthcare requirements were given paramount importance. A considerable set of health care professionals saw immense value in upgrading from disposable respirators to Full Face Reusable Respirators which offers better protection &amp; safety to the users.</li> <li>• Like the other businesses, Industrial Adhesive and Tapes Division also focused on end customer mapping &amp; review of channel for a strong comeback post lockdown. Continued their focus on Passive Fire Portfolio, driving relevance in Construction and strengthened Converter Business Model, increasing penetration in Transportation, Metal working market, Electronics and Oil and Gas.</li> <li>• Renewables business (Part of Electrical Markets Division) delivered strong YoY growth inspite of COVID-19 challenges primarily driven by the Solar segment. Corrosion Protection Products and Locating &amp; Marking businesses were impacted due to curtailed project execution and construction activity due to COVID-19.</li> <li>• In line with the global business model, SIBG India has successfully implemented the Activation Marketing &amp; SIBG Channel Organization cutting across divisions with very closely alignment with Asia &amp; Global teams.</li> </ul>
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### (B) Healthcare Business:

Products and services provided to these and other markets include medical and surgical supplies, oral care solutions (dental and orthodontic products), separation and purification sciences, inhalation and transdermal drug delivery systems, and food safety products.

(Rs. in Lakhs)

		12 Months Ended 31.03.2021	12 Months Ended 31.03.2020
Financial Highlights	Segment Revenue	30,309.56	43,448.06
	Profit Before Interest & Tax	1,933.85	6,628.17
	Capital Employed	14,697.92	17,212.77
Highlights of Healthcare Business	<ul style="list-style-type: none"> <li>• Diverted respirators and hand sanitizers to frontline healthcare workers and nodal agencies servicing healthcare requirements at reasonable prices (lesser than Pre-COVID times). 90% of the locally manufactured FFP2 respirators were assigned to healthcare requirements.</li> <li>• Prioritized service to Biopharma accounts during peak COVID pandemic times and fulfilled on-time supplies resulting in enhanced customer engagement. Also, focused on trials for new molecules at key accounts. This resulted in an increased share of business in most of the Biopharma accounts across India.</li> <li>• Driven our efforts in development of guidelines, creating awareness about international best practices and driving compliance by collaborating with Professional Medical Organizations such as INS India, AORN India, IDA and CAHO. All these organizations are committed to upgrade the clinical practices as well as upskill their members and the healthcare facilities where they work. 3M has been appointed as knowledge partner by these organizations.</li> <li>• 3M Health Care Academy scaled up online education initiatives for delivery of local and global content thereby helping hospitals in continuous education efforts and skill upgradation. We also launched the education modules in local languages to make the content accessible and understandable to larger section of the healthcare workers.</li> </ul>		

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

### (C) *Transportation and Electronics Business:*

This segment includes businesses that serve global transportation and electronic original equipment manufacturer (OEM) customers. This business segment consists of electronics (display materials and systems, electronic materials solutions), automotive and aerospace, commercial solutions, advanced materials, and transportation safety.

(Rs. in Lakhs)

		12 Months Ended 31.03.2021	12 Months Ended 31.03.2020
Financial Highlights of Transportation Business	Segment Revenue	87,642.35	101,970.45
	Profit Before Interest & Tax	1,487.69	6,858.09
	Capital Employed	45,965.18	48,808.50
Highlights of Transportation Business	<ul style="list-style-type: none"> <li>• Year 2020 was a damper on Indian economy, but our economy has shown its resilience. Economic recovery has been backed by clear govt. intent and backed by the recent Union budget.</li> <li>• In the recent Union Budget, about \$80B was pledged for core infra development in the next one year. The major beneficiaries of this would be highways, rural roads, Railways, Unban Infra, Aviation, education etc. Huge focus on building the National Highways will keep spurring the demand of company's Transportation Safety solutions.</li> <li>• While we are building roads at fastest ever pace with an aim is to cross 40km/day, our roads are one of the most unsafe roads contributing to 150,000 deaths very year almost 10% of global road fatalities gives an opportunity for company to partner with various stakeholders to make Indian roads safer.</li> <li>• The Company continued gaining share in the Advanced Materials markets with its differentiated offerings from Fluro polymer solutions such as Fluro Elastomers for Automotive industry, Polymer Processing Additives &amp; Evaporation boats for Flexible packaging industry, Fluro Thermoplastics and Poly Tetra Fluro Ethylene in chemical processing industry and Specialty Additives for Paints &amp; coatings Segment in challenging external environment.</li> <li>• FY 2020-2021 was very challenging to Automotive Industry as any other industry. First time in the history, April 2020 had NIL automotive production. However, industry being resilient and put its right foot forward to drive growth with personal mobility being preference of consumer and also saw rise of digital sales through dealership. 3M has collaborated with industry on delayed launch of BS VI in CV and PV segments. 3M introduced and stabilized the local NPI muphony for NVH needs of industry and continue to work on the next gen version with muphony 2.0 in 2021-2022. The Company is working with host of OEMs for future Growth. In the 2W segment, the Company introduced 3M Bonding solutions to attach Side Reflectors parts. The year also saw closure of graphic business of 3M in India.</li> <li>• Commercial solution business has lot of headwinds due to lockdown and COVID impact specially in QSR, Hospitality and IT/ITES offices segment but it also came along some opportunities like Social Distancing graphics &amp; Disinfectant solutions need from different markets, and hence CSD solutions became a critical need in fight against Covid-19.</li> <li>• CSD also witnessed continued growth from Transportation segment (Railways &amp; Metro). Various plants of Indian Railways registered continued new production of coaches and almost dozen plus metro rail projects sanctioned and work started. 3M paint replacement solutions and graphics designed coaches have become key</li> </ul>		

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

	highlight for passenger experiment in new age Railways & metro coaches. CSD has also seen continued business from PSU banks mergers and rebranding programs. Few of our success in these segments have been with Canara Bank, PNB and J&K bank etc. Commercial solutions Division's fleet graphics business has also shown green shoots in EVs space (Amazon Fleet graphics, EV Charging station graphics) and some of largest fleet graphics programs from PDS distribution in AP done through Tata Motors. CSD solutions continued to enhance various brand's visibility and their customer experience.
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### (D) Consumer Business:

This business serves global consumers and consists of home improvement, stationery and office supplies, home care, and consumer health care. This segment also includes, within the Construction and Home Improvement Division, certain retail auto care product lines. Products in this segment include office supply products, stationery products, home improvement products (do-it-yourself), home care products, protective material products, certain consumer retail personal safety products, and consumer healthcare products.

(Rs. in Lakhs)

		12 Months Ended 31.03.2021	12 Months Ended 31.03.2020
Financial Highlights	Segment Revenue	31,286.00	31,966.12
	Profit Before Interest & Tax	3,932.58	6,642.82
	Capital Employed	10,455.74	11,377.15
Highlights of Consumer Business	<ul style="list-style-type: none"> <li>Prioritized sales through eCommerce platform as more and more shoppers preferred shopping from this channel during lockdown and COVID restrictions.</li> <li>Worked closely and built strong partnership with e-com retailers and Modern trade retailers for their omni channel, for growth through eCommerce channel.</li> <li>Consolidated out GT channel to carry entire CBG portfolio – which would help in better distribution of Scotch®, Post-it® and Command® products, along with Home Care range of products.</li> <li>Distribution expansion program aimed at increasing availability of Home Care range of products in Tier B &amp; C towns through partnership with wholesalers across the country.</li> <li>Partnered with adjacent category &amp; household brands for cross promotional activities thereby expanding household reach for our products.</li> <li>Worked closely with key Modern trade retailers to ensure that our sales bounce back to pre-COVID levels with engagement and planning strong programs to end consumers in Home Care and Stationery categories.</li> <li>Integrated marketing campaign to drive penetration of 'Scotch-Brite® Silver Sparks' – our lead product in scouring segment.</li> <li>Built digital programs with focus on pre-store influence for Home Care, Stationery and DIY range of products.</li> <li>Set up a new Go To Market model for Meguiar's range of car care products.</li> <li>Continued investment in the brands viz "Scotch-Brite®", Post-It®, Scotch® and Command® through various brand building activities in Mass Media, Digital Media and in Point of Sales.</li> </ul>		

### 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 continue to benefit Company's business in India.



## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

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. The Company's products involve expertise in product development, manufacturing and marketing and are subject to competition from products manufactured and sold by other technologically oriented companies both within India and outside India. In addition, rupee depreciation, fluctuating oil & high commodity prices remain key challenges needing focused attention.

### RISKS AND CONCERNS

Provided below are cautionary statements of what your Company believes to be the most important risk factors applicable to the Company.

- Results are impacted by the effects of and changes in economic, political, regulatory, capital markets and risks related to public health crises such as the global pandemic associated with the coronavirus (COVID-19).
- The Company's results are affected by competitive conditions and customer preferences.
- Foreign currency exchange rates and fluctuations in those rates may affect the Company's ability to realize projected growth rates in its sales and earnings.
- 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.
- The Company's future results are subject to fluctuations in the costs and availability of purchased components, compounds, raw materials and energy, including oil and natural gas and their derivatives, due to shortages, increased demand, supply interruptions, currency exchange risks, natural disasters and other factors like Global Pandemic.
- Security breaches and other disruptions to the Company's information technology infrastructure could interfere with the Company's operations, compromise information belonging to the Company or its customers, suppliers, and employees, exposing the Company to liability which could adversely impact the Company's business and reputation.
- The Company's future results may be affected by its operational execution, including scenarios where the Company generates fewer productivity improvements than estimated.
- The Company's strategy for growth, future revenues, earnings, cash flow, uses of cash and other measures of financial performance, and market position.
- Asset impairments.

### 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 other 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.

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

### DEVELOPMENTS IN HUMAN RESOURCES/INDUSTRIAL RELATIONS

#### *Learning and Development:*

Our philosophy of "Development for All" remained a key focus for the Learning and Development function in 2020- 2021. The year for your Company began with focused energies on understanding Change Agility & Growth Mindset to better equip our employees. Supervisory Development remained a priority area with people leaders having the benefit of learning from our well-established local Evolving Leaders' Program as well as our global workshops like Leading at the Speed of Trust and 6 Critical Practices for Leading a Team.

Come March 2020 and we realized that this would be a year like no other! The pandemic turned our world virtual in a matter of days. Thanks to our global virtual learning structures created well in advance, 3M India was able to make a quick pivot and Learning became a powerful employee engagement driver in a challenging time. 'Virtual', 'Self-paced' were the learning mantras for the year, be it Supervisory training, 1:1 Leadership Coaching, All Employee learning, or New Employee Orientations. Conversations around 'Virtual Collaboration', 'Remote Supervision', 'Stress Management' and 'Intercultural Collaboration' became particularly meaningful. 85% of our employees, were involved in various forms of learning during the year. The learning appetite was visible with 3M India winning the Asia Virtual Learning Contest in 2020 across the 3M in Asia.

Last year, the Company launched 'Performance Everyday', a global performance management system which required large scale education. The company was moving from a system of reviews at fixed intervals and numerical ratings systems to an approach of continuous dialogue and feedback. L&D played an important role in educating employees and supervisors about this process.

While our non-manufacturing colleagues were able to access resources through our in-house platform, Develop U, learning for shopfloor employees required a new approach in a pandemic year. In regular times, production employee training would be physical, face to face, which was no more an option. We launched 'TEJ' short for 'The Energy Journey' a simplified module to educate employees on well-being and personal energy dimensions. The program was curated from available global content (The Energy Audit, from the Energy Project) and involved the collaborative effort between L&D and the Plant HR teams. What was unique is that our technical associates logged into the sessions through cellphones, the very first time that virtual learning was experimented in a shopfloor environment. Thanks to technology and partnership with the plant leadership teams, social distancing did not come in the way of timely learning connections. By March 2021, we had robust virtual participation from technical associates in all our plants. The program has been recognized internally and externally.

The Company leveraged social learning through an exciting new platform, Novo Ed in a further step to accelerate efforts to bring learning content "Anytime, Anywhere" to learners. Supervisory development was prioritized first, connecting nominated leaders through world class content, technology, and in-house facilitators. Participants from India have been enthusiastic adopters of social learning.

In 2020 the Learning function emerged a strong lever in reinforcing our culture, engaging people in a virtual world, and better equipping them for resilience in changing environment.

#### *HR Business Partnering (HRBP):*

Your Company was focused on prioritizing employee safety and providing tools and information for enhancing employee wellness as the pandemic hit us. Employees moved to a Work from Home mode during the lockdown & followed an internally established return to work protocol through the different phases of unlocking and govt regulations.

The HRBP team helped employees by guiding them to participate in programs that enhanced health and wellness with a particular emphasis on psychological safety. Employees were provided curated learning opportunities to thrive in the virtual mode of working. A cross functional team across HR, EHS and Communications came together to create a structured 360-degree wellness engagement through regular initiatives for employees. The initiative covered - Physical & Mental Health, Health & Nutrition, and the overall benefits of "Being Positive" & "Healthier U". These programs conducted weekly and referred to as "Wellness Wednesdays" provided employees with tools, social support, and strategies to adopt and maintain safe and healthy behaviors in the difficult times. All these initiatives were critical in continuing productivity. A partnership with a 3rd party was established to provide a COVID Health support package for employees.

Another area of focus for HRBPs was that of coaching all supervisors in quickly adapting to the new Performance management system- Performance Everyday. 3M India also launched several initiatives to enhance inclusive behavior amongst 3Mers. Employees were encouraged to form networks to pursue their interests in supporting inclusive

## ANNEXURE 'A' TO THE REPORT OF THE BOARD OF DIRECTORS

behavior and becoming allies. The Women's leadership forum had a change of leadership and established a calendar of programs and initiatives. Additionally, during the year, 3M India also established 2 new Employee Resource Networks - The New Employee Opportunity Network (NEON), and the Pride network. NEON is focused on enabling a quick and effective integration of new 3Mers. 3M PRIDE focuses on building an inclusive culture and how we can become allies to the LGBTQI++ community.

In summary the HRBP team played a crucial role in the ongoing engagement and connect with employees.

### *Employee Relations(ER):*

Our continuing focus has been on enhancing the shop floor culture and strengthening our performance philosophy. 3M philosophy on ER has always been 'direct engagement and communication with the organization'. The year was challenging as a decision was made to discontinue the business of Flat Automotive Graphics. This was primarily manufactured in the EC Plant and the Company shared openly and transparently the decision, its rationale, timing, and impact to employees. The Company also offered the opportunity for employees to be transferred to other manufacturing units. This offer was taken up by some employees who have since been transferred to the Ranjangaon facility. The Company also launched an Employee Separation Scheme to facilitate voluntary separation of the impacted employees. This entire process was undertaken with minimum impact to the shopfloor environment and continuous communication with the employees.

Year 2020-21 has also been challenging for our Manufacturing and Supply Chain teams given the context of the pandemic. The Engagement actions in the Plants moved to a virtual mode and programs such as TEJ (The Energy Journey) built the right mindset and positivity amongst employees. The virtual engagement actions in plants extended to family members, even as safe and healthy COVID appropriate behaviors were promoted. Some additional actions undertaken during the year included:

- Changes were made to performance management system for our Technical Associates in early 2021 to further build on the culture of feedback and dialogue.
- Continued focus on discipline in the shopfloor.
- Continued focus of involving our plant employees in local CSR activities.

*On behalf of the Board of Directors*

**Ramesh Ramadurai**  
*Managing Director*

Place : Bengaluru  
Date : May 28, 2021

DIN: 07109252

**Mamta Janak Gore**  
*Whole-time Director &  
Chief Financial Officer*  
DIN: 08792863

Place : Dubai  
Date : May 28, 2021



# ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

## REPORT ON CORPORATE GOVERNANCE

### THE COMPANY'S GOVERNANCE PHILOSOPHY

3M's Corporate Governance principles govern how the Company carries on its business daily, enabling the Company to outperform and lead the way to sustainable growth. The governance principles provide enough 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 all the applicable SEBI (LODR) Regulations, 2015 ('the Listing Regulations') for the financial year ended March 31, 2021.

### BOARD OF DIRECTORS

#### *Composition:*

As at the financial year ended March 31, 2021, the Board comprised of Two (2) Executive Directors, Three (3) Non-Executive Non- Independent Directors and Three (3) Independent Directors. The Board of Directors of the Company is headed by a Non-Executive and Independent Director.

As at the financial year ended March 31, 2021, the Board of Directors of the Company had an optimum combination of Executive and Non-Executive Directors including Two (2) Women Directors (viz., Independent Director and Executive Director) and not less than Fifty percent (50%) of the Board of Directors comprises Non-Executive Directors and the composition is in conformity with the provisions of the Companies Act, 2013 and the Listing Regulations. None of the Directors of the Company is related to each other and with any employees of the Company.

The Board of Directors confirms that all the Independent Directors of the Company fulfill the conditions specified under the Listing Regulations and are Independent of the Management of the Company.

#### *Declaration under Schedule V, Para C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015:*

All the Directors have confirmed that they are neither debarred nor disqualified from being appointed or continuing as Director by Securities and Exchange Board of India / The Ministry of Corporate Affairs or any such statutory authority. The Company has obtained a Certificate to this effect from Mr. Vijayakrishna K.T., Practising Company Secretary, Bangalore as mandated under Schedule V, Para C, Clause 10(i) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015.

#### **Skills / Expertise/Competencies of the Board of Directors:**

The present Directors of the Board have vast and varied experience and possess professional background and experience in General Management of Business, Industry, Marketing, Finance, Taxation and Law. Following is the gist of skills / expertise / competencies identified by the Board of Directors.

- Knowledge on the Company's businesses, policies and culture, risks / threats and opportunities and knowledge of the industry in which the Company operates.
- Behavioral skills - attributes and competencies to use their knowledge, professional skills to contribute effectively to the growth of the Company.
- Business Strategy, Sales & Marketing, Corporate Governance, Forex Management, Securities Market, Administration and Decision Making,
- Banking, Financial, Taxation, Mergers and Acquisitions, Law and Management skills.

#### **Brief Profile of the Directors of the Company:**

##### **Mr. Bharat D Shah**

*(Chairman, Non-Executive Independent Director) (holding DIN- 00136969), aged 74 years.*

Mr. Bharat Shah was appointed as an Independent Director of the Company for a period of Five (5) years with effect from March 27, 2015 and he was re-appointed by Members as Independent Director of the Company for a second term of Five (5) years w.e.f. March 27, 2020. He was appointed as Chairman of the Board with effect from May 27, 2016. Mr. Bharat Shah has extensive experience and expertise in the fields 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

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

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 holds a Bachelor's in Science Degree from the University of Mumbai and also holds a Diploma in Applied Chemistry with special reference to metal finishing from Borough Polytechnic, London.

Expertise in Specific Functional Areas	Banking, Finance, Forex Management, General Management of Business, and Securities Market.
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2021	<ol style="list-style-type: none"> <li>1. HDFC Securities Limited</li> <li>2. Mahindra Lifespace Developers Limited</li> <li>3. Salisbury Investments Private Limited</li> <li>4. Strides Pharma Science Limited</li> <li>5. Tata Sky Limited</li> <li>6. Exide Industries Limited</li> <li>7. DigiKredit Finance Private Limited</li> <li>8. Spandana Sphoorty Financial Limited</li> <li>9. Mahindra World City Developers Limited</li> </ol>

### Mr. Ramesh Ramadurai

(Managing Director, Executive Director) (holding DIN- 07109252), aged 59 years.

Mr. Ramesh Ramadurai was initially appointed as a Non-Executive Non-Independent Director of the Company with effect from March 27, 2015. He was appointed as the Managing Director of the Company from June 1, 2019. Mr. Ramesh Ramadurai was appointed as Business Director for 3M Industrial Business in July 2014 and was 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, both in India. Mr. Ramesh Ramadurai is Chairman of Confederation Indian Industry (CII), Karnataka for the financial year 2021-22. Mr. Ramesh Ramadurai holds MBA Degree from the Indian Institute of Management, Calcutta and is a Bachelor of Technology in Chemical Engineering from the Indian Institute of Technology, Kanpur.

Expertise in Specific Functional Areas	General Management of Business and Marketing
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2021	Nil

### Mr. Amit Laroya

(Non-Executive Non-Independent Director) (holding DIN-00098933), aged 56 years.

Mr. Amit Laroya was appointed as a Non-Executive Non-Independent Director of the Company with effect from June 1, 2016. Mr. Amit Laroya was the President and Managing Director of 3M Korea Limited from June 1, 2016 to December 31, 2019. He was the Managing Director of the Company from October 1, 2013 to May 31, 2016. He has been appointed as Vice President – Asia for Transportation and Electronics Business Group with effect from January 1, 2020. Mr. Amit Laroya 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.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

Expertise in Specific Functional Areas	Marketing, Mergers and Acquisitions, Finance and General Management of Business
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2021	Nil

### **Ms. Radhika Govind Rajan**

(Non-Executive Independent Director) (holding DIN- 00499485), aged 65 years.

Ms. Radhika Rajan was appointed as an Independent Director of the Company for a period of Five (5) years with effect from May 27, 2016. She was re-appointed by Members as Independent Director of the Company for a second term of Five (5) years w.e.f May 27, 2021. Ms. Radhika Rajan 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, Ms. Radhika Rajan was President of TCG Advisory of the TCG Group, New York. In this capacity, Ms. Radhika Rajan 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. Radhika 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. Radhika 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. Radhika 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.

Expertise in Specific Functional Areas	General Management of Business, Forex Management, Securities Market
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2021	1. Sonata Software Limited 2. Sonata Information Technology Limited

### **Mr. Biren Gabhawala**

(Non-Executive Independent Director) (holding DIN- 03091772), aged 56 years.

Mr. Biren Gabhawala was appointed as an Independent Director of the Company for a period of Five (5) years with effect from August 5, 2015. He was re-appointed by Members as Independent Director of the Company for a second term of Five (5) years w.e.f. August 14, 2019. Mr. Biren Gabhawala holds a Bachelor's degree in Commerce from University of Mumbai and is a qualified Chartered Accountant and a fellow member of the Institute of Chartered Accountants of India. He is into practice for last 28 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.

Expertise in Specific Functional Areas	Direct and Indirect Taxation, FEMA, International Taxation, Mergers and Acquisitions
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2021	1. eClerx Services Limited 2. Messrs. C.M. Gabhawala & Co, Partner

### **Mr. Jongho Lee**

(Non-Executive Non-Independent Director) (holding DIN- 06720950), aged 57 years.

Mr. Jongho Lee (JH) was appointed as a Non-Executive Non-Independent Director of the Company with effect from May 26, 2017. JH was named as a Finance Director - Asia based out of Hong Kong from April 1, 2017. JH comes with a strong pedigree and regional experience across multiple companies. JH has most recently been 3M Korea Finance Manager since April 1, 2014. Prior to that, he has held several roles in multiple Companies as:



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

- 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. JH holds an MBA from the University of Michigan, Ann Arbor and a B.A., Seoul National University. He is appointed as Director- Accounting - APAC for International Finance from January 1, 2020.

Expertise in Specific Functional Areas	Finance and General Management of Business
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2021	Nil

### **Ms. Mamta Janak Gore**

*(Whole-Time Director & CFO, Executive Director) (holding DIN-02589934), aged 55 years.*

Ms. Mamta Janak Gore was appointed as a Whole-Time Director (designated as Whole-Time Director and Chief Financial Officer) of the Company with effect from September 1, 2020. She has over 26 years of diverse experience in the finance function within 3M Company's Middle East, Central Europe, and India Region Operations. Since 1994, held positions of increasing responsibilities, with extensive exposure to areas such as P&L and Balance Sheet management, financial planning and analysis, six sigma, forex management, strategic planning, project management, team management, credit risk management, business transformation efforts through her role as APL for RTR, culminating into her latest position as Finance Manager of 3M India Limited since 2018. She has experienced in the business side of operations during her role as Marketing Manager for the Industrial & Transportation Group, where she handled the area of Market Research, Product Pricing, Demand Planning, New Product Introductions, A&M budgets, and had overall responsibility of delivering the planned top and bottom line for the group. Ms. Mamta Janak Gore has previously worked with Martin Emprex (FarEast) Ltd. JebelAli, Dubai, Inchcape Shipping Services (MMI) Dubai and K.M. Tanna & Co. Chartered Accountants, Bombay. Ms. Mamta Janak Gore holds a Certificate course on Retail Management from the Indian Institute of Management Ahmedabad and holds a Bachelor's degree in Commerce (Honours), from Jaihind College, University of Bombay and is a qualified Chartered Accountant and a member of the Institute of Chartered Accountants of India.

Expertise in Specific Functional Areas	Finance and Corporate Management, Taxation, Treasury, Mergers, and Acquisitions.
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2021	Nil

### **Mr. James Ernest Falteisek**

*(Non-Executive Director) (holding DIN- 02589934), aged 55 years.*

Mr. James Ernest Falteisek (Jim) was appointed as a Non-Executive Non-Independent Director of the Company with effect from September 1, 2020. Jim is the Vice President, 3M Asia Corporate Affairs and Managing Director of 3M Korea. Prior to this role, Jim served as Vice President, Commercialization, Consumer Business Group, St. Paul. He has over 33 years of diverse experience worked in different capacities. He has affiliations with Business, Professional and Civic Organizations. Jim holds Master of Business Administration from University of St. Thomas, St. Paul, Minnesota and Bachelor of Chemical Engineering from Education University of Minnesota, Twin Cities. He is a Board Member of Park Square Theatre, St. Paul, MN, and Board of Governors, AMCHAM Korea.

Expertise in Specific Functional Areas	General Management of Business, Industry and Marketing.
List of Directorships held in other companies (excluding foreign, private, and Section 8 Companies) as on March 31, 2021	Nil

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

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

Name of the Director	Name of the Company (Including 3M India Limited)	Membership of Committee		Chairmanship of Committees	
		Audit	Stakeholders' Relationship	Audit	Stakeholders' Relationship
Mr. Bharat D Shah	1. 3M India Limited 2. Tata Sky Limited 3. Spandana Sphoorty Financial Limited 4. Strides Pharma Science Limited 5. Mahindra Lifespace Developers Limited	Yes Yes Yes Yes Yes	Yes		Yes
Mr. Ramesh Ramadurai	3M India Limited		Yes		
Ms. Radhika Rajan	1. 3M India Limited 2. Sonata Software Limited 3. Sonata Information Technology Limited	Yes Yes Yes	Yes Yes		
Mr. Biren Gabhawala	1. 3M India Limited 2. eClerx Services Limited		Yes Yes	Yes Yes	
Mr. Jongho Lee	3M India Limited	Yes			
Mr. Amit Laroya	3M India Limited				
Mr. James E Falteisek	3M India Limited				
Ms. Mamta Janak Gore	3M India Limited				

### MEETINGS

The Companies Act, 2013 facilitates the participation of a Director in Board/ Committee Meetings through video conference / other audio-visual modes. Accordingly, the option to participate at the Meetings through video/audio conference is made available for the Directors except in respect of such items, which are not permitted to be transacted under the statute through the use of such facility unless the quorum through the physical presence of Directors is available at the Meetings at which such items are transacted.

Additionally, in terms of Rule 4 of The Companies (Meetings of Board and its Powers) Rules, 2014, for the period beginning from the commencement of the Companies (Meetings of Board and its Powers) Amendment Rules, 2020 and ending on the June 30, 2021, the Meetings on matters referred to in sub-rule (1) of the said rule may be held through video conferencing / other audio-visual means in accordance with rule 3 of the said rule. Accordingly, all the Meetings for the FY 2020-21 were held through video conference only.

The 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. During the financial year 2020-21, your Company has complied with the applicable Secretarial Standards issued by the Institute of Company Secretaries of India.

#### *Details of Board Meetings during the financial year:*

During the financial year 2020-21, Four (4) Meetings of the Board (all Meetings were held through Video Conferences) were held on *May 29, 2020, August 13, 2020, November 13, 2020, and February 10, 2021*. The last AGM was held on *August 26, 2020*.

None of the Directors is a Director in more than Eight (8) Listed Companies or 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

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

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, 2021 and attendance at the Board Meetings and AGM 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#	
Mr. Bharat D Shah (Chairman)	Non-Executive & Independent Director	4	4	8	8	1	No*
Mr. Biren Gabhawala (Director)	Non-Executive & Independent Director	4	4	2	2	2	Yes
Ms. Radhika Rajan (Director)	Non-Executive & Independent Director	4	4	3	5	Nil	Yes
Mr. Ramesh Ramadurai (Managing Director)	Executive Director (Promoter Group)	4	4	1	1	Nil	Yes
Mr. Amit Laroya (Director)	Non-Executive Director (Promoter Group)	4	4	1	Nil	Nil	Yes
Mr. Jongho Lee (Director)	Non-Executive Director (Promoter Group)	4	4	1	1	Nil	Yes
Mr. James E Falteisek (Director from September 1, 2020)	Non-Executive Director (Promoter Group)	2@@	2	Nil	Nil	Nil	NA
Ms. Mamta Janak Gore (Whole-time Director from September 1, 2020)	Executive Director (Promoter Group)	2@@	2	Nil	Nil	Nil	NA

@ excludes directorship in private companies, Foreign Companies, Section 8 Companies and includes directorship in 3M India Limited.

@@ No. of Meetings held after the date of appointment as Director.

# excludes committees other than Audit Committee and Stakeholders' Relationship Committee.

\* Unable to attend the AGM due to technical issues in connecting to the AGM video conference.

The gap between any Two (2) Board Meetings did not exceed One Hundred and Twenty (120) days in line with the requirements of the Act and the Listing Regulations.

### Attendance details of Board Meetings:

Name of the Director	May 29, 2020	August 13, 2020	November 13, 2020	February 10, 2021
Mr. Bharat D Shah	Yes	Yes	Yes	Yes
Mr. Biren Gabhawala	Yes	Yes	Yes	Yes
Mr. Ramesh Ramadurai	Yes	Yes	Yes	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes
Mr. Amit Laroya	Yes	Yes	Yes	Yes
Mr. Jongho Lee	Yes	Yes	Yes	Yes
Mr. James E Falteisek (Director from September 1, 2020)	NA	NA	Yes	Yes
Ms. Mamta Janak Gore (Whole-time Director from September 1, 2020)	NA	NA	Yes	Yes



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### *Board Training and Induction:*

At the time of appointing a Director, a “Familiarization Program for Directors of the Company” brochure is handed over 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, the 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 make presentations on their respective business and updates the Board. Some of the updates to the Board during 2020-21 includes Risk assessment and minimization measures – Cyber Security, updates on Health Care Business and updates on of MCA/SEBI notifications. The familiarization document is also disclosed on the website of the Company at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

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 <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

### COMMITTEES 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, Corporate Social Responsibility Committee and Risk Management Committee. The terms of reference of these Committees are determined by the Board and their relevance reviewed from time to time. The Meetings of each of these Committees are convened by the respective Chairpersons, who also apprise the Board about the summary of discussions held at its Meetings. The minutes of the Committee Meetings are sent to all Directors individually for their approval/comments as per the prescribed Secretarial Standards-1 and after the minutes are duly approved, these are circulated to the Board of Directors and presented at the Board Meetings. The constitution, terms of reference and the functioning of the existing Committees of the Board are explained hereunder.

### 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 the 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, are 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 Chief Financial Officer (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 financial 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.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### *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 auditors' 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 Report of the Board of Directors 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 auditors' 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;

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

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.
22. Reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding Rs. 100 Crores or 10% of the asset size of the Subsidiary, whichever is lower including existing loans / advances /investments existing as on the date of coming into force of this provision.

### Review of information by the Audit Committee

The Audit Committee reviews the following information:

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

### Composition and details of Audit Committee Meetings during the financial year:

As on March 31, 2021, the Audit Committee of the Company consisted of Three (3) Non-Executive & Independent Directors and one Non-Executive Director and all of them have financial and accounting knowledge. The members of the Committee are Mr. Biren Gabhawala, Mr. Bharat D Shah, Ms. Radhika Rajan and Mr. Jongho Lee.

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 2020-21, Four (4) Meetings of the Audit Committee (all Meetings were held through Video Conferences) were held on May 28, 2020, August 13, 2020, November 13, 2020, and February 10, 2021. The number of Meetings held, and attendance of the Members at the Audit Committee Meetings held during the financial 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
Mr. Bharat D Shah	4	4
Ms. Radhika Rajan	4	4
Mr. Jongho Lee	4	4

### Attendance details of the Audit Committee Meetings:

Name of the Director	May 28, 2020	August 13, 2020	November 13, 2020	February 10, 2021
Mr. Biren Gabhawala	Yes	Yes	Yes	Yes
Mr. Bharat D Shah	Yes	Yes	Yes	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes
Mr. Jongho Lee	Yes	Yes	Yes	Yes



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### 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 and shall at least meet once a year.
- (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;
  - Recommend to the Board, all remuneration, in whatever form, payable to Senior Management.
- (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 <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

#### 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.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### *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*

As an annual activity for processing Merit Increase, the Asia Pacific (APAC) Process Experts representing Total Rewards & Services Team ("COE TRS") works closely with Salary Consultant Partners, Mercer & Willis Towers Watson to determine the Salary Market Pricing of Positions/Jobs by carrying out market benchmarking study. "Salary Market Pricing" describes the process of acquiring external country salary market data to ensure competitive salary ranges at the Company. Specialized vendors (global consultant companies) do collect, structure, and analyze participating companies' compensation and benefits data. Your Company contributes to these studies and uses the findings to ensure our pay and benefits are at market. This includes comparing the right jobs, job-grades and job-families based on their complexities and responsibilities towards comparable, relevant vendor market data.

This is a global footprint and have moved away from the traditional method of driving the Local Salary Survey with AON Hewitt. Consequently, we can expect some differences in the output from the global processes than the process a particular country was operating the methodology. This means some differences in Market Reference Point (MRP) are likely to occur due to the new process as well as due to the external market. Transition processes will allow smooth alignment if needed. Salary budgets will not be impacted however, Mitigation Plans are worked to support the Wage Inflation and Retention of Talent. Terminology of Annual Salary Adjustment ("ASAP") is replaced to Annual Salary Review Process and will ensure distribution of increases aligned with existing 3M pay principles that remain fully in force.

The COE TRS and the Salary Consultant(s) work closely first to understand all the roles in the organization and map the roles to their framework. The Company Benchmarks and compares itself with Total Cash Compensation which includes Fixed pay and Variable pay. Total Rewards Team creates the comparator basket/peer companies list based on the companies 3M recruit and lose talent. These companies become the comparator list to determine the compensation rates.

Global COE TRS in St. Paul, USA after finalization of peer companies from 3M India Limited list, interact with the Salary Consultants with the shortlisted companies (Peer companies) to understand their roles and map them to their framework. 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. Total Rewards team based on the market median, finalizes MRP for the Country across General / Sales / Technical Grades.

Based on the above guidelines, each level, starting from the entry to the head of the organization the pay ranges are determined. The determined pay ranges are shared with the People & Operations Leader to understand the salary movements and obtain approval on the MRP for the year. The approved MRP are used for the merit increase exercise along, with the budget allotted for the year. The Total Rewards team runs a simulation through eMercer Prism Tool with 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 P&O Leader and the budget utilization and the wage bill. The calibrated increment value, if any, is taken as the approved increase at a company level. Total Rewards & Services Team reworks the entire compensation increases by employee-wise based on the available budget and Mitigation Plans for the year to support Retention / Flight Risk of Talent.

Salary Market Pricing does normally not directly impact the salary budgeting process. The planned budgets will be aligned to external total country pay market move and to internal factors (for example in case average 3M pay / Compa-ratio is significantly below or above external market), same as in former years. The pay-market structure data, building our MRPs, can also have an impact on how the budget is distributed, as per our ASR Guidelines.

The final employee wise increases are broken into department/business wise budget for annual Increases. Total Rewards and Services 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 Non-production employees in the Company including the Managing Director, Whole-time Director, and other Key Management Personnel.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

The Company pays Rs. 20,000/- to each Independent Director per Board /Committee Meetings as sitting fees and a fixed Commission not exceeding Rs. 18,00,000/- P.A. (from April 1, 2019) 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 the provisions of 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 the Independent Directors is commensurate with the activities of the Company, the responsibilities of the Independent Directors under the provisions of the Listing Regulations and under the Companies Act, 2013, and the responsibilities as Member/Chairman of the Board and Member/Chairman of Committee/s of the Board and all other relevant factors.

### *Composition and details of Nomination and Remuneration Committee Meetings during the financial year:*

As on March 31, 2021, the Nomination and Remuneration Committee of the Company consisted of Two (2) Non-Executive Independent Directors viz., Mr. Biren Gabhawala, Mr. Bharat D Shah and Two (2) Non-Executive Directors viz., Mr. Amit Laroya and Mr. Jongho Lee.

Mr. Biren Gabhawala is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee.

During the financial year 2020-21, Three (3) Meetings of the Nomination and Remuneration Committee (all Meetings were held through Video Conferences) were held on *May 28, 2020, August 13, 2020, and February 10, 2021*. The number of Meetings held, and attendance of the Members at the Nomination and Remuneration Committee Meetings held during the financial year under review is as under:

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Biren Gabhawala (Chairman)	3	3
Mr. Bharat D Shah	3	3
Mr. Amit Laroya	3	3
Mr. Jongho Lee (Appointed as Member w.e.f September 1, 2020)	1	1
Ms. Sadhana Kaul (Ceased to be a Member w.e.f May 05, 2020)	NA	NA

### *Attendance details of Nomination and Remuneration Committee Meetings:*

Name of the Director	May 28, 2020	August 13, 2020	February 10, 2021
Mr. Biren Gabhawala	Yes	Yes	Yes
Mr. Bharat D Shah	Yes	Yes	Yes
Mr. Amit Laroya	Yes	Yes	Yes
Mr. Jongho Lee	NA	NA	Yes
Ms. Sadhana Kaul	NA	NA	NA

### *Remuneration to Directors:*

As at the end of financial year 2020-21, the Company had Two (2) Executive Directors, Mr. Ramesh Ramadurai, Managing Director and Ms. Mamta Janak Gore, Whole-time Director & CFO. 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.

Mr. Ramesh Ramadurai, Managing Director appointment was approved by the Members at the Thirty Second (32<sup>nd</sup>) Annual General Meetings for a period from June 1, 2019 to February 12, 2022 (till the date of his superannuation). The Company filed an application during August 2019 under the Section 196 read with Clause (e) of Part (I) of Schedule V of the Companies Act, 2013 with the Central Government (Ministry of Corporate Affairs) for the appointment of Mr. Ramesh Ramadurai as Managing Director, subsequently, the Central Government (Ministry of Corporate Affairs) approved the application, vide its letter dated March 2, 2021. Ms. Mamta Janak Gore, Whole-Time Director & CFO appointment was approved by the Members vide Postal Ballot notice dated February 10, 2021 for a period of Three (3) years from September 01, 2020 to August 31, 2023.



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

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 (90) 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 financial year ended March 31, 2021:

#### (a) Executive Directors:

Name and Designation	No. of Shares Held	Salaries & Allowances (Rs.)	Contribution to Provident Fund (Rs.)	Estimated Value of Benefits (Rs.)	Total (Rs.)	Present term expires on
Mr. Ramesh Ramadurai (Managing Director)	Nil	3,07,96,774	11,69,280	25,88,400	3,45,54,454	February 12, 2022
Mr. B.V. Shankaranarayana Rao (Whole-time Director up to May 13, 2020)	Nil	1,31,03,445	92,289	Nil	1,31,95,734	May 13, 2020
Ms. Mamta Janak Gore (Whole-Time Director from September 1, 2020)	Nil	1,37,04,230	9,39,078	1,41,91,178	2,88,34,486	August 31, 2023

#### (b) Non-Executive Independent Directors:

Name of the Director	No. of Shares Held	Sitting Fees for Board Meetings (Gross) (paid during the FY 2020-21) (Rs.)	Sitting Fees for Committee Meetings (Gross) (paid during the FY 2020-21) (Rs.)	Commission (Gross) (Rs.)	Total (Rs.)
Mr. Bharat D Shah	Nil	80,000	3,00,000	18,00,000**	21,80,000
Mr. Biren Gabhawala	Nil	80,000	2,80,000	18,00,000**	21,60,000
Ms. Radhika Rajan	Nil	80,000	2,20,000	18,00,000**	21,00,000

\*\*Remuneration by way of Commission for the financial year 2020-21 will be paid to the Independent Directors after the financial statements for the financial year 2020-21 have been adopted and approved by the members at the ensuing AGM.

The Non-Executive Directors viz., Mr. Amit Laroya, Mr. Jongho Lee and Mr. James E Falteisek 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.
4. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/ transmission of Shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

5. Review of measures taken for effective exercise of voting rights by Shareholders.
6. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
7. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/ statutory notices by the shareholders of the Company.
8. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
9. Report to the Board about the important developments in the area of servicing of the shareholders.

### *Composition and details of Stakeholders' Relationship Committee Meetings during the financial year:*

As on March 31, 2021, the Stakeholders' Relationship Committee of the Company consisted of Four (4) Directors, of which Three (3) are Non-Executive and Independent Directors and One (1) is Executive Director. The Members of the Committee are Mr. Bharat Shah, Mr. Biren Gabhawala, Ms. Radhika Rajan and Mr. Ramesh Ramadurai.

Mr. Bharat Shah is the Chairman of the Committee. The Company Secretary is the Compliance Officer of the Company and Secretary to the Committee.

During the financial year 2020-21, Four (4) Meetings of the Stakeholders' Relationship Committee (all Meetings were held through Video Conferences) were held on *May 28, 2020, August 13, 2020, November 13, 2020, and February 10, 2021*. The number of Meetings held, and attendance of the Members at the Stakeholders' Relationship Committee Meetings held during the financial year under review is as under:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. Bharat Shah (Chairman)	4	4
Mr. Biren Gabhawala	4	4
Ms. Radhika Rajan	4	4
Mr. Ramesh Ramadurai	4	4

### *Attendance details of Stakeholders' Relationship Committee:*

Name of the Director	May 28, 2020	August 13, 2020	November 13, 2020	February 10, 2021
Mr. Bharat Shah	Yes	Yes	Yes	Yes
Mr. Biren Gabhawala	Yes	Yes	Yes	Yes
Ms. Radhika Rajan	Yes	Yes	Yes	Yes
Mr. Ramesh Ramadurai	Yes	Yes	Yes	Yes

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, 2020	Nil
No. of complaints received during the period April 01, 2020 to March 31, 2021	22
No. of Shareholders' complaints resolved during the period April 01, 2020 to March 31, 2021	22
No. of Shareholders' complaints pending as on March 31, 2021	Nil

The Share Transfer Committee comprises of Mr. Ramesh Ramadurai, Managing Director and Ms. Mamta Janak Gore, Whole-time Director & CFO.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### 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 <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. The CSR Policy have been revised in line with the amendments to the provisions/the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, as amended from time to time.

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 as enumerated in Schedule VII of the Companies Act, 2013;
  - 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, 2021, the CSR Committee of the Company consisted of Four (4) Directors, of which Two (2) are Non-Executive & Independent Directors and Two (2) are Executive Directors. The Members of the Committee are Mr. Bharat D Shah, Ms. Radhika Rajan, Mr. Ramesh Ramadurai and Ms. Mamata Janak Gore.

Mr. Bharat D Shah is the Chairman of the CSR Committee. The Company Secretary is the Secretary to the Committee.

During the financial year 2020-21, Two (2) Meetings of the CSR Committee (all Meetings were held through Video Conferences) were held on *May 29, 2020 and November 13, 2020*. The number of Meetings held, and attendance of the Members at the CSR Committee Meetings held during the financial year under review is as under:

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Bharat D Shah (Chairman)	2	2
Ms. Radhika Rajan (Appointed as Member w.e.f May 29, 2020)	1	1
Mr. Ramesh Ramadurai	2	2
Ms. Mamta Janak Gore (Appointed as Member w.e.f September 1, 2020)	1	1
Mr. B.V. Shankaranarayana Rao (Ceased to be a Member w.e.f May 13, 2020)	NA	NA

#### Attendance details of Corporate Social Responsibility Meetings:

Name of the Director	May 29, 2020	November 13, 2020
Mr. Bharat D Shah	Yes	Yes
Ms. Radhika Rajan	NA	Yes
Mr. Ramesh Ramadurai	Yes	Yes
Ms. Mamta Janak Gore	NA	Yes
Mr. B.V. Shankaranarayana Rao	NA	NA



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### INDEPENDENT DIRECTORS' MEETING

During the financial year under review, the Independent Directors met on *February 10, 2021, 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 considering 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 perform its duties effectively and reasonably.

All the Independent Directors viz., Mr. Bharat D Shah, Mr. Biren Gabhawala and Ms. Radhika Rajan were present at the Meeting held on February 10, 2021, which was held through Video conference. Mr. Bharat D Shah is the Lead Independent Director.

### PERFORMANCE EVALUATION OF BOARD/COMMITTEE'S /DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and the 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 based on 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.

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, 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 10, 2021 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. Chairperson of the Meeting of IDs briefed the Nomination and Remuneration Committee (NRC) of the outcome of their Meeting held on February 10, 2021. The NRC evaluated the performance of all the Directors at its Meeting held on February 10, 2021. Chairman of the NRC briefed the Board of the outcome of its 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 Directors.

The Evaluation for the financial year 2020-21 of the Directors, each of the Committees and that of the Board have received ratings that are near Excellent. The Directors were satisfied with the evaluations results which reflected the overall engagement and effectiveness of the Board and its Committees.

The Board has taken note of the following feedback received from Directors to further improve the performance of the Directors, the Board itself and Committees of the Board:

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

- Suggestion for reviewing Independent Directors Remuneration to align with the Industry Standards.
- Suggestion for appropriate and adequate succession plan and review regularly.
- Suggestion for increase in familiarization programmes by the Management on the business, products, new products launches.
- Suggestion for the Management team regarding significant time devoted by the Management with the Board on the current and potential strategic issues, risk management, annual budgets/ business plans etc., through a separate Meeting, if it is feasible.

### 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 the Company operate, nature of the Company's 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.

The Listing Regulations require the constitution of Risk Management Committee (RMC) by the top 100 listed entities determined based on market capitalization as at the end of immediate previous financial year. The Companies Act, 2013 does not prescribe any such requirement. As per the Kotak Committee recommendations, SEBI has accepted the recommendations and has amended the Listing Regulations and that the constitution of RMC would now be applicable to top 1,000 listed entities and the role of RMC would specifically include cybersecurity effective from April 1, 2019. RMC was applicable to the Company from April 1, 2019. The majority of members of RMC would consist of members of the Board of Directors. The Chairperson of the RMC should be a member of the Board of Directors. The Board of Directors shall define the role and responsibilities of the RMC and may delegate monitoring and reviewing of the Risk Management plan to the Committee and such other functions as it may deem fit.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

The Company on February 12, 2019 constituted a Risk Management Committee (RMC) of the Board with effect from April 1, 2019. The Board has delegated the monitoring and reviewing of the Risk Management Plan to the Leadership Team members of the Company, who shall be jointly responsible for recommending to the RMC the methodology for risk oversight and management through a team consisting of members from Business Services group, Sourcing, Corporate Secretarial and Finance.

### *Composition and details of Risk Management Committee Meetings during the financial year:*

As on March 31, 2021, the RMC Committee of the Company consisted of Five (5) Directors, of which Three (3) are Non-Executive & Independent Directors, One (1) is Non-Executive Director and One (1) is Executive Director. The Members of the Committee are Mr. Biren Gabhawala, Mr. Bharat D Shah, Ms. Radhika Rajan, Mr. Ramesh Ramadurai and Mr. James E Falteisek.

Mr. Biren Gabhawala is the Chairman of the RMC Committee. The Company Secretary is the Secretary to the Committee.

During the financial year 2020-21, One (1) Meeting of the RMC Committee (through Video Conferences) held on *February 10, 2021*. The number of Meetings held, and attendance of the Members at the RMC Committee Meeting held during the financial year under review are as under:

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Biren Gabhawala (Chairman)	1	1
Mr. Bharat D Shah	1	1
Ms. Radhika Rajan	1	1
Mr. Ramesh Ramadurai (Appointed as Member w.e.f May 29, 2020)	1	1
Mr. James E Falteisek (Appointed as Member w.e.f September 1, 2020)	1	1
Mr. B.V. Shankaranarayana Rao (Ceased to be a Member w.e.f May 13, 2020)	NA	NA
Ms. Sadhana Kaul (Ceased to be a Member w.e.f May 05, 2020)	NA	NA

### *Attendance details of Risk Management Committee Meeting:*

Name of the Director	February 10, 2021
Mr. Biren Gabhawala	Yes
Mr. Bharat D Shah	Yes
Ms. Radhika Rajan	Yes
Mr. Ramesh Ramadurai	Yes
Mr. James E Falteisek	Yes
Ms. Sadhana Kaul	NA
Mr. B.V. Shankaranarayana Rao	NA

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

In accordance with the requirements of Section 177(9) and (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 (Whistle Blower Policy) for Upholding 3M's Code of Conduct (available at [3M.com/business-conduct](https://www.3M.com/business-conduct)), 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](https://www.3M-Ethics.com) or the International Toll-Free Service (ITFS) from India – 000-800-100-1071/000-800-001-6112.



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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 <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

### SUBSIDIARY COMPANIES

In accordance with Section 129(3) of the Companies Act, 2013, ('Companies Act') a statement containing salient features of the financial statement of the Subsidiary Company in Form AOC-1 is provided as "Annexure L". Secretarial Audit Report is not applicable as it is not a Material Subsidiary.

### 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 had granted omnibus approval for RPTs for the transactions incurred for the financial years 2020-21, 2021-22 and 2022-23 after considering all the conditions of the provisions of the Listing Regulations. The Company has obtained the approval of the Shareholders of all the estimated Material RPTs for the financial years 2020-21, 2021-22 and 2022-23 at the Thirty Third (33<sup>rd</sup>) AGM held on August 26, 2020.

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 <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.

#### *Accounting Treatment:*

The Company's Financial Statements (Standalone and Consolidated) for the financial year ended March 31, 2021 are prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. 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 2020-21.

#### *General Body Meetings:*

Details of Annual General Meetings (AGM) of the Company held for the last Three (3) years:

Date	Meeting	Mode	Location/Deemed Location	Time
August 10, 2018	AGM	Physical	Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.
August 14, 2019	AGM	Physical	Trinity Hall, Taj MG Road, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.
August 26, 2020	AGM	Video Conference/ Other audio-visual means	UB City, Concorde Block, 11 <sup>th</sup> Floor, 24, Vittal Mallya Road, Bangalore – 560 001 (Corporate Office)	03.00 p.m.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

*Particulars of Special Resolutions passed in the last Three (3) AGMs are given below:*

August 10, 2018	Nil
August 14, 2019	Re-appointment of Mr. Biren Gabhawala (holding DIN: 03091772) as an Independent Director of the Company for a second term.
August 26, 2020	Nil

*Particulars of Special Resolution passed through Postal Ballot Notice dated February 10, 2021 during the financial year 2020-21:*

Re-appointment of Ms. Radhika Rajan (DIN: 00499485) as a Non-Executive Independent Director of the Company for a second term of Five (5) years effective from May 27, 2021.

Particulars/Resolution	No. of votes contained in Remote E-voting		
	Total		% Total valid votes cast
	No. of Members voted	No. of votes cast (Shares)	
Assent	189	95,11,294	99.942
Dissent	4	5,518	0.058
Total	193	95,16,812	100.00
Invalid/Abstained	4	25,250	NA

Special Resolution was passed with requisite majority by the Members

*Person who conducted Postal Ballot exercise:* Mr. Vijayakrishna K T, Practising Company Secretary was appointed as the Scrutinizer for the conduct of Postal Ballot process in a fair and transparent manner.

*Procedure for Postal Ballot:* The procedure prescribed under Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, Secretarial Standard 2, Regulation 44 of the Listing Regulations and the Ministry of Corporate Affairs, Government of India, General Circulars issued was followed for conduct of the Postal Ballot. The Company provided electronic voting facility to all its members, to enable them to cast their votes electronically. The Company had engaged the services of "KFin Technologies Private Limited", for the purpose of providing e-voting facility to all its Members. The Postal Ballot notices were sent to Members in electronic form to the e-mail Ids which were registered in the records of the Depository Participants/the Company's Registrar and Transfer Agent. The Company also published a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules. Voting rights were reckoned on the paid-up value of the shares registered in the names of the Members as on the cut-off date. Members were requested to cast their vote electronically on or before the close of voting period. The scrutinizer submitted his report to the Chairman after the completion of scrutiny and the results of the Postal Ballot were then announced. The results of the Postal Ballot were submitted to the Stock Exchanges and displayed on the notice board at the Registered Office, on the Company's website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and on the website of Kfin at <https://evoting.karvy.com> pursuant to Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014. The last date specified by the Company for receipt of e-voting was deemed to be the date of passing of the resolutions.

There is no business requiring Resolution to be passed by Postal Ballot at the ensuing AGM to be held on August 26, 2021.

*Details of non-compliance by the Company, penalties, and strictures imposed on the Company by the 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/Capital Markets.

*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.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### *Management Discussion and Analysis:*

The Management Discussion and Analysis Report on the Company's activities during the financial 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 Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of Conduct for Prevention of Insider Trading and Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information ("Code"). The Code have been revised in line with the amendments to the Prohibition of Insider Trading Regulations, as amended from time to time. The amended Code has been hosted on the Company's website at: <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. Pursuant to the Code, the Company has put in place adequate and effective system of internal controls to ensure compliance with the requirements of the Prohibition of Insider Trading Regulations.

### *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 at: <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and are also notified to the Stock Exchanges as required under the Listing Regulation. 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 agrees 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 are 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 Independent Director as a 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, shareholding pattern and other corporate announcements are also displayed in the Company's website: <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> 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 financial 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.



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### General Shareholder Information:

Annual General Meeting	August 26, 2021 (Thursday) Time: 10.30 A.M. over Video Conference ("VC") / Other Audio-Visual Means ("OAVM"). (Deemed venue for the Meeting – Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100.) For details please refer Notice of the AGM
Date of Book Closure/ Cutoff date for eligibility for voting	Cutoff date: August 20, 2021 (Friday) Annual Book Closure: August 21, 2021 (Saturday) to August 26, 2021 (Thursday) (both days inclusive)
Remote e-voting period	Starts at 9.00 A.M. on August 23, 2021 (Monday) and ends at 5.00 P.M. on August 25, 2021 (Wednesday).
Dividend payment date	N. A.
Financial Results calendar (Tentative)	Second week of August 2021 – Unaudited Results for the quarter and three months ended June 30, 2021. Second week of November 2021 – Unaudited Results for the quarter and six months ended September 30, 2021. Second week of February 2022 – Unaudited Results for the quarter and nine months ended December 31, 2021. Last week of May 2022 – Audited Results for the year ended March 31, 2022.
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 2021-22.

### Annual Custody / Issuer Charges:

The Company has paid the Annual Custody fees for the financial year 2021-22 to Central Depository Services Limited (CDSL) and to National Securities Depository Limited (NSDL).

### Registrar & Share Transfer Agents:

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

KFin Technologies Private Limited (Formerly Karvy Fintech Private Limited), KFinTech Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Gachibowli, Hyderabad – 500 032, Ph: 040-67161524  
E-mail: [rajeev.kr@kfintech.com](mailto:rajeev.kr@kfintech.com), Website: <https://www.kfintech.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.

However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. With the change coming into effect from April 1, 2019, Equity Shares of the Company shall be eligible for transfer only in Dematerialized form. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

Monitoring of Share Transfers and other investor related matters are dealt with by the Stakeholders' Relationship Committee. The Company's Registrars, KFin Technologies 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).

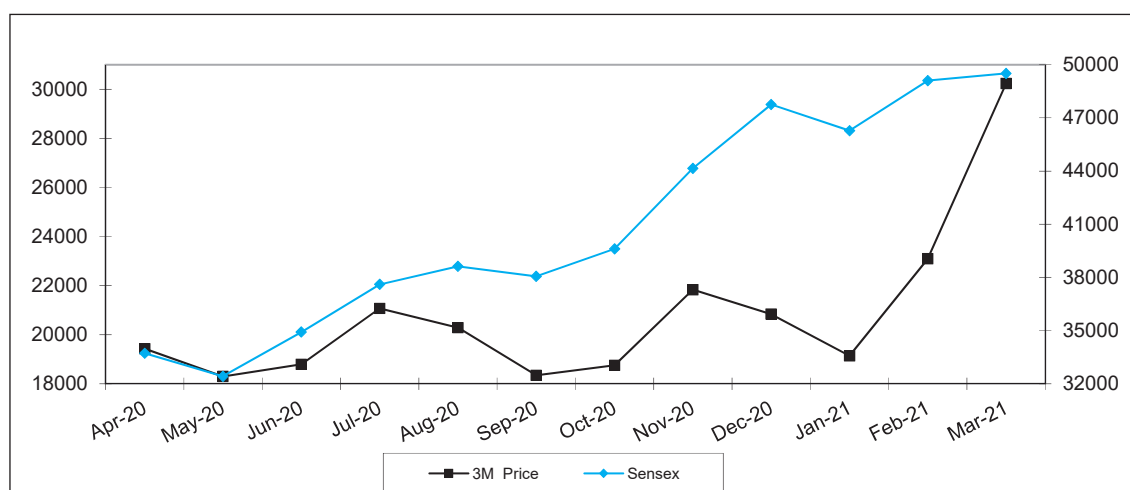
## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

Stock Market Price Data for the financial year 2020-21:

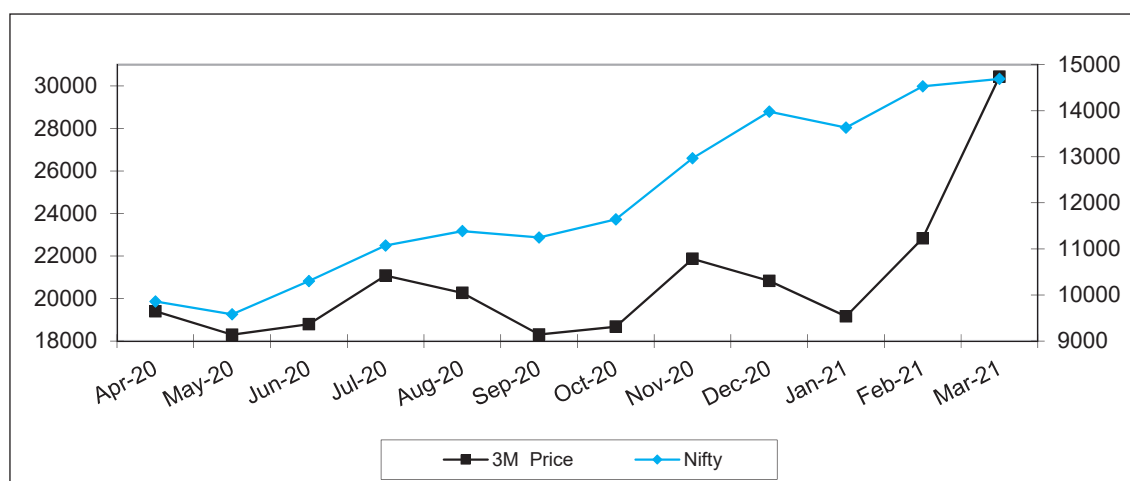
Month	BSE Limited (BSE)			National Stock Exchange of India Limited (NSE)		
	High (Rs.)	Low (Rs.)	No. of Shares traded	High (Rs.)	Low (Rs.)	No. of Shares traded
April 2020	19,994	17,200	4,484	19,999	17,175	1,34,299
May 2020	19,400	16,770	3,144	19,240	16,745	56,619
June 2020	19,264	17,101	6,523	19,238	17,000	2,13,614
July 2020	21,900	18,335	23,236	21,900	18,350	1,21,622
August 2020	22,461	20,149	4,018	22,500	20,150	75,603
September 2020	20,546	18,000	5,080	20,584	18,024	97,233
October 2020	19,544	18,000	3,449	19,550	18,151	59,587
November 2020	22,810	18,382	11,668	22,894	18,400	1,82,371
December 2020	23,101	20,740	4,794	23,200	20,711	1,06,076
January 2021	22,073	18,938	7,234	22,100	18,929	1,45,317
February 2021	24,000	18,800	14,842	23,224	18,777	1,97,233
March 2021	30,750	23,200	11,160	30,848	23,175	1,79,480

### Stock Performance:

BSE Sensex Vs 3M India Limited's Share Price (Monthly Closing Price)



NSE- Nifty Vs 3M India Limited's Share price (Monthly Closing Price)



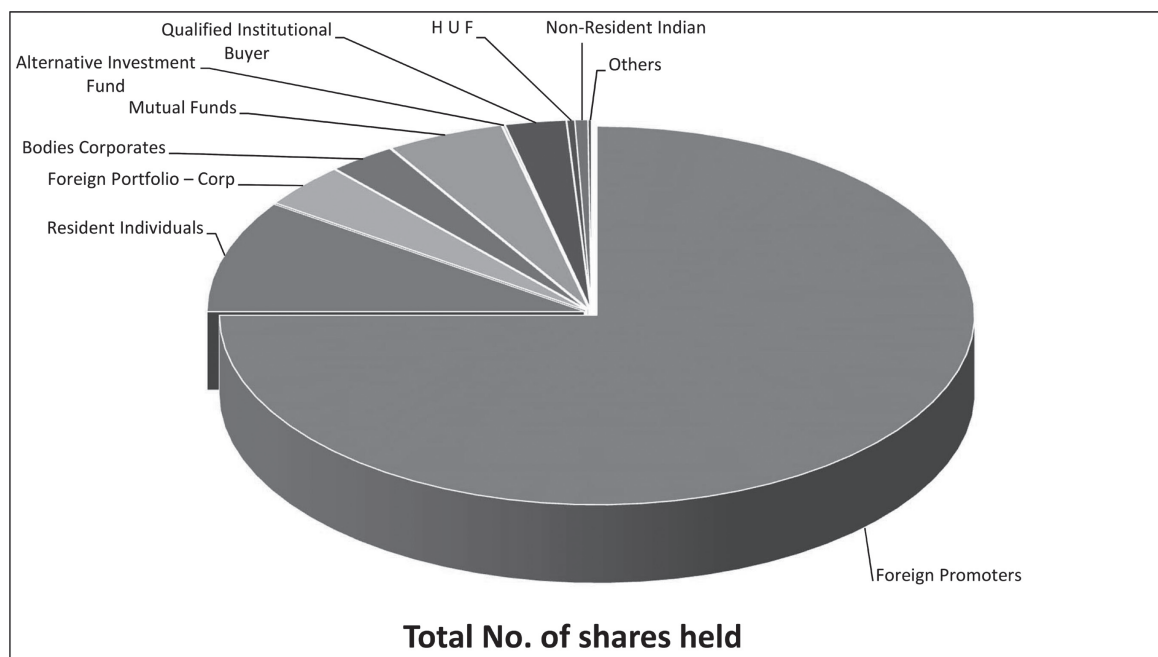
## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### Consolidated Shareholding Pattern as on March 31, 2021:

Category	No. of Holders	Total No. of Shares	% To Equity
Foreign Promoters*	1	84,48,802	75.0000
Resident Individuals	26,447	10,81,539	9.6008
Foreign Portfolio – Corp	120	4,24,076	3.7645
Bodies Corporates	578	3,23,022	2.8675
Mutual Funds	50	5,67,355	5.0364
Alternative Investment Fund	7	10,642	0.0945
Qualified Institutional Buyer	22	2,93,111	2.6019
H U F	971	37,789	0.3355
Non-Resident Indian Non Repatriable	550	31,987	0.2839
Non-Resident Indians	787	29,940	0.2658
Nationalised Banks	1	20	0.0002
NBFC	7	5,906	0.0524
Clearing Members	174	10,429	0.0926
Trusts	4	392	0.0035
Insurance Companies	1	60	0.0005
<b>Total</b>	<b>29,720</b>	<b>1,12,65,070</b>	<b>100.00</b>

\* None of Foreign Promoter Shares has been pledged as on March 31, 2021

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, 2021:

Category	No. of Holders	Total No. of Shares	% To Equity
PHYSICAL	866	57,977	0.51
N S D L	18,389	1,07,55,207	95.47
C D S L	10,465	4,51,886	4.01
<b>Total</b>	<b>29,720</b>	<b>1,12,65,070</b>	<b>100.00</b>



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### Top Ten (10) Members of the Company as on March 31, 2021:

Name of the Members	No. of shares held	% to paid-up capital	Category
3M Company	84,48,802	75.0000	FPR
Bright Star Investments Private Limited	1,66,700	1.4797	LTD
SBI Equity Hybrid Fund	1,30,000	1.1540	MUT
HDFC Life Insurance Company Limited	89,508	0.7945	QIB
L&T Mutual Fund Trustee Limited- L&T Mid Cap Fund	56,500	0.5015	MUT
IDFC Flexi Cap Fund	54,750	0.4860	MUT
Max Life Insurance Company Limited	52,287	0.4641	QIB
Axis Mutual Fund Trustee Limited	47,816	0.4244	MUT
Max Life Insurance Co Limited	44,907	0.3986	QIB
Max Life Insurance Company Limited	42,450	0.3768	QIB
<b>Total</b>	<b>91,33,720</b>	<b>81.0800</b>	

### Distribution Schedule as on March 31, 2021:

Category (Amount)	Total Shares	No. of Cases	% to Cases	Amount (Rs.)	% to Amount
1-5000	6,95,833	29,297	98.5767	69,58,330	6.1769
5001-10000	1,24,315	170	0.5720	12,43,150	1.1035
10001-20000	1,26,869	92	0.3095	12,68,690	1.1262
20001-30000	95,870	38	0.1278	9,58,700	0.8510
30001-40000	82,592	24	0.0807	8,25,920	0.7331
40001-50000	42,091	9	0.0302	4,20,910	0.3736
50001-100000	3,81,043	53	0.1783	38,10,430	3.3825
100001 and above	97,16,457	37	0.1244	9,71,64,570	86.2529
<b>Total</b>	<b>1,12,65,070</b>	<b>29,720</b>	<b>100.00</b>	<b>11,26,50,700</b>	<b>100.00</b>

### Dematerialization of Shares and Liquidity:

99.48 % of the total equity capital was held in dematerialized form as on March 31, 2021.

### 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. No.636/1, Seshachalam Centre, 11th Floor, Anna Salai, Nandanam, Chennai-600 035.
3. No. 2, UpperWood Street, Kolkata-700 017.
4. No.1111, 1st Floor, Building 11, Solitaire Corporate Park, Chakala, Andheri, Ghatkopar Link Road, Andheri (East), Mumbai – 400 009
5. No. 145, Mumbai-Pune Road, Pimpri, Pune – 411 018.

### Commodity Price Risks or Foreign Exchange Risks and Hedging Activities:

The Company has adequate risk assessment and minimization system in place for foreign exchange. The foreign exchange risk is reviewed periodically. The Company does not have material exposure of any commodity as well as foreign exchange and accordingly, no hedging activities for the same is carried out. Therefore, there is no disclosure to offer in terms of SEBI circular no. SEBI/HO/CFD/ CMD1/CIR/P/2018/0000000141 dated November 15, 2018.

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### *Directors and Officers (D&O) Insurance for Directors:*

In line with the requirements of Regulation 24(10) of SEBI Listing Regulations, the Company has taken Directors and Officers Insurance (D&O) for all its Directors and Members of the Senior Management and other Personnel of the Company.

### *Other Disclosures:*

- The Board has received disclosures from the Senior Management that there is no material, financial or commercial transactions, where they and / or their relatives have personal interest. There are no materially significant related party transactions of the Company, which have potential conflict with the interest of the Company at large. The transactions with related parties as per requirements of applicable Accounting Standards are disclosed under notes to accounts.
- All transactions with related parties, as defined under the Companies Act, 2013, the Listing Regulations, during the year were in ordinary course of business and at arm's length basis and do not attract provisions of Section 188 of the Companies Act, 2013. The Board has approved a policy on dealing with related party transactions and the same is available on the Company's website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>.
- The Board has approved Whistle Blower Policy / Vigil Mechanism pursuant to the provisions of the Companies Act, 2013 and the Listing Regulations, the same is available on the website at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. As per the Policy no personnel has been denied access of the Audit Committee.
- There have been no instances of any noncompliance and no penalties or strictures have been imposed on the Company on any matter relating to the capital markets, either by Stock Exchanges, Securities and Exchange Board of India or any such related statutory authority during the last three years.
- The Company has adopted and complied with mandatory requirements as per provisions of the Listing Regulations. Some of the non-mandatory requirements have also been complied with.
- The requisite certificate from CEO/MD and CFO were placed before the Board Meetings for consideration.
- The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- The Company does not have a Material Subsidiary. Hence 'Policy on Determination of 'Material' Subsidiary is not applicable.
- The Company has formulated the Dividend Distribution Policy as required under Regulation 43A of the Listing Regulations and the same is annexed to this report and also available on the website of the Company.
- Disclosures required under the Sexual Harassment of Women at workplace (Prevention, Prohibition and Redressal) Act, 2013 have been included in the Directors' Report which forms part of the Annual Report.
- Details of total fees for all services paid by the Company to the statutory auditors and all entities in the network firm / network entity of which the statutory auditor have been included in notes to the financial statements which forms part of the Annual Report.

### *Address for correspondence:*

Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100.

Corporate Office: WeWork Prestige Central, 3<sup>rd</sup> floor, 36 Infantry Road, Tasker Town, Bangalore 560001 (w.e.f May 1, 2021).

*Designated e-mail id for redressal of investor complaints: [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com)*

### *Compliance Officer:*

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

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### CEO / CFO CERTIFICATION

We the undersigned, in our respective capacities as Managing Director and Whole-time Director & CFO 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, 2021 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 financial year;
  2. Significant changes in Accounting Policies during the financial 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.

*On behalf of the Board of Directors*

**Ramesh Ramadurai**

*Managing Director*

Place : Bengaluru  
Date : May 28, 2021

DIN: 07109252

**Mamta Janak Gore**

*Whole-time Director &  
Chief Financial Officer*

Place : Dubai  
Date : May 28, 2021

DIN: 08792863

### 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 at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>. 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, 2020 to March 31, 2021.

The Certificate by the MD/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 MD / 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, 2021.

Place : Bengaluru  
Date : May 28, 2021

**Ramesh Ramadurai**

*Managing Director*  
DIN: 07109252

## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### CERTIFICATE OF COMPLIANCE

Certificate from Mr. Vijayakrishna K.T, Practising Company Secretary, Bengaluru confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34 (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*

**Ramesh Ramadurai**  
*Managing Director*

Place : Bengaluru  
Date : May 28, 2021

DIN: 07109252

**Mamta Janak Gore**  
*Whole-time Director &  
Chief Financial Officer*

Place : Dubai  
Date : May 28, 2021

DIN: 08792863

### AUDITORS' 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 31<sup>st</sup> March, 2021 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 of Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company

**Vijayakrishna K.T**  
*Practising Company Secretary*  
FCS- 1788 CP-980  
UDIN: F001788C000386106

Place : Bangalore  
Date : 28 May, 2021



## ANNEXURE 'B' TO THE REPORT OF THE BOARD OF DIRECTORS

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

*(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI [Listing Obligations and Disclosure Requirements] Regulations, 2015)*

To

3M INDIA LIMITED

Plot No 48-51, Hosur Road, Electronics City  
Bengaluru, Karnataka, 560100

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of 3M INDIA LIMITED (hereinafter referred to as 'the Company') having CIN L31300KA1987PLC013543 and having Registered Office at Plot No 48-51, Electronic City, Hosur Road, Bangalore Karnataka 560100 India, produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ended on 31<sup>st</sup> March, 2021 has been debarred or disqualified from being appointed or continuing as Directors of Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1	Amit Laroya	00098933	01/10/2013
2	Bharat Dhirajlal Shah	00136969	27/03/2015
3	Radhika Govind Rajan	00499485	27/05/2016
4	Biren Chandrakant Gabhawala	03091772	05/08/2014
5	Jongho Lee	06720950	26/05/2017
6	Ramadurai Ramesh	07109252	27/03/2015
7	James Ernest Falteisek	08792857	01/09/2020
8	Mamta Janak Gore	08792863	01/09/2020

Ensuring the eligibility of for the appointment/continuity of every Director on the Board is the responsibility of the Management of the Company. My responsibility is to express an opinion on these based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place : Bangalore  
Date : 28 May, 2021

**Vijayakrishna K.T**  
*Practising Company Secretary*  
FCS- 1788 CP-980  
UDIN: F001788C000386128

# ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

## BUSINESS RESPONSIBILITY REPORT

[As per Regulation 34(2) (f) of SEBI (LODR) Regulations, 2015]

### 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: <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/>
5. E-mail id: [investorhelpdesk.in@mmm.com](mailto:investorhelpdesk.in@mmm.com)
6. Financial Year reported: [2020-21](#)
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 and Self- adhesive tapes](#)
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 5 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, 2021)

1. Paid up Capital (Rs.): [1,126.51 Lakhs](#)
2. Total Turnover (Rs.): [244,723.16 Lakhs](#)
3. Total profit after taxes (Rs.): [14,930.09 Lakhs](#)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): [5.81%](#)
5. List of activities in which expenditure in 4 above has been incurred:
  - (a) [Education](#)
  - (b) [Community](#)
  - (c) [Environment](#)
  - (d) [Covid](#)

### SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies? [Yes](#)
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): [Yes, One](#)
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.](#)

## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

### SECTION D: BUSINESS RESPONSIBILITY INFORMATION

#### 1. Details of Director/Directors responsible for BR

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

1. DIN Number: [07109252](#)
2. Name: [Mr. Ramesh Ramadurai](#)
3. Designation: [Managing Director](#)

##### (b) Details of the BR head:

No.	Particulars	Details
1	DIN Number (if applicable)	<a href="#">07109252</a>
2	Name	<a href="#">Mr. Ramesh Ramadurai</a>
3	Designation	<a href="#">Managing Director</a>
4	Telephone number	<a href="#">080- 2223 1414</a>
5	e-mail id	<a href="mailto:ramesh1@mmm.com">ramesh1@mmm.com</a>

#### 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	-

## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

6	Indicate the link for the policy to be viewed online @	<a href="https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/">https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/</a>							
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	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
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
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)#	-	-	-	-	-	-	Y	-	-

# 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 Managing Director, who heads the Committee and three senior managerial personnel, including the Whole-time 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 Fifth Business Responsibility Report. It is available also at <https://www.3mindia.in/3M/en-IN/company-in/about-3m/financial-facts-local/> and forms part of Annual report. The Global sustainability report can be accessed at <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.



## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

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   | = | 44                       |
|     | No. of complaints resolved                   | = | 33 (11 work in progress) |
| ii. | No. of complaints received from shareholders | = | 22                       |
|     | No. of complaints resolved                   | = | 22                       |

**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.

1. **Product Name: "3M™ Antimicrobial Smoggy"**

*Product Technical description/ Features/ Benefits:*

Beginning of the year 2020 when the world was hit by COVID, hygiene was the topmost concern for Car owners & Service centers and Automotive industry. To meet the need we launched 3M™ Antimicrobial Smoggy, a special blend of ingredient's that is effective in eliminating Antimicrobial activity\*, reducing formaldehyde\* and malodor in car cabin. It is highly effective Antimicrobial agent ensures that it kills 99% Germs\* during its application inside the car cabin. Its highly effective deodorization also helps in reducing the odor molecules and restores the fresh air in the car cabin.

3M™ Antimicrobial Smoggy is a ready to use product with the smoggy machine. The machine applies the product inside the cabin in smog form to help reach every nook and corner of the car cabin.

*Key Features:*

- Contains highly effective Antimicrobial agent.
- Special formulation to reduce formaldehyde content in car cabin.
- Contains highly effective deodorizer.
- Product application in fine Smog form.

*Key advantages:*

- Reduces microbes effectively\*.
- Reduces pungent formaldehyde smell in new cars.
- Minimizes malodor in car cabin.
- Reaches nook and corners of car cabin.

\*Results based on 3<sup>rd</sup> party testing data at 1:100 dilution ratio with water

*Key benefits:*

- Hygienic car cabin.
- Comfortable car cabin.
- Pleasant smell in car cabin.

*Environmental/Social benefits:*

- The product reduces formaldehyde gas inside the side and improves safety & comfort of the vehicle occupants.

## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

### 2. **Product Name:** “3M™ General Purpose Cleaner cum Disinfectant Solution P2”

#### **Product Technical description/ Features/ Benefits:**

Due to current COVID-19 pandemic, proper cleaning and disinfection is “new normal” and more important now than ever before to protect customers, staff, and vendor.

Many chemicals are used in facilities to clean and disinfect. Unfortunately, there are a lot of false or misleading claims, product is not regulated as per FDA guidelines, mislead claims, and not tested as per standard or US EPA test protocol against Coronavirus strain.

The 3M™ General Purpose Cleaners cum Disinfectant Solution P2 is concentrated product, Cleans, disinfects, and deodorizes in one step. Kills microbes that include viruses, bacteria, fungi from hard non-porous surfaces. The 3M™ General Purpose Cleaners cum Disinfectant Solution P2 is effective against Coronavirus (COVID-19) manufactured at 3M Plant as per local regulations with government FDA license.

#### **Special Features:**

- Virucidal, Bactericidal, Fungicidal\* and disinfect Corona virus\*
- Residual anti-microbial up-to 17 days on fabric#
- Neutral pH & Biodegradable
- Economical since higher dilution rate compare to RTU products
- Clean and Disinfect in One Step

\*Results based on 3<sup>rd</sup> party testing data at 1:100 dilution ratio with water

# Results based on 3<sup>rd</sup> party testing data at 2.5:100 dilution ratio with water

#### **Social & Environmental benefits:**

- The 3M™ General Purpose Cleaners, offer safer premise and facility to protect people from current and future pandemics. Product is designed and formulated with biodegradable and neutral ingredient safe to use and preferred by environment.

### 3. **Product Name:** “3M™ Scotch-Brite Sanding Hand Pads”

#### **Product Technical description/ Features/ Benefits:**

Wall sanding is a primary requirement for painting of walls. The white cement-based putty applied on the cemented walls is getting sanded after drying to level and smoothen the wall for evenly application of paint on those walls. This is predominantly done using abrasive sheets of grits 80 to 220, they may be Wet or Dry sheets or Dry Sanding Sheets. These sheet good products, generally called emery sheets do come with the problems of low life (hence use more sheets for a job), damaging the putty due to gouging, discomfort in holding in palm. There is no alternative to these sheets until now!!

3M SCOTCH-BRITE Wall Sanding Hand Pad comes with the solutions for all these problems of sheet. This is a 3- dimensional product with an optimized thickness for a comfortable holding in the users' palm addressing ergonomic problem. Due to the flexibility that a SCOTCH-BRITE pad it doesn't crack and hurt the users hand during sanding and also do not damage the corners of the walls unlike the sanding sheets which crack and form sharp edges during folding, thus hurting users hand and also damaging the putty finish at the corners. This addresses the safety aspect of the application. SCOTCH-BRITE hand pad carries concentration of minerals on both side surfaces has better cutting and lasts longer unlike the single layer coated sheets which accumulate dust very quickly and stop cutting due to which the contact time is very less. This feature of the SCOTCH-BRITE hand pad addresses the dust accumulation, due to the fact the product being open structured the dust easily passes through and falls without hindering the cutting action increasing the contact time and finishing the work at significantly lower time without much strain to the user. SCOTCH-BRITE hand pad also comes with the feature of low noise sanding unlike the sheets making huge noise during sanding which is irritable to the user. Also, the SCOTCH-BRITE pads can be rinsed and reused for an extended life apart from the original use with 3X life.

#### **Environmental/Social benefits:**

With all the above features SCOTCH-BRITE Hand pads, 3M Wall Sanding Hand Pads are environment friendly product due to the use of lesser product against the sheet goods for a given job and thereby reducing the environmental loading! Also has numerous safety and ergonomic features which make the product very attractive to the end user!

## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

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)?

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 is using Solar power at Electronic City Plant and at Ranjangaon plant and are committed to expand Solar footprint in the manufacturing space. 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?

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. About 30% of our local purchases are done through MSME vendors, we conduct regular training and audit to strengthen their QMS system and develop new products & variants increasing their capacity.

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. 3M Manufacturing waste is sent to cement industries for Coprocessing. There by supporting the carbon footprint reduction in waste handling which would otherwise be incinerated. About 745MT of wastes having high calorific value are sent to approved & authorized cement industry for coprocessing as an alternate fuel/ Raw material. This helped in reducing the use of coal (fossil fuel) used as Raw materials for cement kilns.

### Principle 3- Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees. [1,146 employees as on March 31, 2021](#)
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis. [1,226 employees as on March 31, 2021](#)
3. Please indicate the number of permanent women employees. [135 women employees as on March 31, 2021](#)
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.

## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

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	2	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?
- Permanent Employees 100%
  - Permanent Women Employees 100%
  - Casual/Temporary/Contractual Employees 100%
  - 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.

- Has the Company mapped its internal and external stakeholders? Yes
- Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders: Yes
- 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 various NGO partners in the following areas to engage with disadvantaged, vulnerable and marginalized stakeholders –

- Improving the infrastructure and learning environment in Government Anganwadis, part of Govt. of India's ICDS program, to help children under the age of 6 years be school ready in cities such as - Kolkata, Bengaluru, Pune, Ahmedabad, Chennai, Delhi, Gurgaon, and Mumbai.
- Strengthening the skills set of women community healthcare workers in Rajasthan and Uttar Pradesh through topics related to disease prevention and health promotion.
- Supporting the primary education of first-generation girl children in Government Schools in rural areas in Ambegaon district, Pune.
- Providing food and essentials kits to vulnerable communities affected by economic disruption due to COVID-19.
- Providing food and essentials kits to Cyclone Amphan affected families across slums in Kolkata.
- Supporting initiatives to enhance access to quality healthcare through medical equipment to hospitals and mobile health clinics in rural communities.

### Principle 5 – Businesses should respect and promote human rights

- 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 is expected to be adhered by other stakeholders including customers and vendors.

- How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management? Please refer principle 3

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

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



## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

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/](http://www.3m.com/3M/en_US/sustainability-report/).

3. Does the Company identify and assess potential environmental risks?

Yes, The Risks pertaining to Environment are assessed through a proper management system assessment as per ISO 14001: 2015 standard and 3M also has the self-assessment standard for Environment elements. Environment Section of the EHS Self-Assessment is comprised of 20 Elements, split into several groups: Air Quality, Water Quality, Waste Management, and Land Management. IN all these sections risks is identified, assessed and mitigation plan through elimination, substitution and engineering controls are taken.

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?

The Company procures 26% of the energy used in manufacturing facilities from the green renewable sources of energy supply and also we reduce the carbon footprint of the facility by sending the waste streams to a coprocessing at cement kilns, where it is used as alternate fuel thereby minimizing the consumption of the Fossil fuel usage at their facility.

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: [http://www.3m.com/3M/en\\_US/sustainability-report/](http://www.3m.com/3M/en_US/sustainability-report/).

*Waste:* Global target for waste has been Reduce manufacturing waste by an additional 10%, indexed to sales by 2025 compared to 2015 baseline. Efforts are made to reduce the waste generation at source. 3M Waste (NWI /Quality Rejections / Production Waste) being used as alternate fuel in cement Industry This has helped 3M minimize the incineration process and maximize the co processing. This has enabled 3M to reduce the carbon footprint by 400MT of CO2 so far year. Waste is co-processed; it does not exist in the environment anymore and becomes part of Cement.

Waste generation reduction by 13.2%

*Water:* Water usage is being monitored with meters and pressure gauges, the drop in pressure gauges readings indicate water leakage which are attended immediately to prevent wastages. The treated wastewater is reused in the restrooms and in gardening. Reduced flowrate nozzles are put for taps in rest rooms to ensure prudent usage of precious resource.

Water consumption reduced by 48.1%

*Energy & Climate :* Climate change is here to stay unless we drastically alter consumption and adopt renewable alternate sources to power our needs and answer those of our customers. 3M is proactively partnering with customers to understand needs and answering them by employing 3M technology that promotes energy conservation, are greener and contribute to lower emissions.

Energy Consumption reduced by 26.1%

*Renewable Energy:* Also, two of the manufacturing plants are utilizing 26% share of its energy consumption through renewable energy.

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

Yes, All the facilities emissions of air / water and waste are within the permissible limits of the consent order issued by the respective state pollution control boards.

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.

None.

## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

### 3M Global - Committed to Science, Society, Sustainability

As we move forward, we will continue to step up our leadership in science, society and sustainability. The pandemic has emphasized the importance of science in solving the world's toughest challenges. For 3M, science drives us forward. We leverage and combine our technologies in unique ways across all of our businesses, which helps make 3M greater than the sum of our parts. We are positioned to do even more to deliver differentiated solutions for our customers into the future.

3M is also partnering with our communities to improve society. In 2020 we took steps to advance our values, including our commitments to diversity, equity, and inclusion. We launched an ambitious plan to strengthen economic opportunities and education for people of color, and we are holding ourselves accountable to new goals to support underrepresented groups at 3M, building on recent progress. In February 2021 we released our first annual Diversity, Equity, and Inclusion report with details on our goals and metrics, further increasing transparency in this important area.

Similarly, we are strengthening our commitment to sustainability, another core value for 3M. Over the last two decades we've reduced our greenhouse gas emissions significantly, and 3M products help our customers avoid millions of tons of emissions every year, including innovations that make cars, homes, and electronics more energy efficient. At the same time, 3M Global is increasing its efforts to make operations more sustainable, including anticipated investments of \$1 billion over the next 20 years to accelerate our ability to achieve carbon neutrality by 2050, further reduce water usage, and improve water quality.

At 3M, achieving our environmental goals means we will bend the curve in a way that goes beyond what's expected, and accelerates improvements our world needs. For example, we plan to aggressively cut our carbon emissions: 50% by 2030, 80% by 2040, and be fully carbon neutral by 2050. We also expect to achieve a 10% reduction in water use by the end of next year, and a 25% reduction overall by 2030 — saving 2.5 billion gallons of water annually. Our investments to improve water quality will allow us to put in place advanced technology by 2023 at our sites that use the most water, and have that technology fully operationalized by 2024, as we quickly move to return water to the environment better than what we took into our plants.

#### *Commitment to sustainability*

At 3M what we believe is simple: We are people committed to helping other people. We seek to observe, understand, and solve. Every day we help tackle problems, big and small, in pursuit of our vision to improve every life. Our customers, employees, investors, and other stakeholders are asking for bigger commitments and stronger actions. We have set clear goals and ambitious, long-term strategies to direct our efforts to areas in which we can make a significant impact. Building on our global capabilities and diverse technologies, we established our Strategic Sustainability Framework to focus on three priority areas.

#### *Science for Climate*

Innovate to decarbonize industry, accelerate global climate change solutions, and improve our environmental footprint.

#### *Science for Community*

Create a more positive world through science and inspire people to join us.

3M's recent environmental goals around carbon neutrality, water use, water quality and plastic use are significant commitments our Company is making to help prevent devastating climate change.

As a step in that direction, 3M India has supported ecosystem restoration initiatives in Bangalore where we funded a project to rejuvenate the biodiversity around a 12-acre lake close to our manufacturing site in Electronics city. Over the three-year period, the lake biodiversity was enhanced with more than 6000 species of plants added to its ecosystem.

The pandemic has also brought greater attention to sustainability issues, with a focus on making more sustainable lifestyle choices.

For complete report on Sustainability, please visit [http://www.3m.com/3M/en\\_US/sustainability-report/](http://www.3m.com/3M/en_US/sustainability-report/).

### **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)

## ANNEXURE 'C' TO THE REPORT OF THE BOARD OF DIRECTORS

- (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
- (c) Healthcare Skills Development

### 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, Community and Environment.
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 non-profit organizations like United Way of Bengaluru, Smile Foundation, Bal Utsav, Barefoot College and K.C. Mahindra Trust.
3. Have you done any impact assessment of your initiative?  
The Company has tied up with Goodera Platform for monitoring, evaluation, and impact assessment of CSR projects.
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 4 consumer cases pending in different consumer courts/forums/commission as on the end of the financial year and the same are sub-judice.  
% age of Customer complaints pending = 3.1% (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

**Ramesh Ramadurai**  
Managing Director

Place : Bengaluru  
Date : May 28, 2021

DIN: 07109252

**Mamta Janak Gore**  
Whole-time Director &  
Chief Financial Officer  
DIN: 08792863

Place : Dubai  
Date : May 28, 2021

## ANNEXURE 'D' TO THE REPORT OF THE BOARD OF DIRECTORS

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 the Company.	1,146 permanent employees as at March 31, 2021
2. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-21.	<p>Key Managerial Personnel's:</p> <ol style="list-style-type: none"> <li>1. Mr. Ramesh Ramadurai, Managing Director = 22.61</li> <li>2. Ms. Mamta Gore, Whole-time Director and CFO = 31.70</li> <li>3. Mr. B.V. Shankaranarayana Rao, Whole-time Director (up to May 13, 2020) = 8.64</li> <li>4. Mr. V. Srinivasan, Company Secretary = 3.57</li> </ol> <p>Independent Directors:</p> <ol style="list-style-type: none"> <li>1. Mr. Bharat Shah = 1.43</li> <li>2. Mr. Biren Gabhawala = 1.41</li> <li>3. Ms. Radhika Rajan = 1.37</li> </ol> <p>Median remuneration of employees = Rs. 15,28,045/- for the financial year 2020-21</p> <p>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.</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 2020-21.	<p>Managing Director = Nil</p> <p>Whole-time Director and CFO = Nil</p> <p>Company Secretary = 5.2%</p>
4. The percentage increase in the median remuneration of employees in the financial year 2020-21.	7.9%
5. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year (2019-20) 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 2019-20 = 6.9%</p> <p>FY 2020-21 = 7.9%</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

**Ramesh Ramadurai**  
Managing Director

DIN: 07109252

Place : Bengaluru  
Date : May 28, 2021

**Mamta Janak Gore**  
Whole-time Director &  
Chief Financial Officer  
DIN: 08792863

Place : Dubai  
Date : May 28, 2021



# ANNEXURE 'E' TO THE REPORT OF THE BOARD OF DIRECTORS

## FORM NO. AOC.2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014).

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.

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

## ANNEXURE 'E' TO THE REPORT OF THE BOARD OF DIRECTORS

(Rs. in Crores)

Sl. No.	Nature of Transactions	Actual value of transactions for the Financial Year 2020-21 (Standalone)
1.	Income from Contract Research	13.45
2.	Sale of Goods	25.00
3.	Re-charge of expenses received	49.27
<b>Total</b>		<b>87.72</b>
1.	Purchases of Materials	924.10
2.	Royalty	29.70
3.	Re-charge of expenses paid	2.37
4.	Corporate Management Fee	103.27
<b>Total</b>		<b>1,059.44</b>

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 Audit Committee:* Omnibus approval for the estimated value of the transactions for the year 2020-2021 was obtained at the Meeting held on May 28, 2020 and review of the actual transactions versus the estimated at the Meetings held on August 13, 2020, November 13, 2020, February 10, 2021 and May 28, 2021.
- (f) Amount paid as advances, if any – **Nil**

*On behalf of the Board of Directors*

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

Place : Bengaluru  
Date : May 28, 2021

**Mamta Janak Gore**  
Whole-time Director &  
Chief Financial Officer  
DIN: 08792863

Place : Dubai  
Date : May 28, 2021

# ANNEXURE 'F' TO THE REPORT OF THE BOARD OF DIRECTORS

## ANNUAL REPORT ON CSR ACTIVITIES

(Pursuant to the Companies (Corporate Social Responsibility) Rules, 2014)

### 1. A brief outline on CSR Policy and objectives of the Company:

3M improves lives and builds sustainable communities through social investments and employee engagement. In India, 3M's CSR efforts are anchored on three pillars of impact – Education, Community and Environment. COVID is a recent addition to our focus areas given the developments of 2020.

#### Education:

3M India's education initiatives support the development of children under the age of 6 years in Government Anganwadis; infrastructure improvements in Government schools, education of underprivileged girl children from remote regions, and providing young scientists, social innovators, and entrepreneurs with grants to further innovation.

#### Community:

3M India's community efforts are aimed at improving lives in communities around areas we have a presence, with interventions ranging from education, sanitation, skills development, income generation to initiatives to promote public health and safety. 3M India's response to community interventions during times of natural disasters also come under the community initiatives.

#### Environment:

In line with 3M's Global Sustainability Goals, 3M India has contributed to initiatives such as rainwater harvesting to address drinking water needs in rural homes and support agricultural needs. Other interventions include water conservation efforts around city lake development programs.

#### Covid:

During the COVID outbreak, 3M prioritized CSR contributions with greater focus on COVID related relief and support initiatives, to support programs to address the emerging and immediate needs from the community and programs to build resilience in our communities in the medium to longer term.

#### 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 employees to contribute to the Company's corporate social responsibility initiatives.

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

- |   |          |
|---|----------|
| ➤ Mr. Bharat D Shah<br>(Independent Director)                                       | Chairman |
| ➤ Mr. B.V. Shankaranarayana Rao<br>(Whole-time Director)<br>(up to May 13, 2020)    | Member   |
| ➤ Mr. Ramesh Ramadurai<br>(Managing Director)                                       | Member   |
| ➤ Ms. Radhika Rajan<br>(Independent Director)<br>(from May 29, 2020)                | Member   |
| ➤ Ms. Mamta Janak Gore<br>(Whole-time Director and CFO)<br>(from September 1, 2020) | Member   |

### 3. Attendance details of Corporate Social Responsibility Committee Meetings(all Meetings held through VC):

Name of the Committee Members	No. of Meetings held during the financial year under review	No. of Meetings attended
Mr. Bharat D Shah	2	2
Ms. Radhika Rajan	1	1
Mr. Ramesh Ramadurai	2	2
Ms. Mamta Janak Gore	1	1

## ANNEXURE 'F' TO THE REPORT OF THE BOARD OF DIRECTORS

### 4. Weblink where CSR policy, Composition of Committee and Projects approved by the Board are displayed:

CSR policy is been displayed at: [https://www.3mindia.in/3M/en\\_IN/company-in/about-3m/financial-facts-local/](https://www.3mindia.in/3M/en_IN/company-in/about-3m/financial-facts-local/).

### 5. Details of impact assessment of CSR projects carried out, if any:

Company has been conducting internal impact assessments to monitor and evaluate its strategic CSR programmes. The Company takes cognizance of sub-rule (3) of rule 8 of the Companies CSR Policy Rules 2014 and shall initiate steps to conduct impact assessment of CSR projects through an independent agency from the financial year 2021-22, for the applicable projects.

### 6. Amount available for set off for the financial year: NA

### 7. Average Net Profit of the Company for last three financial years: Rs. 43,251.51 Lakhs

### 8. Prescribed CSR Expenditure (two per cent (2%) of the amount as in item 7 above) : Rs. 865.03 Lakhs

### 9. Surplus arising out of the CSR Projects/programmes/activities: NA

### 10. Amount required to be set off for the financial year: NA

### 11. Details of CSR spent during the financial year 2020-21: Rs. 868.15 Lakhs

### 12. Amount unspent, if any : NA

### 13. Transferred to unspent CSR account for projects/programmes/activities: NA

### 14. Transferred to any fund specified under schedule VII: Rs. 10.93 Lakhs to PM Cares

### 15. Details of CSR amount spent against ongoing projects for the financial year: Rs. 5,08,46,082 as per details below:

1	2	3	4	5	6	7	8	9	10	11	
Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No)	Location of the project	Project duration.	Amount allocated for the project (Rs.).	Amount spent in the current financial Year (Rs.).	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (Rs.)	Mode of Implementation - Direct (Yes/No).	Mode of Implementation -Through Implementing Agency	
										Name	CSR Registration No
1	School Readiness Project (Born Learning)	(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Karnataka: Bangalore West Bengal: Kolkata Maharashtra: Mumbai	3 years (FY 19-20 FY 20-21 FY 21-22)	3,01,09,984	76,91,132	NIL	No	United Way of Bengaluru	CSR00000324
2.	Project Nanhi Kali Girl Child Education	(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Maharashtra: Ambegaon, Pune.	4 years (FY 18-19 FY 19-20 FY 20-21 FY 21-22)	3,04,38,600	1,51,90,110	NIL	No	K.C. Mahindra Trust	CSR00000511



## ANNEXURE 'F' TO THE REPORT OF THE BOARD OF DIRECTORS

3.	<b>Libraries in District Schools</b>	(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Karnataka: Bangalore Rural, Mandya, Tumkur, Chikkaballapura and Ramanagara	1 year (Implementation in FY 21-22)	62,30,700	62,30,700	NIL	No	United Way of Bengaluru	CSR00000324
4.	<b>Smile on Wheels Mobile Health Clinic Intervention in aspirational districts</b>	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.	Yes	Uttar Pradesh: Siddharth Nagar, Bihar: Gaya, Assam: Goalpara Odisha: Belangir	3 years & 3 months (FY 20-21 FY 21-22 FY 22-23 FY 23-24)	4,85,27,262	1,00,00,000	NIL	No	Smile Foundation	CSR00001634
5.	<b>Bone Marrow Transport Lab Equipment in Sri Shankara Cancer Foundation Hospital</b>	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.	Yes	Karnataka: Bangalore	1 year (Implementation in FY 21-22)	1,17,34,140	1,17,34,140	NIL	No	United Way of Bengaluru	CSR00000324
<b>Total</b>						<b>12,70,40,686</b>	<b>5,08,46,082</b>				

### 16. Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No.	Name of the project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project (State District)	Amount spent for the project (Rs.)	Amount spent in the current financial Year (Rs.).	Mode of Implementation- Direct (Yes/No).	Mode of Implementation- Through Implementing Agency	
								Name	CSR Registration No.
1	<b>Pan India COVID-19 Food &amp; Essentials kit Distribution Program</b>	(xii) disaster management, including relief, rehabilitation and reconstruction activities	Yes	Rajasthan: Tilonia, Bihar: Madhubani, Telangana: Kotagudam and Jangaon, Assam: Goalpara, Tripura: Kovai & Gomati, Gujarat: Baruch, Karnataka: Bangalore	1,09,80,000	1,09,80,000	No	Smile Foundation Bal Utsav Barefoot College	CSR00001634 CSR00000311 CSR000003410
2	<b>3M-CII Young Innovators Challenge Awards Program 2020</b>	(ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.	Yes	Pan India	32,79,273	32,79,273	No	United Way of Bengaluru	CSR00000324
3	<b>Project Pahal - Healthcare Skilling Program</b>	(i) Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation <sup>4</sup> [including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water.	Yes	Uttar Pradesh, Rajasthan	1,83,68,328	1,83,68,328	No	United Way of Bengaluru	CSR00000324
4	<b>CSR Management, Monitoring &amp; Evaluation</b>	-	-	-	22,48,041	22,48,041	Direct	Nextgen Management	NA
<b>Total</b>					<b>3,59,69,417</b>	<b>3,59,69,417</b>			

## ANNEXURE 'F' TO THE REPORT OF THE BOARD OF DIRECTORS

17. Amount spent in Administrative Overheads: NA

18. Amount spent on Impact Assessment, if applicable: NA

19. Total amount spent for the Financial Year: Rs. 868.15 Lakhs

20. Excess amount for set off, if any: NA

21. Details of Unspent CSR amount for the preceding three financial years: NA

Sl no.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6) (Rs.)	Amount spent in the reporting Financial Year (Rs.)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (Rs.)
				Name of the Fund	Amount (Rs.)	Date of Transfer	

22. Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

Sl. No.	Project ID	Name of the project	Financial year in which the project was commenced	Project Duration	Total amount allocated for the project (Rs.)	Amount spent on the project in the reporting Financial Year (Rs.)	Cumulative amount spent at the end of reporting Financial Year (Rs.)	Status of the project – completed/ ongoing
1	NA	Born Learning Year 2 for additional centers at Multiple Locations – Bangalore Rural (Jigani), Bangalore Urban (SR Nagar, Kolkata, Mumbai)	FY 19-20	3 years	76,91,132	76,91,132	-	Ongoing
2	NA	Project Nanhi Kali Girl Child Education (Ambegaon, Pune)	FY 18-19	3 years	1,51,90,110	1,51,90,110	-	Ongoing
3	NA	Project Pahal - Healthcare Skilling Program	FY 19-20	3 years	1,83,68,328	1,83,68,328	-	Ongoing
Total					4,12,49,570	4,12,49,570		

23. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year: NA

(asset-wise details).


- Date of creation or acquisition of the capital asset(s). NA
- Amount of CSR spent for creation or acquisition of capital asset. NA
- Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc. NA
- Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset). NA

24. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5). NA

Form CSR-1 Letter of approval for Registration of the Entities for undertaking CSR activities.

Sl. No	Name	CSR Registration No.
1	Smile Foundation	CSR00001634
2	Child Empowerment Foundation India (Bal Utsav)	CSR00000311
3	Social Work and Research Centre (Barefoot College)	CSR00003410
4	United Way of Bengaluru	CSR00000324
5	K C Mahindra Education Trust	CSR00000511

## ANNEXURE 'F' TO THE REPORT OF THE BOARD OF DIRECTORS

  
GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
OFFICE OF THE REGISTRAR OF COMPANIES

Dated : 11-04-2021

NOTE - THIS LETTER IS ONLY AN APPROVAL FOR REGISTRATION OF THE ENTITIES FOR UNDERTAKING CSR ACTIVITIES.


To,  
SMILE FOUNDATION , V-11,LEVEL-1, GREENPARK EXTENSION, NEW DELHI, DL07, DL, 110016

PAN : AACTS7973G

**Subject:** In Reference to Registration of Entities for undertaking CSR activities  
**Reference:** Your application dated 11-04-2021 (SRN-T13218490)

Sir/Madam,

With reference to the above, it is informed that the entity has been registered for undertaking CSR activities and the Registration number is CSR00001634. Please refer the registration number for any further communication.

  
Registrar of Companies  
ROC-DELHI

**Note:** The corresponding form has been approved and this letter has been digitally signed through a system generated digital signature.

Smile Foundation

  
GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
OFFICE OF THE REGISTRAR OF COMPANIES

Dated : 03-04-2021

NOTE - THIS LETTER IS ONLY AN APPROVAL FOR REGISTRATION OF THE ENTITIES FOR UNDERTAKING CSR ACTIVITIES.


To,  
CHILD EMPOWERMENT FOUNDATION INDIA , CEFI Studios, No 785, Survey No 105, Ayappa Layout Munnekolalu Marathalli, Bangalore, Bangalore, Karnataka, 560037

PAN : AAEC4053G

**Subject:** In Reference to Registration of Entities for undertaking CSR activities  
**Reference:** Your application dated 03-04-2021 (SRN-T11506920)


Sir/Madam,

With reference to the above, it is informed that the entity has been registered for undertaking CSR activities and the Registration number is CSR00000311. Please refer the registration number for any further communication.

  
Registrar of Companies  
RoC - Bangalore

**Note:** The corresponding form has been approved and this letter has been digitally signed through a system generated digital signature.

Child Empowerment Foundation India  
(Bal Utsav)

  
GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
OFFICE OF THE REGISTRAR OF COMPANIES

Dated : 24-04-2021

NOTE - THIS LETTER IS ONLY AN APPROVAL FOR REGISTRATION OF THE ENTITIES FOR UNDERTAKING CSR ACTIVITIES.


To,  
SOCIAL WORK AND RESEARCH CENTRE , 278, SFS FLATS, HAUZKHAS APARTMENT, AUROBINDO MARG, NEW DELHI, DL07, DL, 110016

PAN : AAATS3518F

**Subject:** In Reference to Registration of Entities for undertaking CSR activities  
**Reference:** Your application dated 24-04-2021 (SRN-T15799745)


Sir/Madam,

With reference to the above, it is informed that the entity has been registered for undertaking CSR activities and the Registration number is CSR000003410. Please refer the registration number for any further communication.

  
Registrar of Companies  
ROC-DELHI

**Note:** The corresponding form has been approved and this letter has been digitally signed through a system generated digital signature.

Social Work and Research Centre  
(Barefoot College)

  
GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
OFFICE OF THE REGISTRAR OF COMPANIES

Dated : 03-04-2021

NOTE - THIS LETTER IS ONLY AN APPROVAL FOR REGISTRATION OF THE ENTITIES FOR UNDERTAKING CSR ACTIVITIES.


To,  
United Way Of Bengaluru , Building No5, 3rd Flr, Crimson Court, Jeevan Bima Nagar, HAL 3rd Stage, Bengaluru, KA06, KA, 560075

PAN : AAAAU2136J

**Subject:** In Reference to Registration of Entities for undertaking CSR activities  
**Reference:** Your application dated 03-04-2021 (SRN-T11535184)


Sir/Madam,

With reference to the above, it is informed that the entity has been registered for undertaking CSR activities and the Registration number is CSR000000324. Please refer the registration number for any further communication.

  
Registrar of Companies  
ROC-DELHI

**Note:** The corresponding form has been approved and this letter has been digitally signed through a system generated digital signature.

United Way of Bengaluru

  
GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS  
OFFICE OF THE REGISTRAR OF COMPANIES

Dated : 05-04-2021

NOTE - THIS LETTER IS ONLY AN APPROVAL FOR REGISTRATION OF THE ENTITIES FOR UNDERTAKING CSR ACTIVITIES.


To,  
K C MAHINDRA EDUCATION TRUST , CECIL COURT, 3RD FLOOR, MAHAKAVI BHUSHAN MARG, COLABA MUMBAI, MH18, MH, 400039

PAN : AAATK0315Q

**Subject:** In Reference to Registration of Entities for undertaking CSR activities  
**Reference:** Your application dated 05-04-2021 (SRN-T11835253)

Sir/Madam,

With reference to the above, it is informed that the entity has been registered for undertaking CSR activities and the Registration number is CSR00000511. Please refer the registration number for any further communication.

  
Registrar of Companies  
ROC-DELHI

**Note:** The corresponding form has been approved and this letter has been digitally signed through a system generated digital signature.

K C Mahindra Education Trust

On behalf of the Board of Directors

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252  
Place : Bengaluru  
Date : May 28, 2021

**Bharat D. Shah**  
Chairman, CSR Committee  
DIN: 00136969  
Place : Mumbai  
Date : May 28, 2021

**Mamta Janak Gore**  
Whole-time Director and Chief Financial Officer  
DIN: 08792863  
Place : Dubai  
Date : May 28, 2021

## ANNEXURE 'G' TO THE 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, 2021.

Sl. No.	Name	Age Yrs	Designation	Remuneration Rs. (Gross)	Educational Qualifications	Date of joining	Date of leaving	Previous employment and designation
1	2	3	4	5	6	7	8	9
<b>A: Top ten (10) employees in terms of remuneration drawn during the year:</b>								
1	Kris Sridhar	63	Head-Technical	9,57,953	Ph.D.	1-May-17		3M Company, USA - R & D
2	Ramesh Ramadurai	59	Managing Director	3,07,96,774	IIT-Chemical Engineering, IIM-PG Diploma in Marketing	1-Jun-19		3M China, Business Director – Asia & GCA
3	Vijay Kumar Ramamoorthy	53	Executive Director	2,44,66,207	BE (Mech), Masters in Finance	1-Sep-18		3M Electro & Communication India Private Limited, Managing Director
4	Manita Gore	55	Whole-Time Director & CFO	2,34,92,986	CA, Retail Management from IIM	1-Mar-18		3M Gulf, Finance Manager
5	Sanjit Satapathy	53	Executive Director	1,42,08,619	B.Sc., PGDM	4-Nov-98		Funkool (!) Limited, Area Sales Manager
6	Abhijeet Saungikar	57	Vice President-Technical	1,31,30,724	B.Sc.	23-Dec-92		Cravatex Limited, Production Supervisor
7	Appiah Kuppanda	57	Executive Director	1,26,01,628	PGDPA/PGDBM	5-Sep-03		NA (joined as a fresher)
8	Shreya Bhagwanth	45	Head- Human Resources	1,24,73,280	BA (Economics) Post Graduate Diploma in PM & IR	17-Sep-18		Siemens Limited, HR Business Partner – Corporate Function
9	Rajiv Gupta	51	Head-Health Care Business	1,11,43,031	MBA	14-Apr-97		Escorts Job Ltd., Service Engineer
10	Inavolu Venkata Jagadish	55	Executive Director	1,04,43,070	B.E (Industrial & Production)	1-Nov-18		ITC Agro Tech Limited, Junior Manager
<b>B: Other employees drawing a remuneration of not less than Rs. 1.02 Crores p.a. and employed throughout the year other than A</b>								
1	Anil Hak	54	Vice President - PG&F	1,04,16,533	BE Mech., PGDMM	12-Feb-03		Henkel Adhesives, National Sales Manager Automotive business.
2	Debasish Gupta	55	Vice President-PSD	1,03,99,362	Bachelor of Engineering	1-Sep-17		3M Kenya Limited, Director & General Manager
<b>C: Employees drawing a remuneration of not less than Rs. 8.50 Lakhs p.m. and employed for part of the year other than A &amp; B</b>								
1	Atul Shukla	53	Head-Safety & Industrial Business	2,82,79,451	BE, Masters in Marketing Management	19-Aug-96	30-Dec-20	Color Chem Limited, Marketing Executive
2	Pankaj Kumar	50	Vice President-IATD	1,39,05,986	BE Chemical	16-Dec-05	30-Sep-20	ICI India Limited, National Sales Manager
3	B V Shankaranarayana Rao	61	Whole-Time Director	1,31,03,445	B.COM, MBA, ICWA (Inter)	16-Apr-90	13-May-20	Mysore Paper Mills limited, Finance Manager
4	Vijaykrishnan Venkatesan	47	Business Development Manager	1,02,72,153	BE,MBA	2-Aug-04	31-Jul-20	Grindwell Norton Limited, National Sales Manager
5	Priya Menon	48	Country General Counsel	76,58,192	BA LLB (Hons)	3-Aug-20		Wework India Pvt Ltd - General Counsel
6	Satish Shankar	43	General Manager - SIBG	69,36,311	MBA	9-May-07	30-Sep-20	ArvinMeritor, Global Sourcing Leader
7	Ashutosh Shirodkar	50	Head-Safety & Industrial Business	61,56,719	Diploma in Chemical Technology	1-Nov-20		3M Indonesia, Country Sales Leader - SIBG
8	Rajesh Khanna	53	Dy General Manager - Automotive business	54,04,002	BE, MBA	2-Nov-11	30-Sep-20	Krishna Maruti Limited, Deputy General Manager
9	Raja B S	53	Technical Associate	42,47,039	ITI (Electrician)	25-Jun-92	15-Jul-20	Micro Electricals, Electrician.
10	Kumara S	53	Technical Associate	42,39,963	Diploma in Mechanical Engineering	2-Sep-96	15-Jul-20	MiniTech Industries, Millwright Mechanic
11	Shiva Kumar	50	Technical Associate	41,58,999	ITI (Electrician)	7-Nov-96	15-Jul-20	M/S Techno Control, Electrician
12	Sunil Kumar Francis	52	Technical Associate	41,19,556	Machinist-Miller	29-Oct-90	15-Jul-20	Trishul Eng., Milling Operator

## Notes

- Remuneration includes salary, bonus, allowances, company's contribution to superannuation funds, medical reimbursements, leave travel assistance, 3M US Stock option payments ,excludes contribution to provident funds and value of perquisites as per Income Tax Rules.
- No one listed above is related to any of the Directors of the Company and all the above appointments are/were on contractual basis.
- Other terms and conditions are as per rules of the Company and, where required, according to sanctions from the Government.
- None of the above employees holds shares of the Company except Ms. Shreya Bhagwanth, Head- Human Resources, who holds 4 shares of the Company.

On behalf of the Board of Directors

**Ramesh Ramadurai**  
Managing Director  
DIN: 07109252

Place : Bengaluru  
Date : May 28, 2021

**Mamta Gore**  
Whole-time Director and Chief Financial Officer  
DIN: 08792863

Place: Dubai  
Date : May 28, 2021



## ANNEXURE 'H' TO THE REPORT OF THE BOARD OF DIRECTORS

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

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

#### CONSERVATION OF ENERGY

Your Company has been very conscious of the need for Conservation of Energy. Energy conservation measures have been implemented across all locations.

Examples of specific energy conservation projects include:

##### Electrical:

- Installation of harmonics filters in electrical systems to reduce losses.
- Installation of variable frequency drives to optimize the speed of the motors and help energy saving.
- Power factor improvement by adding / replacing capacity banks.
- Energy efficient motors where feasible.
- Some of the plant power needs are met through roof top solar energy.

##### Fuel:

- Reduction of oven power consumption by optimization of oven parameters.
- Use of waste heat recovery in hot oil system.

##### HVAC optimization:

- Replacement of old reciprocating chillers with new technology screw chillers with improved efficiency.
- Optimization of room and chiller temperatures.
- Use of exhaust air to cool the inlet air of once through HVAC system.
- Energy reduction through warehouse air-conditioning optimization.

##### Cycle time reduction:

- Low cost automation to lower the cycle time of operations to improve productivity and reduce specific energy consumption.
- Reduction of idle running of machine through auto sensors.
- Optimization of shift operations to shut down the machines and associated utilities.

##### Compressed air optimization:

- Regular monitoring and plugging of air leakages.
- Energy efficient VFD based compressors.
- Reducing the air pressure setting by the use of localized receivers.

##### Lighting optimization:

- Replacement of conventional lamps by LED lamps.
- Introduction of motion sensors.
- Installation of day light panels to reduce daytime electrical light energy usage.

#### TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

##### A. Research & Development

1.	Specific areas in which Research & Development were carried out by the Company.	<b>Safety &amp; Industrial Business:</b> <ul style="list-style-type: none"><li>❖ Launch of 3M Antimicrobial Smoggy – A special blend of ingredients that is effective in Antimicrobial activity, reduces Formaldehyde and Malodor in the car cabin.</li><li>❖ Big wins for new generation Peltor Protective Comms and Welding systems in defence and transportation segments</li><li>❖ Support to Government of India with disposable respirators &amp; protective coverall for healthcare workers during CoVID19.</li><li>❖ Successful specification of Fire stop emat in Oil &amp; Gas industry.</li></ul>
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## ANNEXURE 'H' TO THE REPORT OF THE BOARD OF DIRECTORS

	<ul style="list-style-type: none"> <li>❖ Specification win of Passive fire tapes in Airport expansion projects.</li> <li>❖ Nano 2.0 gear grinding win at SONA BLW procession – Reduced operation costs for customer.</li> <li>❖ Automotive wins for Trizact™ and 3M Power Tools -Paint finishing system, training and virtual engagements with customers. Launch of 981CP Cubitron™ 2 Fiber Disc – to tap into the growth opportunities in the developing geographies.</li> </ul> <p><i>Transportation &amp; Electronics Business:</i></p> <ul style="list-style-type: none"> <li>❖ 3M™ 180mC custom colored film with Scotchgard™ graphic and surface protection film 8993 for Mumbai metro and 3M™ Panagraphics™ III &amp; Scotchcal™ translucent film 3630 for use in primary signage for banks.</li> <li>❖ Launched 3M™ CR All Weather Elements and 3M™ Stamark™ Tape for Road Safety applications.</li> <li>❖ Qualification of 3M FEP grade (FEP 6303) at Polyhose 6303 for Medical tubing application and TF2071Z for high pressure pneumatic hoses used in braking application.</li> <li>❖ Spec in of 3M Glass Bubble – HGS4K28 – in Drilling and Cementing at ONGC.</li> <li>❖ 3M India is playing a vital role in providing advanced &amp; light weighted Vehicle Noise management solutions to Auto OEMs with the current muPhony 1.0 product line meeting their Vehicle NVH expectation.</li> <li>❖ With the Automotive market widening its powertrain portfolio from the existing Diesel &amp; Petrol segments to NGTC petrol and EV segments, the need for having specialized Acoustic materials having wider scope to address specific needs of newer powertrains requirements is arising. 3M India has developed the next version, muPhony 2.0 which functions to address the Vehicle NVH needs of NGTC petrol &amp; xEV sound signature demands.</li> <li>❖ With India accelerating into Bharat Stage 6 Auto emission norms in April 2020, 3M played a pivotal role in this transition supplying the market with Interam™ grades. 3M is a major technical solution provider and supplier of catalyst support mats to all the Indian auto manufacturers.</li> <li>❖ The Emissions Solutions application engineering lab set up is being driven at 3M Bangalore R&amp;D Center &amp; is expected to be operational by 3rd quarter of this year. This lab will have the capability to test vehicle emission applications for catalyst support mats for Bharat Stage 6 norms. This lab will be highly relevant for Indian Auto OEMs doing indigenous powertrain &amp; aftertreatment design.</li> </ul> <p><i>Health Care Business:</i></p> <ul style="list-style-type: none"> <li>❖ Customer Technical Center was established for training both internal and external customers.</li> <li>❖ ICE190 water filters spec in at Mac Donald installations in 100+ stores in India.</li> <li>❖ Life Assure PDA filter specified for Bio pharma applications.</li> </ul> <p><i>Consumer Business:</i></p> <ul style="list-style-type: none"> <li>❖ Launch of Scotch Brite Disinfectant Wipes for India customers to combat Covid pandemic as part of Home Care product solution.</li> <li>❖ Launch of Premium Kitchen Squeegee &amp; Utility Brushes.</li> <li>❖ Local Conversion line set up &amp; commercialization for Scotch Brite Cellulose Sponge Wipes.</li> </ul>
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## ANNEXURE 'H' TO THE REPORT OF THE BOARD OF DIRECTORS

2.	Benefits derived as a result of the above Research & Development	<ul style="list-style-type: none"> <li>❖ New products and applications developed to serve specific needs of the Indian market.</li> <li>❖ New technologies developed relevant to Indian market needs to aid product development.</li> <li>❖ Improved system cost solutions for our customers and end users.</li> <li>❖ Supporting growth of business through solutions for Indian customers.</li> </ul>
3.	Future plan of action	<ul style="list-style-type: none"> <li>❖ Build capabilities in technology and product development to serve the needs of Indian customers.</li> <li>❖ Development of products specific for Indian market, especially in the areas of Vehicular emissions (target to Bharat Stage VI), Corrosion Protection, Automotive, Adhesives and Tapes, Abrasive products for industrial and consumer markets, healthcare products, traffic and personal safety and graphics.</li> <li>❖ Further localization of manufacturing of products to meet Indian market needs.</li> </ul>
4.	Expenditure on Research & Development	(Rs. in Lakhs)
	a) Capital	337.98
	b) Revenue	4,574.42
	c) Total	4,912.40
	d) Total Research & Development expenditure as a percentage of total turnover.	2.01%

### B. Technology absorption, adaptation and innovation

#### 1. Efforts made:

The Company continues to focus on innovating in the local market. The Company's technical team has been continuously working on adoption and modification of certain parent company products for local market requirements and redesigning products to create new market opportunities. The technical team is also focused on developing products that meet the needs of the Indian customers. Technology development capabilities relevant to local market needs are being developed in the R&D center to support long term growth. Technology absorption from the parent company continues. Internal practices and procedures are in place for adoption of new technologies. Collaborated with Society of Automotive Engineers (SAE) India to build a national level curriculum for Electric Vehicles. As part of this a Professional development training program (3 Days ) was conducted at 3M R&D center for engineers from OEMs and Tier suppliers.

#### 2. Benefits derived:

New products have been introduced in several market segments such as: Industrial & Safety business, Transportation and Electronics business, Health Care 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.

## ANNEXURE 'H' TO THE REPORT OF THE BOARD OF DIRECTORS

The Company had entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective July 1, 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from July 1, 2006 to June 30, 2009. These payments have been reinstated with effect from July 1, 2009, accordingly the Company has incurred an expenditure of **Rs. 2,969.87 Lakhs** for the financial year 2020-21 (PY: Rs. 3,820.22 Lakhs).

### 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. 1,345.01 Lakhs** (PY: Rs. 1,984.76 Lakhs) for contract research and **Rs. 2,092.42 Lakhs** (PY: Rs. 911.53 Lakhs) for Support Services / Corporate Management Fees.

2. *Foreign Exchange Earnings and Outgo:*

During the period under review, Foreign Exchange Earnings were **Rs. 9,103.07 Lakhs** (PY: Rs. 8,230.93 Lakhs) and Foreign Exchange Outgo was **Rs. 117,007.88 Lakhs** (PY: Rs. 119,151.07 Lakhs).

*On behalf of the Board of Directors*

**Ramesh Ramadurai**  
*Managing Director*

Place : Bengaluru  
Date : May 28, 2021

DIN: 07109252

**Mamta Janak Gore**  
*Whole-time Director &  
Chief Financial Officer*

Place : Dubai  
Date : May 28, 2021

DIN: 08792863



# ANNEXURE 'I' TO THE REPORT OF THE BOARD OF DIRECTORS

## FORM No. MR-3

### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2021

(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 31.03.2021 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 31.03.2021 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 Byelaws 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;
  - (j) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
  - (k) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
  - (l) Circulars/Guidelines issued thereunder;
- (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
- iii. The Employment Exchanges (Compulsory notification of Vacancies) Act, 1959

## ANNEXURE 'I' TO THE REPORT OF THE BOARD OF DIRECTORS

- 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. The Maharashtra Labour Welfare Fund Act, 1965 & Rules
- xxx. The Employment Exchanges (CNV) Act & Rules
- xxxi. The Karnataka (National & Festival) Holidays Act & Rules
- xxxii. 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 Air (Prevention & Control of Pollution) Act, 1981
- iv. The Government Order Under Environment (Protection) Act, 1986
- v. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008.
- vi. 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
- vii. The Patents Act, 1970
- viii. The Trade Marks Act, 1999

### (4) Other Laws:

- i. Explosives Act
- ii. Legal Metrology Act

## ANNEXURE 'I' TO THE REPORT OF THE BOARD OF DIRECTORS

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.

Further, I report that as per the details and documents provided before me, the Company has already taken steps towards installing a Structured Digital Database (SDD) in software format with the required details as prescribed in Regulation 3(5) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, and represented that there is a robust prevailing system for tracking of sharing the Un-published Price Sensitive Information (UPSI).

**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.

The decisions were carried through majority 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.

**I further report that** I could not physically verify few documents / registers / returns due to lockdown situation in relation to outbreak of pandemic COVID-19 and I have relied up on the soft copies / information shared with me.

Place : Bangalore  
Date : 28<sup>th</sup> May, 2021

(Parameshwar G Bhat)  
FCS : 8860 CP:11004  
UDIN: F008860C00038601

*Note: This report is to be read with my 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, Customs Act, Goods and Services Tax Act.
4. Wherever 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 : 28<sup>th</sup> May, 2021

(Parameshwar G Bhat)  
FCS : 8860 CP:11004  
UDIN: F008860C00038601

# ANNEXURE 'I-1' TO THE REPORT OF THE BOARD OF DIRECTORS

## SECRETARIAL COMPLIANCE REPORT OF 3M INDIA LIMITED FOR THE YEAR ENDED 31<sup>ST</sup> MARCH 2021.

I, Vijayakrishna K T, Practising Company Secretary have examined all the documents and records made available to us and explanation provided by 3M INDIA LIMITED having CIN: L31300KA1987PLC013543 and having its Registered Office at Plot No. 48-51, Electronic City, Hosur Road, Bangalore – 560 100 ("the listed entity"), the filings/submissions made by the listed entity to the Stock Exchanges, website of the listed entity and other document/filing and as may be relevant, which has been relied upon to make this certification for the Financial Year ended 31<sup>st</sup> March, 2021 ("1<sup>st</sup> April, 2020 to 31<sup>st</sup> March, 2021") in respect of compliance with the provisions of :

- the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and
- the Securities Contracts (Regulation) Act, 1956 ("SCRA"), Rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the Circulars/Guidelines issued thereunder, have been examined, include: -

- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018;
- Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- Securities and Exchange Board of India (Issue and Listing of Non-Convertible and Redeemable Preference Shares) Regulations, 2013;
- Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and,
- Circulars/Guidelines issued thereunder;

Based on the above examination, I hereby report that, during the Review Period:

- The listed entity has complied with the provisions of the above Regulations and circulars/guidelines issued except in respect of matters specified below:

Sl. No.	Compliance Requirement (Regulations/Circulars/Guidelines including specific clause)	Deviations	Observations/Remarks of the Practising Company Secretary
NIL*			

\*With relation to regulation 3 (5) of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Listed Entity represented that it has robust prevailing system for tracking of sharing the Un-published Price Sensitive Information (UPSI) and is in the process of establishing Structured Digital Database (SDD) in software format.

- The listed entity has maintained proper records under the provisions of the above Regulations and circulars/guidelines issued thereunder insofar as it appears from my examination of those records.
- The following are the details of actions taken against the listed entity/ its Promoters/Directors/Material Subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/Regulations and Circulars/Guidelines issued thereunder:

Sl. No.	Action taken by	Details of violation	Details of action taken ex. Fines, warning letter, debarment etc.	Observations/Remarks of the Practising Company Secretary, if any
NIL				

- The listed entity has taken the following actions to comply with the observations made in previous reports

Sl. No.	Observations of the Practising Company Secretary in the previous reports	Observations made in the Secretarial Compliance report for the year ended... (the years are to be mentioned)	Action taken by the listed entity if any	Comments of the Practising Company Secretary on the actions taken by the listed entity
	NIL	NIL	NA	NA

(Vijayakrishna K T)

FCS :1788

CP : 980

UDIN: F001788C000386051

Place : Bangalore

Date : 28<sup>th</sup> May, 2021



# ANNEXURE 'J' TO THE REPORT OF THE BOARD OF DIRECTORS

## 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](http://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](http://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.

# ANNEXURE 'K' TO THE REPORT OF THE BOARD OF DIRECTORS

## EXTRACT OF ANNUAL RETURN

### FORM NO. MGT – 9

**As on the Financial Year Ended March 31, 2021**

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

#### 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:  
[KFin Technologies Private Limited \(Formerly Karvy Fintech Private Limited\) KFinTech Selenium Tower B, Plot 31 & 32, Financial District, Nanakramguda, Serlingampally Mandal, Gachibowli, Hyderabad – 500032](#)  
[Website: <https://www.kfintech.com>, 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	-	-

#### 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)
2	3M Electro & Communication India Private Limited, Plot no 95 - 97, Sanniyasikuppam, Thirubhu Vanai Main Road, Udhaya Nagar, Sanniyasikuppam, Thirubhuvanai Post, Pondicherry - 605107	U31909PY1989PTC001156	Subsidiary	100%	2(87)

# ANNEXURE 'K' TO THE REPORT OF THE BOARD OF DIRECTORS

## 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 (01/04/2020)				No. of shares held at the end of the year (31/03/2021)				% 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/ State Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Others.	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) Individuals (NRI/Foreign Individuals)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Bodies Corporate	84,48,802	Nil	84,48,802	75.00	84,48,802	Nil	84,48,802	75.00	Nil
(c) Institutions	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Others.	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	5,15,331	440	5,15,771	4.58	5,77,557	440	5,77,997	5.13	0.55
(b) Banks/FI	6,526	20	6,546	0.06	Nil	20	20	0.00	-0.06
(c) Central Government/ State Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Insurance Companies	Nil	60	60	0.00	Nil	60	60	Nil	Nil
(f) FIs	5,46,841	Nil	5,46,841	4.85	4,24,076	Nil	4,24,076	3.76	-1.09
(g) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(h) Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Others	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub-Total (B)(1)	10,68,698	520	10,69,218	9.49	10,01,633	520	10,02,153	8.90	-0.60
2. Non-Institutions									
(a) Bodies Corporate	4,42,891	1580	4,44,471	3.95	3,27,948	980	3,28,928	2.92	-1.03
(b) Individuals									

## ANNEXURE 'K' TO THE REPORT OF THE BOARD OF DIRECTORS

i. Individual Shareholders holding nominal share capital up to Rs. 1 lakh	10,03,870	58,377	10,62,247	9.43	9,75,572	56,477	10,32,049	9.16	-0.27
ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	1,17,278	Nil	1,17,278	1.04	87,279	Nil	87,279	0.77	-0.27
(c) Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Others									
i. Clearing Members/ Clearing House	3,364	Nil	3,364	0.03	10,429	Nil	10,429	0.09	0.06
ii. NRI	31,529	Nil	31,529	0.28	29,940	Nil	29,940	0.27	-0.01
iii. NRI (Non-Repatriation)	33,540	Nil	33,540	0.30	31,987	Nil	31,987	0.28	-0.01
iv. Qualified Institutional Buyer	54,304	Nil	54,304	0.48	2,93,111	Nil	293,111	2.60	2.12
v. Trusts	317	Nil	317	0.00	392	Nil	392	Nil	Nil
<b>Sub Total (B)(2)</b>	<b>16,87,093</b>	<b>59,957</b>	<b>17,47,050</b>	<b>15.51</b>	<b>17,56,658</b>	<b>57,457</b>	<b>18,14,115</b>	<b>16.10</b>	<b>0.60</b>
<b>Total Public Shareholding (B)=(B)(1)+(B)(2)</b>	<b>27,55,791</b>	<b>60,477</b>	<b>28,16,268</b>	<b>25.00</b>	<b>2758,291</b>	<b>57,977</b>	<b>28,16,268</b>	<b>25.00</b>	<b>Nil</b>
<b>TOTAL (A)+(B)</b>	<b>1,12,04,593</b>	<b>60,477</b>	<b>1,12,65,070</b>	<b>100.00</b>	<b>1,12,07,093</b>	<b>57,977</b>	<b>1,12,65,070</b>	<b>100.00</b>	<b>Nil</b>
C. Shares held by custodians, against which Depository Receipts have been issued	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>GRAND TOTAL (A+B+C)</b>	<b>1,12,04,593</b>	<b>60,477</b>	<b>1,12,65,070</b>	<b>100.00</b>	<b>1,12,07,093</b>	<b>57,977</b>	<b>1,12,65,070</b>	<b>100.00</b>	<b>Nil</b>

### (ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year (01/04/2020)			Shareholding at the end of the year (31/03/2021)			% 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
<b>Total</b>	<b>84,48,802</b>	<b>75%</b>	<b>Nil</b>	<b>84,48,802</b>	<b>75%</b>	<b>Nil</b>	<b>Nil</b>

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

Sl. No.	For each of Promoters	Shareholding at the beginning of the year (01/04/2020)		Cumulative Shareholding during the year (31/03/2021)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	No Change			
2	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			
3	At the end of the year	No Change			



## ANNEXURE 'K' TO THE REPORT OF THE BOARD OF DIRECTORS

### (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 (01/04/2020)		Increase during the year (+) (market purchase)	Decrease during the year (-) (market sale)	Shareholding at the end of the year (31/03/2021)	
		No. of shares	% of total shares of the Company			No. of shares	% of total shares of the Company
1	Bright Star Investments Pvt Ltd	166,700	1.48	Nil	Nil	166,700	1.48
2	UTI-Unit Linked Insurance Plan	Nil	Nil	133,918	-680	133,238	1.18
3	SBI Equity Hybrid Fund	130,000	1.15	Nil	Nil	130,000	1.15
4	Max Life Insurance Company Limited a/c - ULIF00904	105,069	0.93	69,088	-2,252	171,905	1.53
5	IDFC Core Equity Fund	103,520	0.92	5,390	-47,170	61,740	0.55
6	HDFC Life Insurance Company Limited	20,011	0.18	70,019	-522	89,508	0.79
7	Tata Mid Cap Growth Fund	84,700	0.75	20,100	-800	104,000	0.92
8	Acacia Conservation Fund LP	70,000	0.62	Nil	-70,000	0	0.00
9	Acacia Partners, LP	70,000	0.62	Nil	-70,000	0	0.00
10	L&T Mutual Fund Trustee Ltd	27,000	0.24	34,100	-4,600	56,500	0.50
11	Motilal Oswal Midcap 30 Fund	48,734	0.43	304	-42,762	6,276	0.06
12	Axis Mutual Fund Trustee Limited	0	0.00	47,816	Nil	47,816	0.42
13	Govindlal M Parikh	40,115	0.36	Nil	-1,000	39,115	0.35

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

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year (01/04/2020)		Cumulative Shareholding during the year (31/03/2021)	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	• Directors and KMPs - Nil			
2	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e. g. allotment / transfer / bonus/ sweat equity etc.):	<p><a href="#">Increase in shareholding details</a></p> <ul style="list-style-type: none"> <li>• Directors and KMPs - Nil</li> </ul> <p><a href="#">Decrease in shareholding details</a></p> <ul style="list-style-type: none"> <li>• Directors and KMPs - Nil</li> </ul>			
3	At the end of the year	• Directors and KMPs - Nil			

## ANNEXURE 'K' TO THE REPORT OF THE BOARD OF DIRECTORS

### V. INDEBTEDNESS

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

Particulars	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				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
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				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

### 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	Whole-time Director (from September 1, 2020) & CFO (Rs.)	Managing Director (Rs.)	Whole-time Director (up to May 13, 2020) (Rs.)	Total Amount (Rs.)
		Ms. Mamta Janak Gore	Mr. Ramesh Ramadurai	Mr. B.V. Shankaranarayana Rao	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,37,04,230	3,07,96,774	1,31,03,445	5,76,04,449
	(b) Value of perquisites u/s 17(2) Income- tax Act, 1961	1,41,91,178	25,88,400	Nil	1,67,79,578
	(c) Profits in lieu of salary under	Nil	Nil	Nil	Nil
	(d) Section 17(3) Income-tax Act, 1961	Nil	Nil	Nil	Nil

## ANNEXURE 'K' TO THE REPORT OF THE BOARD OF DIRECTORS

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	Nil	Nil	Nil	Nil
5.	Others, please specify				
	- Restricted Stock Units (RSU's) and Stock Appreciation Rights (SARs) of the Parent Company	Nil	Nil	Nil	Nil
	- Contribution to Provident Fund	9,39,078	11,69,280	92,289	22,00,647
<b>TOTAL (A) (Rs.)</b>		<b>2,88,34,486</b>	<b>3,45,54,454</b>	<b>1,31,95,734</b>	<b>7,65,84,674</b>
<b>Ceiling as per the Act (Section 197)</b>		The remuneration payable to an individual Managing Director or Whole-time Director shall not exceed 5% of the Net Profits of the Company for that financial year 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. The limit as per the Act is <b>Rs. 19.75 Crores.</b>			

### B. Remuneration to other Directors:

Particulars of Remuneration	Name of the Directors			Total Amount (Rs.)
	Mr. Bharat D Shah (Rs.)	Mr. Biren Gabhawala (Rs.)	Ms. Radhika Rajan (Rs.)	
Independent Directors				
Fee for attending Board / Committee Meetings during the FY 2020-21	3,80,000	3,60,000	3,00,000	10,40,000
Commission for the year FY 2020-21 (paid in the FY 2021-22)	18,00,000	18,00,000	18,00,000	54,00,000
Others, please specify	Nil	Nil	Nil	Nil
Total (1) (Rs.)	21,80,000	21,60,000	21,00,000	64,40,000

Particulars of Remuneration	Name of the Directors				Total Amount (Rs.)
	Mr. Jim Falteisek (from September 1, 2020) (Rs.)	Mr. Amit Laroya (Rs.)	Mr. Jongho Lee (Rs.)	Ms. Sadhana Kaul (up to May 5, 2020) (Rs.)	
Other Non-Executive Directors					
Fee for attending Board / Committee Meetings during the FY 2020-21	Nil	Nil	Nil	Nil	Nil

## ANNEXURE 'K' TO THE REPORT OF THE BOARD OF DIRECTORS

Commission for the year FY 2020-21 (to be paid in the FY 2021-22)	Nil	Nil	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil	Nil	Nil
<b>Total (2) (Rs.)</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
<b>Total (B) = (1+2) (Rs.)</b>					<b>64,40,000</b>
<b>Total (A) + (B) (Rs.)</b>					<b>8,30,24,674</b>
<b>Ceiling as per the Act (Section 197)</b>	The remuneration payable to all Non-Executive Directors and Independent Directors shall not exceed 1% of the Net Profits of the Company for that financial year. The remuneration paid is well within the prescribed limits. The limit as per the Act is <b>Rs. 1.97 Crores.</b>				
<b>Overall ceiling as per the Act (Section 197)</b>	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 for that financial year. The remuneration paid is well within the overall limits. The limit as per the Act is <b>Rs. 21.72 Crores.</b>				

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

Sl. No.	Particulars of Remuneration	Ms. Mamta Janak Gore, Chief Financial Officer (up to August 1, 2020) (Rs.)	Mr. V. Srinivasan, Company Secretary (Rs.)
1.	Gross Salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	97,88,736	52,04,893
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	91,42,911	12,843
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission		
	- as % of profit	Nil	Nil
	- others, specify	Nil	Nil
5.	Others, please specify-		
	- Restricted Stock Units (RSU's) and Stock Appreciation Rights(SARs) of the Parent Company	Nil	Nil
	- Contribution to Provident Fund	6,70,770	2,29,896
	<b>Total (C)</b>	<b>1,96,02,417</b>	<b>54,47,632</b>



## ANNEXURE 'K' TO THE REPORT OF THE BOARD OF DIRECTORS

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	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*

**Ramesh Ramadurai**  
*Managing Director*  
 DIN: 07109252

Place : Bengaluru  
 Date : May 28, 2021

Place : Dubai  
 Date : May 28, 2021

**Mamta Janak Gore**  
*Whole-time Director &  
 Chief Financial Officer*  
 DIN: 08792863

# ANNEXURE 'L' TO THE REPORT OF THE BOARD OF DIRECTORS

## Details of Subsidiaries, Associates and Joint Ventures

### Form AOC 1

[Pursuant to the provisions of Section 129(3) of the Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing as on March 31, 2021 salient features of the Financial Statement of Subsidiaries/ Associate Companies/Joint Ventures

#### PART A: Subsidiaries

(Rs. in Lakhs)

Name of the Subsidiary	Financial year ended	Currency	Closing exchange rate	Average exchange rate	Share Capital	Reserves and Surplus	Total Assets	Total Liabilities
3M Electro & Communication India Private Limited*	March 31, 2021	INR	1	-	50.00	19,312.17	24,106.86	24,106.86

(Rs. in Lakhs)

Investments	Turnover	Profit/(loss) before taxation	Provision for taxation	Profit/(loss) after taxation	Proposed dividend	% of share holding	Country
Nil	18,451.93	1,748.08	440.52	1,307.56	Nil	100	India

Note: \* became a subsidiary with effect from December 27, 2018

#### Part B: Associates and Joint Ventures

Nil

On behalf of the Board of Directors

**Ramesh Ramadurai**  
Managing Director

DIN: 07109252

Place : Bengaluru  
Date : May 28, 2021

**Mamta Janak Gore**  
Whole-time Director &  
Chief Financial Officer  
DIN: 08792863

Place : Dubai  
Date : May 28, 2021

## INDEPENDENT AUDITORS' REPORT

To the Members of 3M India Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the standalone financial statements of 3M India Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Description of Key Audit Matter

##### Revenue Recognition

See note 3 (h) and 20 to the standalone financial statements

The key audit matter	How the matter was addressed in our audit
<p>The products of the Company are mainly sold through distributors, modern trade and direct sale channels amongst others. Revenue from sale of goods is recognised when control of the product is transferred to the customer i.e. on delivery to customer. The Company tracks proof of delivery and reverses the value of goods not delivered by the balance sheet date.</p> <p>We identified revenue recognition as a key audit matter given it is a key performance indicator of the Company. Pressure to achieve targets, earning expectations or incentive schemes linked to performance could create an incentive for revenue to be overstated or recognised before control has been transferred.</p>	<p>To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.</li> <li>• Tested the design and operating effectiveness of relevant key controls with respect to revenue recognition on a sample basis.</li> <li>• Tested the design, implementation and operating effectiveness of the Company's general IT controls and key application controls over the Company's IT systems which govern revenue recognition in the general ledger accounting system.</li> <li>• Performed substantive testing of selected samples of revenue transactions, recorded during the year by testing the underlying documents.</li> <li>• Analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any.</li> <li>• Independent confirmation on a sample basis of customer balances at the balance sheet date.</li> <li>• Obtaining supporting documentation, on a sample basis for sales transactions recorded near to balance sheet date to determine whether revenue was recognised in the correct period.</li> <li>• Tested, on a sample basis, manual journal entries relating to revenues to identify and inquire on unusual items, if any.</li> </ul>

# INDEPENDENT AUDITORS' REPORT

## Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Management's and Board of Directors' Responsibility for the Standalone Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

## Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events



## INDEPENDENT AUDITORS' REPORT

or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' 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 paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
- (B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 34 to the standalone financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

## INDEPENDENT AUDITORS' REPORT

- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.
- (C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Vikash Gupta**

*Partner*

Membership Number: 064597

UDIN: 21064597AAAABS6450

Place: Bengaluru

Date: 28 May 2021

## ANNEXURE – A TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditors' Report to the Members of the Company on the Standalone financial statements for the year ended 31 March 2021, 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 noticed 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 included in property, plant and equipment are held in the name of the Company.

In respect of immovable properties been taken on lease and disclosed as property, plant and equipment in the standalone financial statements, the lease agreements are in the name of the Company.

- (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 and have been appropriately dealt with in the books of accounts. For stocks lying with third parties at the year end, written confirmations have been obtained by the Management.
- (iii) According to the information and explanations given to us, 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, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 186 of the Act in respect of investments made. Further, there are no loans, guarantees and security given in respect of which provisions of Sections 185 and 186 of the Act are applicable.
- (v) According to the 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. Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company.
- (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, Duty of customs, Goods and Services tax, Cess and any other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of Sales-tax, Service-tax, Duty of excise and Value added tax during the year. Also refer note 34 to the financial statements.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees State Insurance, Income-tax, Duty of customs, Goods and Services tax, Cess and any other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.
- (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 2021 which have not been deposited by the Company on account of disputes are mentioned in Appendix-1.

## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

- (viii) In our opinion and according to the information and explanations given to us, the Company did not have any loans or borrowings from financial institutions or banks or government and there were no dues to debenture holders during the year.
- (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. Accordingly, para 3(ix) of the Order is not applicable to the Company.
- (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 to the Company.
- (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 all transactions have been disclosed in the Standalone 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 to the Company.
- (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/ her. Accordingly, para 3(xv) of the Order is not applicable to the Company.
- (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's Registration No: 101248W/W-100022

**Vikash Gupta**

*Partner*

Membership Number: 064597

UDIN: 21064597AAAABS6450

Place : Bengaluru

Date : 28 May 2021



## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

### Appendix-1 to the Annexure 'A' to the Independent Auditors' Report

Statute / Nature of dues	Demand amount (Rs. in lakhs)	Payment under protest/ adjusted (Rs. in lakhs)	Net amount (Rs. in lakhs)	Period to which it pertains	Forum where the dispute is pending
Income tax	16,997.75	3,499.72	13,498.03	2005-2006, 2010-2011 to 2016-17	Commissioner of Income Tax (Appeals)
	399.35	322.17	77.18	2006-2007	Assessing Officer
	1,073.58	894.97	178.62	2007-2010	Income Tax Appellate Tribunal
Sales tax/ Value added tax/Central Sales tax	12,459.84	2,150.22	10,309.62	2003-2009 and 2010-2018	Appellate Authority up to Commissioner's level
	1,439.79	644.71	795.08	2009-2012	Sales Tax Appellate Tribunal
Excise (including service tax)	135.47	-	135.47	2010-2014 and 2018	Commissioner- Appeals
	2,025.23	122.41	1,902.82	2007-2018	Customs, Excise and service tax appellate tribunal
Custom duty	1,961.51	-	1,961.51	2005-2010	Customs, Excise and service tax appellate tribunal
	16,387.03	577.01	15,810.02	2011-2014	Directorate of Revenue Intelligence

## **Annexure B to the Independent Auditors' report on the standalone financial statements of 3M India Limited for the period ended 31 March 2021**

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2 (A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

### **Opinion**

We have audited the internal financial controls with reference to financial statements of 3M India Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

### **Management's Responsibility for Internal Financial Controls**

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone 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 with reference to financial statements.

### **Meaning of Internal Financial controls with Reference to Financial Statements**

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures

## ANNEXURE 'B' TO INDEPENDENT AUDITORS' REPORT

of the company are being made only in accordance with authorisations of management and directors of the company; and

- (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone financial statements.

### Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Vikash Gupta**

*Partner*

Membership Number: 064597

UDIN: 21064597AAAABS6450

Place : Bengaluru

Date : 28 May 2021

# STANDALONE BALANCE SHEET

(Rs. in lakhs)

As at	Note	31 March 2021	31 March 2020
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	22,380.14	24,277.28
(b) Capital work-in-progress	4	2,349.66	663.79
(c) Right - of - use assets	39	2,408.94	4,352.45
(d) Intangible assets	5	34.12	34.77
(e) Financial assets			
(i) Investments	6	50,480.00	50,480.00
(ii) Loans receivable	8	840.02	1,257.29
(f) Deferred tax assets (net)	35	2,560.83	1,665.51
(g) Income tax assets (net)	35	10,754.96	9,027.15
(h) Other non-current assets	10	5,800.13	4,801.52
<b>Total non-current assets</b>		<b>97,608.80</b>	<b>96,559.76</b>
<b>(2) Current assets</b>			
(a) Inventories	11	43,027.05	41,104.12
(b) Financial assets			
(i) Trade receivables	7	46,050.86	50,658.82
(ii) Cash and cash equivalents	12	93,715.39	66,576.71
(iii) Loans receivable	8	673.37	136.36
(iv) Other financial assets	9	2,085.44	2,594.29
(c) Other current assets	10	8,501.86	7,694.21
<b>Total current assets</b>		<b>194,053.97</b>	<b>168,764.51</b>
<b>Total assets</b>		<b>291,662.77</b>	<b>265,324.27</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	13	1,126.51	1,126.51
(b) Other equity	14	221,024.23	206,349.54
<b>Total equity</b>		<b>222,150.74</b>	<b>207,476.05</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	39	1,030.90	1,749.30
(b) Provisions	15	3,831.83	2,888.00
<b>Total non-current liabilities</b>		<b>4,862.73</b>	<b>4,637.30</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	39	1,256.62	2,427.78
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises	16	1,937.18	1,362.44
- Total outstanding dues of creditors other than micro and small enterprises	16	36,800.09	27,681.56
(iii) Other financial liabilities	17	14,853.65	10,344.67
(b) Other current liabilities	18	2,777.63	3,134.86
(c) Provisions	15	4,744.63	5,980.11
(d) Income tax liabilities (net)	35	2,279.50	2,279.50
<b>Total current liabilities</b>		<b>64,649.30</b>	<b>53,210.92</b>
<b>Total liabilities</b>		<b>69,512.03</b>	<b>57,848.22</b>
<b>Total equity and liabilities</b>		<b>291,662.77</b>	<b>265,324.27</b>
Significant accounting policies	3		

See accompanying notes to the standalone financial statements

As per our report of even date attached

For B S R & Co. LLP

For and on behalf of the Board of Directors

Chartered Accountants

Firm's registration number: 101248W/W-100022

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 28 May 2021

**Ramesh Ramadurai**

Managing Director  
[DIN: 07109252]

Place: Bengaluru

Date: 28 May 2021

**Mamta Gore**

Whole-time Director &  
Chief Financial Officer  
[DIN: 08792863]

Place: Dubai

Date: 28 May 2021

**V. Srinivasan**

Company Secretary  
[M. No. A16430]

Place: Bengaluru

Date: 28 May 2021



# STANDALONE STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

For the year ended	Note	31 March 2021	31 March 2020
<b>I. Income</b>			
Revenue from operations	19	242,036.39	276,487.73
Other income	20	2,686.77	4,158.32
<b>Total income</b>		<b>244,723.16</b>	<b>280,646.05</b>
<b>II. Expenses</b>			
Cost of materials consumed	21	93,820.92	102,856.73
Purchases of stock-in-trade	22	53,534.70	59,157.11
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	2,086.59	(822.45)
Employee benefit expenses	24	33,677.10	29,782.15
Finance costs	25	243.22	361.11
Depreciation and amortisation expense	4, 5 and 39	5,967.54	5,737.70
Other expenses	26	35,149.01	51,533.39
<b>Total expenses</b>		<b>224,479.08</b>	<b>248,605.74</b>
<b>III. Profit before tax</b>		<b>20,244.08</b>	<b>32,040.31</b>
<b>IV. Tax expense :</b>			
(i) Current tax	35	6,123.41	9,335.29
(ii) Deferred tax	35	(809.42)	807.77
<b>Total tax expenses</b>		<b>5,313.99</b>	<b>10,143.06</b>
<b>V. Profit for the year</b>		<b>14,930.09</b>	<b>21,897.25</b>
<b>VI. Other comprehensive income</b>			
Items that will not be reclassified subsequently to the statement of profit or loss			
Remeasurements of net defined benefit (liability) / asset	30	(341.30)	(500.09)
Income tax relating to items that will not be reclassified subsequently to profit or loss	35	85.90	125.86
<b>Other comprehensive income, net of tax</b>		<b>(255.40)</b>	<b>(374.23)</b>
<b>VII. Total comprehensive income for the year</b>		<b>14,674.69</b>	<b>21,523.02</b>
<b>VIII. Earnings per share (Nominal value of Rs. 10 each)</b>	27		
- Basic (in Rs.)		132.53	194.38
- Diluted (in Rs.)		132.53	194.38
Significant accounting policies	3		

See accompanying notes to the standalone financial statements

As per our report of even date attached

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

Chartered Accountants

Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 28 May 2021

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 28 May 2021

**Mamta Gore**

Whole-time Director &

Chief Financial Officer

[DIN: 08792863]

Place: Dubai

Date: 28 May 2021

**V. Srinivasan**

Company Secretary

[M. No. A16430]

Place: Bengaluru

Date: 28 May 2021

## STANDALONE STATEMENT OF CHANGES IN EQUITY

(Rs. in lakhs)

Particulars	Equity share capital	Other equity				Total Other Equity	Total equity attributable to equity holders of the Company
		Surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings	Remeasurement of the net defined benefit liability / (asset), net of tax		
Balance as at 1 April 2019	1,126.51	949.90	32.25	184,187.21	(342.84)	184,826.52	185,953.03
Changes in equity for the year ended 31 March 2020							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	(374.23)	(374.23)	(374.23)
Profit for the year	-	-	-	21,897.25	-	21,897.25	21,897.25
Balance as at 31 March 2020	1,126.51	949.90	32.25	206,084.46	(717.07)	206,349.54	207,476.05
Balance as at 1 April 2020	1,126.51	949.90	32.25	206,084.46	(717.07)	206,349.54	207,476.05
Changes in equity for the year ended 31 March 2021							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	(255.40)	(255.40)	(255.40)
Profit for the year	-	-	-	14,930.09	-	14,930.09	14,930.09
Balance as at 31 March 2021	1,126.51	949.90	32.25	221,014.55	(972.47)	221,024.23	222,150.74

See accompanying notes to the standalone financial statements

As per our report of even date attached

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

Chartered Accountants

Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 28 May 2021

**Ramesh Ramadurai**

Managing Director  
[DIN: 07109252]

Place: Bengaluru

Date: 28 May 2021

**Mamta Gore**

Whole-time Director &  
Chief Financial Officer  
[DIN: 08792863]

Place: Dubai

Date: 28 May 2021

**V. Srinivasan**

Company Secretary  
[M. No. A16430]

Place: Bengaluru

Date: 28 May 2021

## STANDALONE STATEMENT OF CASH FLOW

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
<b>Cash flow from operating activities</b>		
Profit before tax	20,244.08	32,040.31
<b>Adjustments for:</b>		
Depreciation and amortisation expense	5,967.54	5,737.70
Provision for impairment of investment in subsidiary company	-	7,990.00
Provision for doubtful debts (net)	527.67	1,399.17
Liabilities no longer required written back (net)	(75.24)	(1,167.74)
Unrealised exchange loss on foreign currency transactions (net)	66.47	97.07
(Gain) / loss on disposal of property, plant and equipment	(159.75)	2.38
Interest income	(1,976.53)	(2,534.76)
Finance costs	243.22	361.11
	<b>24,837.46</b>	<b>43,925.24</b>
<b>Movements in working capital</b>		
Increase / (decrease) in trade payables	9,675.33	(3,210.46)
Increase / (decrease) in provisions	(632.65)	21.42
Increase / (decrease) in other financial liabilities and other liabilities	3,941.18	(5,272.58)
Decrease in trade receivables	4,106.70	2,565.92
Increase in inventories	(1,922.93)	(3,185.93)
Increase in loans, other financial assets, other current and non current assets	(948.45)	(659.57)
<b>Cash generated from operations activities</b>	<b>39,056.64</b>	<b>34,184.04</b>
Income tax paid, (net of refund)	(7,851.22)	(12,350.91)
<b>Net cash generated from operating activities (A)</b>	<b>31,205.42</b>	<b>21,833.13</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(4,041.72)	(1,983.52)
Proceeds from sale of property, plant and equipment	230.08	8.24
Interest received	2,221.40	2,117.06
<b>Net cash generated / (used in) from investing activities (B)</b>	<b>(1,590.24)</b>	<b>141.78</b>
<b>Cash flow from financing activities</b>		
Payment of lease liability (including interest thereon)	(2,476.50)	(2,437.24)
<b>Net cash generated / (used in) financing activities (C)</b>	<b>(2,476.50)</b>	<b>(2,437.24)</b>

## STANDALONE STATEMENT OF CASH FLOW

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
<b>Net (decrease)/ increase in cash and cash equivalents (A+B+C)</b>	<b>27,138.68</b>	<b>19,537.67</b>
Cash and cash equivalents at the beginning of the year	66,576.71	47,039.04
<b>Cash and cash equivalents at the end of the year</b>	<b>93,715.39</b>	<b>66,576.71</b>
<b>Cash and cash equivalents comprise of (refer note 12):</b>		
Cash on hand	0.25	0.09
Balances with banks:		
- in current accounts	4,715.14	11,576.62
- deposits accounts (original maturity of less than three months)	89,000.00	55,000.00
	<b>93,715.39</b>	<b>66,576.71</b>

### Debt reconciliation statement in accordance with Ind AS 7

#### Borrowings (Non-current and Current)

Opening balance	4,177.08	1,349.57
Recognition pursuant to adoption of IND AS 116	-	2,670.08
Addition to lease liability	343.72	2,275.20
Interest cost	243.22	319.47
Payment of lease liability (including interest thereon)	(2,476.50)	(2,437.24)
<b>Closing balance</b>	<b>2,287.52</b>	<b>4,177.08</b>

Significant accounting policies (Refer Note 3)

See accompanying notes to the standalone financial statements

As per our report of even date attached

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

Chartered Accountants

Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 28 May 2021

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 28 May 2021

**Mamta Gore**

Whole-time Director &

Chief Financial Officer

[DIN: 08792863]

Place: Dubai

Date: 28 May 2021

**V. Srinivasan**

Company Secretary

[M. No. A16430]

Place: Bengaluru

Date: 28 May 2021



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 1. Reporting entity

3M India Limited ('the Company') is a subsidiary of 3M Company, USA. The Company manages its operations in four operating segments: Safety & Industrial, Transportation & Electronics, Health Care and Consumer. In India, the Company has manufacturing facilities at Ahmedabad, Bangalore, Pune and has a R&D Center in Bangalore. 3M India's four 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 Ltd (BSE) and the National Stock Exchange Ltd (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, as amended notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 28 May 2021.

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 39 - leases: whether an arrangement contains a lease and 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 2022 is included in the following notes:

- Note 3(b), 4 and 5 - useful life of property, plant and equipment and intangible assets;
- Note 6 to 9 and 38 - impairment of financial assets;
- Note 30 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 3(f) and 11 - provision for inventories; and
- Note 15 and 34 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 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, the 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 29 - share-based payment arrangements and
- Note 38 - 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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### *Financial liabilities*

Financial liabilities are subsequently carried at amortized cost using the effective interest method. 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*

#### *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 capitalised 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 the Statement of profit and loss.

### ii. *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.

### iii. *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 (3-10 years) whichever is lower. Assets acquired under finance leases till previous year were 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. For the current year, refer note 3(n). Freehold land is not depreciated.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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 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.

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).

Capital work in progress includes cost of property, plant & equipment under installation/ under development as at the balance sheet date.

### (c) Intangible assets

#### *Internally generated : Research and development*

Expenditure on research activities is recognised in Statement of profit and 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 statement of 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 lives
Computer software	3 years

### (d) Investment in subsidiaries

Investment in equity shares in subsidiaries is carried at cost, less impairment, if any, in the financial statements.

### (e) 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



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in the Statement of profit and loss.

The Company at end of each reporting period evaluates, if any indicators are present which might require Company to impair its financial assets.

(ii) *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.

(f) *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.

(g) *Foreign currency transactions*

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date of 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.

(h) *Revenue recognition*

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Customers have the contractual right to return goods. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Other contract assets are classified as other assets. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. Advances received for goods and services are reported as liabilities until all conditions for revenue recognition are met.

The Company has determined that the revenues as disclosed in Note 19 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Interest income is recognized using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

### (i) 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 the Statement of profit and 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 Statement of profit and loss under '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.

### (j) 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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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 as on the date of the reporting. Any change in the fair value of the liability are recognised in the Statement of profit and loss.

### (k) 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.

The Company offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

### (l) 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.

### (m) 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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 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.

### (n) *Leases*

The company has applied Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach. At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

#### *As a lessee*

The company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, in Statement of profit and loss and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

#### *Short-term leases and leases of low-value assets*

The company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### (o) *Segment reporting*

#### *Operating segments*

The Company publishes the standalone financial statements of the Company along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the consolidated financial statements.

### (p) *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.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(q) 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.

(r) 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.

(s) Recent Indian Accounting Standards

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

*Balance Sheet:*

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- In case the Company has borrowed the funds from banks or financial institutions and have not utilized those funds for the purpose it was obtained, then the company would be required to disclose details of such utilization.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

*Statement of profit and loss:*

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the Company will evaluate and accordingly implement the same to give effect to them as required by law.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

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

Particulars	Freehold land	Buildings	Plant and machinery	Furniture & fixtures	Office equip-ment	Data pro-cessing equip-ment	Vehicles	Leasehold improve-ments	Leased Assets			Total
									Leasehold land Note below	Data processing equipment	Vehicles	
Gross block												
Balance at 31 March 2019	227.95	15,243.52	21,873.79	1,490.78	805.27	58.26	2.87	597.13	387.17	1,905.28	553.88	43,145.90
Reclassification pursuant to adoption of Ind AS 116 (refer note 39)	-	-	-	-	-	-	-	-	(387.17)	(1,905.28)	(553.88)	(2,846.33)
Adjusted balances as at 01 April 2019	227.95	15,243.52	21,873.79	1,490.78	805.27	58.26	2.87	597.13	-	-	-	40,299.57
Additions	-	38.17	2,185.26	225.09	47.04	-	-	-	-	-	-	2,495.56
Disposals	-	(0.18)	(48.65)	(10.59)	(11.47)	-	-	(6.94)	-	-	-	(77.83)
Balance at 31 March 2020	227.95	15,281.51	24,010.40	1,705.28	840.84	58.26	2.87	590.19	-	-	-	42,717.30
Additions	-	201.26	1,433.58	159.80	42.49	-	-	-	-	-	-	1,837.13
Disposals	-	(0.76)	(477.95)	(36.84)	(56.67)	(1.25)	-	(548.68)	-	-	-	(1,122.15)
Balance at 31 March 2021	227.95	15,482.01	24,966.03	1,828.24	826.66	57.01	2.87	41.51	-	-	-	43,432.28
Accumulated Depreciation												
Balance at 31 March 2019	-	2,545.28	10,339.67	815.66	708.63	58.26	2.87	597.02	15.38	822.56	313.51	16,218.84
Reclassification pursuant to adoption of Ind AS 116 (refer note 39)	-	-	-	-	-	-	-	-	(15.38)	(822.56)	(313.51)	(1,151.45)
Adjusted balances as at 01 April 2019	-	2,545.28	10,339.67	815.66	708.63	58.26	2.87	597.02	-	-	-	15,067.39
Depreciation for the year	-	640.28	2,522.09	227.87	49.58	-	-	0.01	-	-	-	3,439.83
Disposals	-	(0.03)	(44.79)	(4.24)	(11.20)	-	-	(6.94)	-	-	-	(67.20)
Balance at 31 March 2020	-	3,185.53	12,816.97	1,039.29	747.01	58.26	2.87	590.09	-	-	-	18,440.02
Depreciation for the year	-	651.04	2,712.06	250.74	50.10	-	-	-	-	-	-	3,663.94
Disposals	-	(0.09)	(408.62)	(36.65)	(56.53)	(1.25)	-	(548.68)	-	-	-	(1,051.82)
Balance at 31 March 2021	-	3,836.48	15,120.41	1,253.38	740.58	57.01	2.87	41.41	-	-	-	21,052.14

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

Carrying value (net)										
As at 31 March 2020	227.95	12,095.97	11,193.43	665.99	93.83	-	-	0.10	-	24,277.28
As at 31 March 2021	227.95	11,645.53	9,845.62	574.86	86.08	-	-	0.10	-	22,380.14
<b>Capital work-in-progress</b>										
Balance at 31 March 2019										1,019.45
Additions during the year										2,158.11
Capitalised during the year										2,513.77
Balance at 31 March 2020										663.79
Additions during the year										3,466.85
Capitalised during the year										1,780.98
Balance at 31 March 2021										2,349.66

### Note:

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 was 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. The Company has paid transfer fee of Rs. 14.30 lakhs to MIDC duly acknowledged by MIDC. A formal transfer order was received during the previous year from MIDC to transfer the name from Birla 3M Limited to 3M India Limited.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 5 Intangible assets

(Rs. in lakhs)

Particulars	Computer Software
Balance at 1 April 2019	163.64
Additions	33.00
Balance at 31 March 2020	196.64
Balance at 1 April 2020	196.64
Additions	15.71
Balance at 31 March 2021	212.35
Accumulated depreciation as on 1 April 2019	142.69
Amortisation for the year	19.18
Balance at 31 March 2020	161.87
Accumulated depreciation as on 1 April 2020	161.87
Amortisation for the year	16.36
Balance at 31 March 2021	178.23
Carrying value (net)	
As at 31 March 2020	34.77
As at 31 March 2021	34.12

### 6 Investments

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Non current investment		
Unquoted, carried at cost less provision for other than temporary impairment		
Investment in equity instruments of subsidiary;		
3M Electro & Communication India Private Limited [100% Subsidiary] [5,00,000 equity shares of Rs. 10/- each fully paid up]	50,480.00	50,480.00
	50,480.00	50,480.00
Aggregate book value of unquoted investment	58,470.00	58,470.00
Aggregate amount of impairment in value of investment	7,990.00	7,990.00
Net investment carried at cost	50,480.00	50,480.00

Refer note 40 for disclosures with respect to section 186(4) of Companies Act, 2013. Also refer note 38(B)(iv).



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 7 Trade receivables

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Considered good		
Trade receivables - secured*	575.26	479.64
Trade receivables - unsecured	46,025.63	51,892.11
Less: Provision for impairment	(550.03)	(1,712.93)
	<u>46,050.86</u>	<u>50,658.82</u>
Credit impaired	3,849.85	3,120.44
Less: Provision for impairment	(3,849.85)	(3,120.44)
	<u>-</u>	<u>-</u>
	<u>46,050.86</u>	<u>50,658.82</u>
Of the above, trade receivables from related parties are as below (also refer note 31):		
Total trade receivables from related parties	1,030.38	457.45
Loss allowance	-	-
<b>Net trade receivables</b>	<u>1,030.38</u>	<u>457.45</u>

\*These are secured against deposits taken from customers.

The Company's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 38.

### 8 Loans receivable

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
<b>Non current</b>		
<b>Unsecured, considered good</b>		
Security deposits	818.06	1,242.88
Loans to employees	21.96	14.41
	<u>840.02</u>	<u>1,257.29</u>
<b>Unsecured, considered doubtful</b>		
Security deposits	41.24	41.24
Less : Provision for impairment	(41.24)	(41.24)
	<u>-</u>	<u>-</u>
	<u>840.02</u>	<u>1,257.29</u>
<b>Current</b>		
Security deposits - unsecured	638.36	83.81
Loans to employees - unsecured	35.01	52.55
	<u>673.37</u>	<u>136.36</u>
	<u>1,513.39</u>	<u>1,393.65</u>

### 9 Other financial assets

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
<b>Current</b>		
<b>Unsecured, considered good</b>		
Interest accrued but not due	172.83	417.70
Receivables from related parties (refer note 31)	1,891.93	2,162.23
Others receivables	20.68	14.36
	<u>2,085.44</u>	<u>2,594.29</u>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 10 Other assets

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
<b>Non current</b>		
Capital advances	1,316.93	603.36
<i>Advances other than capital advances</i>		
Payments under protest*		
Unsecured, considered good	4,483.20	4,198.16
Unsecured, considered doubtful	178.93	171.50
Less: Allowance for doubtful advances	(178.93)	(171.50)
	<u>4,483.20</u>	<u>4,198.16</u>
	<u>5,800.13</u>	<u>4,801.52</u>
<b>Current</b>		
Prepayments	864.01	1,109.31
Advance for supply of goods	817.14	633.85
Balances with government authorities		
Unsecured, considered good	6,820.71	5,951.05
Unsecured, considered doubtful	540.90	548.33
Less : Allowance for doubtful receivables	(540.90)	(548.33)
	<u>6,820.71</u>	<u>5,951.05</u>
	<u>8,501.86</u>	<u>7,694.21</u>
	<u>14,301.99</u>	<u>12,495.73</u>

\*The above payments represents deposits given to government authorities.

### 11 Inventories\*

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Raw materials		
[Including in - transit Rs. 6,689.78 lakhs (2020: Rs. 6,731.11 lakhs)]	17,811.31	14,073.20
Packing materials	875.80	604.39
Work-in-progress	1,351.19	1,655.05
Finished goods	7,488.28	8,268.94
Stock-in-trade		
[Including in - transit Rs. 4,851.85 lakhs (2020: Rs. 6,584.98 lakhs)]	15,500.47	16,502.54
	<u>43,027.05</u>	<u>41,104.12</u>

\* Refer note 3(f) for mode of valuation of inventories

The write down of inventories to net realisable value during the year amounted to Rs. 814.22 lakhs (31 March 2020: Rs 431.69 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 2,001.79 lakhs (31 March 2020 : Rs. 2,564.95 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.

### 12 Cash and cash equivalents

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Cash on hand	0.25	0.09
<i>Balances with banks</i>		
- In current accounts	4,715.14	11,576.62
- Deposit accounts (original maturity of less than three months)	89,000.00	55,000.00
	<u>93,715.39</u>	<u>66,576.71</u>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 13 Equity share capital

(Rs. in lakhs except for number of shares)

As at	31 March 2021	31 March 2020
<b>Authorised :</b>		
Equity shares	1,126.51	1,126.51
[11,265,070 equity shares of Rs. 10/- each (31 March 2020 : 1,12,65,070 equity shares of Rs. 10/- each)]	<u>1,126.51</u>	<u>1,126.51</u>
<b>Issued, subscribed and paid up:</b>		
Equity shares fully paid up	1,126.51	1,126.51
[1,12,65,070 equity shares of Rs. 10/- each (31 March 2020 : 1,12,65,070 equity shares of Rs. 10/- each)]	<u>1,126.51</u>	<u>1,126.51</u>

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

	31 March 2021		31 March 2020	
	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
Shares issued during the year	-	-	-	-
Closing balance at the end of the year	<u>1,12,65,070</u>	<u>1,126.51</u>	<u>1,12,65,070</u>	<u>1,126.51</u>

#### (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 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
3M Company, USA	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 2021		31 March 2020	
	Number of shares	% holding	Number of shares	% holding
3M Company, USA (Holding Company)	84,48,802	75%	84,48,802	75%

#### (e) There has been no buyback of shares, issues of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the date of the balance sheet.

### 14 Other equity

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
(i) Securities premium reserve	949.90	949.90
(ii) General reserve	32.25	32.25
(iii) Remeasurement of defined benefit plans, net of tax effect	(972.47)	(717.07)
(iv) Retained earnings	221,014.55	206,084.46
	<u>221,024.23</u>	<u>206,349.54</u>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Nature and purpose of other equity

#### (i) 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.

#### (ii) General reserve:

General reserve comprises of the reserve generally available to the shareholders of the Company

#### (iii) Other comprehensive income:

Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other equity' and subsequently not reclassified to the Statement of profit and loss and will be reclassified to retained earnings.

#### (iv) Retained earnings:

The cumulative gain or loss arising from the operations which is retained by the Company is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the Statement of profit and loss to retained earnings.

### 15 Provisions

(Rs. in lakhs)

As at	31 March 2021		31 March 2020	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 30)	-	3,213.48	-	2,294.26
Compensated absences	57.83	527.78	59.42	503.17
Others (refer note 36)				
Provision for asset retirement obligation	-	90.57	-	90.57
Sales tax, service tax and other litigations	2,300.47	-	2,191.49	-
Provision for sales return and volume rebate	2,386.33	-	3,729.20	-
	<u>4,744.63</u>	<u>3,831.83</u>	<u>5,980.11</u>	<u>2,888.00</u>

### 16 Trade payables

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Total outstanding dues of micro and small enterprises (Refer note (a) below)	1,937.18	1,362.44
Total outstanding dues of creditors other than micro and small enterprises*	36,800.09	27,681.56
	<u>38,737.27</u>	<u>29,044.00</u>

#### Note (a)

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

- Principal	1,937.18	1,362.44
- Interest	4.33	22.05
- The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year
 

- Interest	27.79	99.98
- Principal	10,524.28	27,050.92



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

3.	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.	The amount of interest accrued and remaining unpaid at the end of each accounting year	4.33	22.05
5.	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.	25.99	49.45

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 31)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 38.

### 17 Other financial liabilities

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Deposits from customers	846.50	813.38
Creditors for capital goods	346.69	136.12
Payroll related liabilities	5,252.45	2,537.50
Intercompany payables (refer note 31)	2,556.45	1,233.86
Accrued expenses	5,509.13	5,380.83
Other payables	342.43	242.98
	<b>14,853.65</b>	<b>10,344.67</b>

The Company's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note 38.

### 18 Other current liabilities

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Advance from customers	249.68	204.81
Statutory liabilities	2,527.95	2,930.05
	<b>2,777.63</b>	<b>3,134.86</b>

### 19 Revenue from operations

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Sale of products		
Finished goods	145,439.21	156,512.82
Traded goods	92,985.73	116,633.48
Sale of services*	3,437.43	3,127.16
Other operating revenue		
Income from duty drawback	-	77.05
Scrap sales	174.02	137.22
	<b>242,036.39</b>	<b>276,487.73</b>

\* Sale of services includes income from contract research Rs. 1,345.01 lakhs (31 March 2020 : Rs. 1,984.76 lakhs) and management support service fee of Rs. 2,092.42 lakhs (31 March 2020 : Rs. 1,142.40 lakhs). Also refer note 28 and 31.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Disaggregation of revenue from operations:

(Rs. in lakhs)

Business Segments	31 March 2021	31 March 2020
Safety and Industrial	90,245.49	96,893.89
Transportation and Electronics	87,642.35	101,970.45
Health Care	30,309.56	43,448.06
Consumer	31,286.00	31,966.12
Others	2,552.99	2,209.21
<b>Total</b>	<b>242,036.39</b>	<b>276,487.73</b>

### Reconciliation of revenue from sale of products with the Contracted Price

<b>Contracted Price</b>	<b>252,956.64</b>	<b>292,286.99</b>
Less: Reduction towards volume rebates	(7,735.51)	(11,085.66)
Less: Reduction primarily towards sales returns and others	(3,184.74)	(4,713.60)
<b>Revenue recognised</b>	<b>242,036.39</b>	<b>276,487.73</b>

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognize those revenues, the Company has applied the practical expedient in Ind AS 115. Accordingly, the Company has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving event based contracts.

No entity individually accounted for more than 10% of the revenues during the years ended 31 March 2021 and 31 March 2020.

### 20 Other income

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Interest income from financial assets carried at amortised cost	1,976.53	2,534.76
Liabilities no longer required written back (net)	75.24	1,167.74
Gain on disposal of property, plant and equipment (net)	159.75	-
Miscellaneous income	475.25	455.82
	<b>2,686.77</b>	<b>4,158.32</b>

### 21 Cost of materials consumed

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Inventory of materials at the beginning of the year	14,677.59	12,314.11
Add: Purchases (also refer note 31)	97,830.44	1,05,220.21
Less: Inventory of materials at the end of the year	(18,687.11)	(14,677.59)
	<b>93,820.92</b>	<b>1,02,856.73</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 22 Purchases of stock-in-trade

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Abrasive	8,918.84	2,155.86
Fusion bonded epoxy coating	1,826.49	5,123.57
Medical surgical and dental products	7,636.89	11,238.21
Self adhesive films	12,156.17	10,842.09
Others	22,996.31	29,797.38
	<b>53,534.70</b>	<b>59,157.11</b>

Also refer note 31.

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

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Opening inventory		
- Finished goods	8,268.94	13,006.15
- Stock-in-trade	16,502.54	11,349.33
- Work-in-progress	1,655.05	1,248.60
	<b>26,426.53</b>	<b>25,604.08</b>
Closing inventory		
- Finished goods	7,488.28	8,268.94
- Stock-in-trade	15,500.47	16,502.54
- Work-in-progress	1,351.19	1,655.05
	<b>24,339.94</b>	<b>26,426.53</b>
<b>Decrease / (increase) in inventory</b>	<b>2,086.59</b>	<b>(822.45)</b>

### 24 Employee benefit expenses

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Salaries, wages and bonus	28,780.02	26,263.81
Contribution to provident and other funds (refer note 30)	1,941.19	1,941.57
Share based payment expenses (refer note 29)	1,230.66	(573.47)
Staff welfare expenses	1,725.23	2,150.24
	<b>33,677.10</b>	<b>29,782.15</b>

### 25 Finance costs

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Finance costs on finance lease obligations	243.22	319.47
Interest expense on financial liability measured at amortised cost	-	41.64
	<b>243.22</b>	<b>361.11</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 26 Other expenses

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Consumption of stores and spares	678.51	699.43
Power and fuel	1,208.23	1,557.43
Water charges	50.60	46.46
Rent (refer note 39)	195.07	302.48
Repairs and maintenance		
- Plant and machinery	726.44	706.71
- Building	379.44	365.58
- Others	134.40	77.50
Insurance	262.52	199.00
Rates and taxes	291.50	253.04
Communication expenses	204.23	220.50
Travel and conveyance	227.61	2,168.74
Legal and professional charges (refer note (a) below)	1,229.26	1,159.94
Selling, distribution and advertisement expenses	5,131.63	6,752.49
Commission	212.51	350.93
Freight outward	5,476.37	5,501.26
Royalty (refer note 28 (a) and 31)	2,969.87	3,820.22
Corporate management fees (refer note 28 (b)(i) and 31)	10,327.30	11,790.19
Directors' sitting fees	10.00	10.00
Provision for impairment of investment in subsidiary company (refer note 38(B)(iv))	-	7,990.00
Provision for doubtful debts (net)	527.67	1,399.17
Exchange loss on foreign currency transactions (net)	232.87	1,521.16
Expenditure towards corporate social responsibility activities (refer note 33)	868.15	897.75
Loss on disposal of property, plant and equipment (net)	-	2.38
Miscellaneous expenses	3,804.83	3,741.03
	<b>35,149.01</b>	<b>51,533.39</b>

#### (a) Payment to auditors #

(Rs. in lakhs)

	31 March 2021	31 March 2020
As auditors:		
Audit and limited review fee	102.00	102.00
Tax audit fee	8.00	8.00
Others	7.25	5.60
Reimbursement of out-of-pocket expenses	3.86	3.00
<b>Total</b>	<b>121.11</b>	<b>118.60</b>

# Excluding goods and service tax.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 27 Earnings per share

(Rs. in lakhs except for number of shares)

For the year ended	31 March 2021	31 March 2020
Net profit attributable to equity shareholders	14,930.09	21,897.25
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.)	132.53	194.38
Diluted earnings per share (Rs.)	132.53	194.38

### 28 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. 2,969.87 lakhs for the year ended 31 March 2021 (31 March 2020: Rs. 3,820.22 lakhs) and disclosed as Royalty under other expenses (refer note 26).
- b)(i) *Support services and corporate management fees* - In order to avail economies of scale, the Company has entered into inter-company services support services agreement with 3M Global Service Center Management 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 2019. The Company is charged with comprehensive support services charges by 3M Global Service Center Management Company 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 and Outsourced Services of Transaction Processing on competitive conditions. This agreement supersedes the agreement entered by the Company with 3M Company, USA dated 1 April 2009, 3M Asia Pacific Pte Limited dated 1 January 2003 and 3M Hong Kong Ltd with effect from 1 January 2011.

The Company has incurred the following expenditure:

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Corporate management fee	10,327.30	11,790.19
- Foreign services employees expense are included in employee costs amounting to	237.25	434.78

The Company has accrued an amount of Rs. 2,874.34 lakhs (31 March 2020 : Rs. 3,170.43 lakhs) in respect of estimated liability for the above services during period 1 January 2021 to 31 March 2021, the actual liability would be ascertained by December 2021.

- (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 recharged Rs. 750.38 lakhs (31 March 2020 : Rs. 1,382.29 lakhs).
- (iii) The support service agreement enables the Company to invoice expenses relating to management support fee to 3M Company and its affiliates. During the year, the Company has recognised an income of Rs. 2,092.42 lakhs (31 March 2020 : Rs. 1,142.40 lakhs).
- c) *Contract research agreement* – 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. 1,345.01 lakhs (31 March 2020 : Rs. 1,984.76 lakhs).

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 29 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. 336.40 lakhs** (2020: Rs. 327.47 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of **Rs. 24.98 lakhs** (2020: Rs. 28.77 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. As of the year end a sum of **Rs. 2,220.61 lakhs** (2020: Rs. 900.21 lakhs) is liability and the same is included under 'Other financial liabilities' (refer note 17).

#### 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 as on 31 March 2021.

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 2021	31 March 2020
Fair value (in \$)	35.08	12.79
Share price (in \$)	192.68	133.24
Expected volatility (%)	22.57%	19.69%
Expected life (years)	6.90 years	6.54 years
Expected dividends (%)	2.84%	2.65%
Risk free interest rate (%)	0.77%	1.39%

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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### C. Reconciliation of outstanding share options

The activity in the cash-settled share based payment transactions during the year ended 31 March 2021 is set out below:

	31 March 2021		31 March 2020	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
<b>Stock appreciation right</b>				
Outstanding at the beginning	62,788	-	75,362	-
Granted	7,039	-	8,744	-
Forfeited and expired	2,063	-	2,726	-
Exercised	2,002	-	18,592	-
Outstanding at the end	<b>65,762</b>	<b>-</b>	<b>62,788</b>	<b>-</b>
<b>Exercisable at the end</b>	<b>54,641</b>		<b>45,840</b>	
<b>Restricted stock unit</b>				
Outstanding at the beginning	7,281	-	6,119	-
Granted	2,865	-	3,258	-
Forfeited and expired	1,427	-	54	-
Exercised	1,388	-	2,042	-
Outstanding at the end	<b>7,331</b>	<b>-</b>	<b>7,281</b>	<b>-</b>
<b>Exercisable at the end</b>	<b>4,832</b>		<b>-</b>	

### D. Expense recognised in Statement of profit and loss

An amount of **Rs. 1,230.66 lakhs** has been debited (31 March 2020: Rs. 573.47 lakhs has been credited) to the Statement of profit and loss for the year and included under Employee benefit expenses.

### E. The weighted average share price at the date of exercise with regards to SARs and RSUs exercised during the year is USD 167.13 and USD 181.05 respectively.

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

## 30 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 Ltd Employees Superannuation Fund Trust. 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 2021	31 March 2020
Provident fund	1,251.41	1,289.52
Superannuation fund	111.33	115.34
Employee State Insurance Corporation	0.53	0.48
	<b>1,363.27</b>	<b>1,405.34</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### (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 Ltd Employees Gratuity Fund Trust. Trustees administer contributions made to the trust. As of 31 March 2021 and 31 March 2020, the plan assets have been primarily invested in insurer managed funds.

(Rs. in lakhs)

<b>A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Obligation at the beginning of the year	4,883.23	4,290.66
Current service cost	434.51	408.32
Interest cost	282.14	305.47
Actuarial loss / (gains) - experience	117.31	46.38
Actuarial (gain) / loss - demographic assumptions	(11.29)	-
Actuarial loss / (gains) - financial assumptions	444.01	375.21
Benefits paid	(1,036.45)	(542.81)
<b>Obligation at the end of the year</b>	<b>5,113.46</b>	<b>4,883.23</b>
<b>B. Reconciliation of opening and closing balances of the fair value of plan assets</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Plan assets at the beginning of the year	2,588.97	2,182.72
Interest income on plan assets	138.73	177.56
Contribution by the Company	-	850.00
Remeasurements- Return on plan assets excluding amounts included in interest income	208.73	(78.50)
Benefits paid	(1,036.45)	(542.81)
<b>Plan assets at the end of the year</b>	<b>1,899.98</b>	<b>2,588.97</b>
<b>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</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Present value of obligation at the end of the year	5,113.46	4,883.23
Fair value of plan assets at the end of the year	(1,899.98)	(2,588.97)
<b>Net defined benefit obligation</b>	<b>3,213.48</b>	<b>2,294.26</b>
<b>D. Expenses recognized in the Statement of profit and loss</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Current service cost	434.51	408.32
Interest cost	282.14	305.47
Interest income on plan assets	(138.73)	(177.56)
	<b>577.92</b>	<b>536.23</b>
<b>E. Remeasurements recognized in Other comprehensive income</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Actuarial losses on defined benefit obligation	550.03	421.59
Actuarial losses / (gains) on plan assets	(208.73)	78.50
	<b>341.30</b>	<b>500.09</b>
<b>F. Investment details of plan assets</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
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)	0.35%	0.54%
Fund balance with Insurance companies	99.65%	99.46%
	<b>100.00%</b>	<b>100.00%</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

G. Assumptions	31 March 2021	31 March 2020
Discount rate (per annum)	6.80%	6.70%
Rate of escalation in salary (per annum)	Production - 10% Others - 6%	6.00%
Retirement age (in years)	60 years	60 years
Mortality rates	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal rates		
Under 30 years	Staff - 20% Production - 1%	Staff - 15% Production - 15%
31-34 years	Staff - 10% Production - 1%	Staff - 10% Production - 10%
35-44 years	Staff - 5% Production - 0.5%	Staff - 5% Production - 5%
45-50 years	Staff - 5% Production - 0.5%	Staff - 3% Production - 3%
51-54 years	Staff - 1% Production - 0%	Staff - 2% Production - 2%
55-60 years	Staff - 1% Production - 0%	Staff - 1% Production - 1%
		(Rs. in lakhs)

H. Sensitivity analysis	31 March 2021	31 March 2020
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	(509.73)	(413.96)
Effect on defined benefit obligation due to 1% decrease in discount rate	603.68	480.13
B. Salary escalation rate		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate on production and other	594.46	478.94
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate on production and other	(512.48)	(420.38)
		(Rs. in lakhs)

I. Maturity profile of defined benefit obligation	Amount
1. March 31, 2022	206.50
2. March 31, 2023	376.34
3. March 31, 2024	248.53
4. March 31, 2025	635.49
5. March 31, 2026	383.43
6. March 31, 2027 to March 31, 2031	2,724.04

### 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 2021: Rs. Nil) is expected to be paid to the plans during the year ending 31 March 2022.



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 31 Related party transaction

Names of related parties and nature of relationship:

i) Holding company	3M Company, USA	
ii) Wholly owned subsidiary	3M Electro & Communication India Private Limited	
iii) Fellow subsidiaries (with whom transactions have occurred during the year)	3M China Limited	3M Lanka Private Limited
	3M Thailand Limited	Dyneon B.V.
	3M France S.A	3M Belgium S.A./N.V.
	3M Gulf Limited	3M Singapore Pte. Ltd.
	3M Asia Pacific Pte. Ltd	Sumitomo 3M Limited
	P.T. 3M Indonesia	3M Taiwan Limited
	3M APAC RDC Pte Limited	3M Technologies (S) Pte Ltd
	3M Australia Pty. Limited	3M Philippines, Inc.
	3M Canada Company	3M Pakistan Private Limited
	3M Do Brasil Limitada	3M International Trading (Shanghai) Co., Ltd
	3M EMEA, GmbH	3M Panama Pacifico S Der L.
	3M Espana, S.A.	3M Panama S.A
	3M Hong Kong Limited	3M Vietnam Limited
	3M Innovation Singapore Pte Limited	3M Hellas Limited
	3M Italia S.P.A.	3M Germany Hilden GmbH
	3M Malaysia Sdn. Bhd.	3M Innovation (Thailand) Co. Ltd.
	3M Korea Limited	3M UK Holdings Limited
	3M Korea Health & Safety Ltd	3M Wendt GmbH
	3M Korea High Tech, Korea	3M Winterthur Technologies AG
	3M United Kingdom PLC	3M Touch System Singapore PTE
	3M ESPE Dental AG	3M Peru S.A
	Dyneon GmbH	3M Svenska AB
	3M Unitek Corporation	3M International Group B.V.
	3M Material Tech(Guangzhou) Co., Limited	Emfi S.A.
	3M Wroclaw SP. Z O.O.	3M Matl Tech Suzhou Co Ltd
	3M South Asia Manufacturing Company Private Limited	3M Material Tech Hefei Co Ltd
	3M Saudi Arabia	Winterthur Tech Taican Co Ltd
	3M Speciality Materials (Shanghai) Co. Ltd.	3M Health Care Ltd, Japan
	Trimodal Softech Solutions Private Limited	Capital Safety Products India Private Limited
	3M Global Service Management Company	3M Wendt GmbH
	3M New Zealand	3M Sanayi As Ticaret
	3M Japan Ltd	
iv) Post employment benefit plan entities	3M India Ltd Employees Gratuity Fund Trust	3M India Limited Employees Superannuation Fund Trust

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- v) Key management personnel **Executive Directors**  
 Ramesh Ramadurai (Managing Director)  
 B V Shankaranarayana Rao (Whole- time Director) (upto 13 May 2020)  
 Mamta Gore (Chief Financial Officer)  
 (Whole-time Director effective 01 September 2020)
- Non-executive Directors**  
 Amit Laroya  
 Debarati Sen (from 01 June 2019 till 02 March 2020)  
 Bharat D. Shah  
 Biren Gabhawala  
 Radhika Rajan  
 Sadhana Kaul (Resigned effective 05 May 2020)  
 Jongho Lee
- Others**  
 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	31 March 2021	31 March 2020
<b>Trade payables</b>		
3M Company, USA	9,082.31	9,846.95
3M APAC RDC Pte Limited	756.49	1,186.22
3M Australia Pty. Limited	8.39	0.56
3M Canada Company	810.00	829.20
3M China Limited	404.88	596.87
3M Do Brasil Limitada	74.76	87.35
3M Electro & Communication India Private Limited	-	11.97
3M EMEA, GmbH	2,709.33	2,765.31
3M Gulf Limited	-	70.63
3M Hong Kong Limited	243.16	75.01
3M Innovation Singapore Pte Limited	6,506.74	3,754.81
3M International Trading (Shanghai) Co., Ltd.	-	1.96
3M Korea Limited	957.88	164.45
3M Korea High Tech, Korea	71.19	79.60
3M Technologies (S) Pte Ltd	67.03	-
3M Innovation (Thailand) Co. Ltd.	3.44	-
P.T. 3M Indonesia	6.98	-
3M Vietnam Limited	8.01	-
3M Malaysia Sdn. Bhd.	6.70	-
3M Material Tech(Guangzhou) Co., Limited	-	50.92
3M New Zealand	0.27	-
3M Panama Pacifico S Der L.	17.13	84.57

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
3M Singapore Pte. Ltd.	-	122.75
3M Speciality Materials (Shanghai) Co. Ltd.	615.14	380.71
3M Taiwan Limited	2.96	2.63
3M Thailand Limited	38.67	53.90
3M United Kingdom Plc	-	2.40
3M Unitek Corporation	15.13	38.05
Dyneon GmbH	-	14.22
Dyneon B.V.	22.90	-
3M Matl Tech Suzhou Co Ltd	-	249.02
3M Material Tech Hefei Co Ltd	389.17	204.51
Winterthur Tech Taican Co Ltd	82.15	39.77
Emfi S.A	255.55	152.32
3M Wendt GmbH	3.41	-
Sumitomo 3M Limited	-	35.31
3M Health Care Ltd, Japan	2,121.80	1,468.42
	<b>25,281.57</b>	<b>22,370.39</b>
<b>Other financial liabilities</b>		
3M Company, USA	2,024.94	1,071.76
3M Korea Limited	155.18	-
P.T. 3M Indonesia	183.20	-
3M Singapore Pte. Ltd.	193.13	162.10
	<b>2,556.45</b>	<b>1,233.86</b>
<b>Trade receivables</b>		
3M Company, USA	63.85	10.91
3M Electro & Communication India Private Limited	0.23	5.74
3M EMEA, GmbH	168.14	0.73
3M Gulf Limited	-	2.83
3M Hong Kong Limited	11.23	10.27
3M Innovation Singapore Pte Limited	63.47	-
3M Korea Limited	3.36	-
3M Malaysia Sdn. Bhd.	12.63	0.85
3M Philippines, Inc.	1.06	-
3M Singapore Pte. Ltd.	-	27.26
3M Speciality Materials (Shanghai) Co. Ltd.	-	8.67
3M Sanayi As Ticaret	165.11	-

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
3M Thailand Limited	231.12	54.82
3M Vietnam Limited	99.33	71.92
3M Saudi Arabia	-	119.53
P.T. 3M Indonesia	3.96	143.63
3M Peru S.A	0.78	-
3M Innovation (Thailand) Co. Ltd.	170.07	-
3M Technologies (S) Pte Ltd	32.34	-
3M Australia Pty. Limited	0.15	-
Sumitomo 3M Limited	3.55	0.29
	<b>1,030.38</b>	<b>457.45</b>
<b>Other financial assets</b>		
3M Company, USA	344.35	450.55
3M China Limited	161.74	73.22
3M Electro & Communication India Private Limited	136.37	-
3M Korea Limited	-	250.40
3M Philippines, Inc.	207.49	114.01
3M Thailand Limited	53.29	39.19
3M Lanka Private Limited	10.24	-
P.T. 3M Indonesia	-	215.20
3M Malaysia Sdn. Bhd.	-	27.80
Trimodal Softech Solutions Private Limited	18.07	70.35
3M Global Service Management Company	780.63	299.35
3M International Trading (Shanghai) Co., Ltd.	37.07	534.75
3M South Asia Manufacturing Company Private Limited	142.67	87.41
	<b>1,891.93</b>	<b>2,162.23</b>

Details of the related party transactions entered into by the company are as follows:

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
<b>Remuneration paid to Key management personnel #</b>		
Debarati Sen	-	362.39
Ramesh Ramadurai	307.97	383.96
B V Shankaranarayana Rao	131.03	560.30
Mamta Gore	468.27	405.21
V. Srinivasan	52.18	50.73
	<b>959.45</b>	<b>1,762.59</b>

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### Sitting fees and commission paid to Key management personnel

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
Bharat D. Shah	21.80	21.60
Biren Gabhawala	21.60	21.40
Radhika Rajan	21.00	21.00
	<b>64.40</b>	<b>64.00</b>

### Sales of products (net of returns)

3M Company, USA	88.16	118.06
3M Gulf Limited	-	20.91
3M Thailand Limited	549.18	434.28
3M Malaysia Sdn. Bhd.	121.13	50.50
3M Korea Limited	40.99	122.75
P.T. 3M Indonesia	64.63	423.56
3M EMEA, GmbH	173.62	86.87
3M Pakistan Private Limited	-	23.82
3M Lanka Private Limited	-	(2.79)
3M China Limited	0.37	-
3M Electro & Communication India Private Limited	3.05	9.33
3M Hong kong Limited	23.97	32.45
3M Technologies (S) Pte Ltd	108.17	-
3M Taiwan Limited	3.78	14.24
3M Philippines, Inc.	3.38	-
3M Australia Pty. Limited	343.17	-
3M Vietnam Limited	289.61	306.66
3M Sanay AS Ticaret	186.90	-
3M Singapore Pte. Ltd.	33.87	0.06
Sumitomo 3M Limited	11.49	102.64
3M Saudi Arabia	334.47	362.91
3M Asia Pacific Pte. Ltd	83.52	92.29
3M Do Brasil Limitada	-	20.93
3M Peru S.A	0.78	-
3M New Zealand	35.98	-
	<b>2,500.22</b>	<b>2,219.47</b>

### Contributions during the year

3M India Ltd Employees Gratuity Fund Trust	-	850.00
3M India Ltd Employees Superannuation Fund Trust	111.33	115.34
	<b>111.33</b>	<b>965.34</b>

### Income from contract research

3M Company, USA	1,345.01	1,984.76
	<b>1,345.01</b>	<b>1,984.76</b>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
<b>Income from management support services</b>		
3M Company, USA	-	911.53
3M Global Service Management Company	1,936.75	-
3M South Asia Manufacturing Company Private Limited	132.24	69.92
3M Lanka Private Limited	10.24	-
Capital Safety Products India Private Limited	2.02	1.20
Trimodal Softech Solutions Private Limited	11.17	159.75
	<b>2,092.42</b>	<b>1,142.40</b>
<b>Reimbursement of expenses received</b>		
3M Company, USA	-	854.87
3M Global Service Management Company	1,300.26	-
P.T. 3M Indonesia	361.03	505.46
3M Korea Limited	290.41	482.18
3M Singapore Pte. Ltd.	48.14	295.99
3M Thailand Limited	107.99	153.03
3M Philippines, Inc.	-	172.27
3M Malaysia Sdn. Bhd.	-	88.26
3M China Limited	50.09	132.24
3M Electro & Communication India Private Limited	677.31	202.06
	<b>2,835.23</b>	<b>2,886.36</b>
<b>Purchase of materials (net of returns)</b>		
3M Company, USA	28,644.41	35,719.78
3M APAC RDC Pte Limited	3,389.81	7,568.39
3M Australia Pty. Limited	21.50	0.56
3M Belgium S.A./N.V.	21.38	14.43
3M Canada Company	1,432.94	2,522.81
3M China Limited	1,743.32	1,686.62
3M Do Brasil Limitada	242.38	348.05
3M EMEA, GmbH	5,769.12	4,733.69
3M ESPE Dental AG	346.14	798.58
3M France S.A	183.70	504.59
3M Germany Hilden GmbH	1,540.13	2,765.18
3M Hong Kong Limited	590.36	182.60
3M Innovation (Thailand) Co. Ltd.	46.51	3.15
3M Innovation Singapore Pte Limited	29,601.26	22,853.86
3M Italia S.P.A.	16.60	27.35
3M Japan Ltd	213.60	-
3M Korea Health & Safety Ltd	0.86	-
3M Vietnam Limited	37.32	7.13

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
3M Korea Limited	1,176.10	1,187.74
3M Malaysia Sdn. Bhd.	13.61	9.70
3M Material Tech(Guangzhou) Co., Limited	434.15	55.28
3M New Zealand	3.63	-
3M Panama S.A	218.39	474.78
3M Philippines, Inc.	0.54	8.66
3M Speciality Materials (Shanghai) Co. Ltd.	2,204.28	821.62
3M Taiwan Limited	99.07	84.50
3M Technologies (S) Pte Ltd	39.28	1.41
3M Thailand Limited	429.20	258.47
3M UK Holdings Limited	-	321.39
3M United Kingdom PLC	178.16	-
3M Unitek Corporation	135.38	201.42
3M Wendt GmbH	-	9.19
3M Winterthur Technologies AG	802.17	228.29
3M Wroclaw SP. Z O.O.	2,039.60	592.43
3M Material Tech Hefei Co Limited	2,200.68	546.32
Dyneon B.V.	-	16.40
Dyneon GmbH	-	1,768.68
3M International Trading (Shanghai) Co., Ltd	110.18	29.30
3M Korea Hightech Limited	455.84	361.30
3M Singapore Pte. Ltd.	410.28	330.58
3M Touch System Singapore PTE	-	-
3M Wendt GmbH	21.28	-
3M Svenska AB	-	300.17
3M Electro & Communication India Private Limited	2.12	-
Emfi S.A.	695.08	-
P.T. 3M Indonesia	122.13	-
Sumitomo 3M Limited	6,777.23	6,029.18
	<b>92,409.73</b>	<b>93,373.58</b>
<b>Corporate management fees</b>		
3M Global Service Management Company	10,327.30	11,790.19
	<b>10,327.30</b>	<b>11,790.19</b>
<b>Royalty</b>		
3M Company, USA	2,969.87	3,820.22
	<b>2,969.87</b>	<b>3,820.22</b>
<b>Recharges of expenses paid</b>		
3M Company, USA	50.44	209.82
3M Gulf Limited	186.81	224.96
	<b>237.25</b>	<b>434.78</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 32 Segment Reporting

In accordance with Ind AS 108 'Operating segments', segment information are included in the consolidated financial statement of the Company and therefore no separate disclosure on segment information has been given in these standalone financial statement.

### 33 Corporate social responsibility

During the year, the amount required to be spent on corporate social responsibility activities amounted to **Rs. 865.03 lakhs** (31 March 2020: Rs. 897.57 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 2021	31 March 2020
(i) Amount spent other than for construction / acquisition of any asset	868.15	897.75
(ii) Amount not spent	-	-
<b>Total</b>	<b>868.15</b>	<b>897.75</b>

### 34 Contingent liabilities and commitments:

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
a) Guarantees:		
- Issued by Company's bankers	5,679.48	4,863.30
b) Claims against the Company not acknowledged as debts:		
- Income tax demand (including interest) (refer note (i) below)	17,174.20	18,470.69
- Custom duty demands (refer note (ii) and (iii) below)	18,348.54	18,348.54
- Sales tax matters (refer note (iv) below)	2,880.51	3,570.02
- Service tax matters (refer note (v) below)	917.01	917.01
- Central excise duty matters (refer note (vi) below)	1,217.13	1,295.10
c) Bills discounted	-	200.79

#### 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.1,961.50 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 was issued a Show Cause Notice dated 8 December 2016 by the Directorate of Revenue Intelligence (DRI) in relation to levy of customs duty on inter-company transactions for import of goods and services and hence proposing to demand differential duty of customs covering the transactions during the period 8 December 2011 to 7 February 2014. The Company has received an order in original on 1 October 2017 from Additional Director General – DRI (Adjudication), Mumbai confirming the demand raised for custom duty in show cause notice amounting to Rs.7,693.52 lakhs, penalty equivalent to the custom duty amount and additional penalty and interest of Rs.1,000 lakhs. The Company has filed an appeal against this order with CESTAT, Mumbai after making payment of mandatory deposit of Rs.577 lakhs which is not included in the amount above.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

- (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 2003-04 to 2017-18. 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.
- (vii) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement in the previous year. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

Capital commitments	31 March 2021	31 March 2020
Estimated value of contracts in capital account remaining to be executed	2,031.25	1,164.40

During the year ended 31 March 2021, no material foreseeable loss (previous year: nil) was incurred for any long-term contract including derivative contracts.

### 35 Tax expenses

#### (a) Amount recognised in Statement of profit and loss (Rs. in lakhs)

	31 March 2021	31 March 2020
Current tax	6,123.41	9,335.29
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	(809.42)	807.77
<b>Tax expense for the year</b>	<b>5,313.99</b>	<b>10,143.06</b>

Note: The Company elected to exercise the option permitted under section 115BBA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

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

	31 March 2021	31 March 2020
Profit before tax	20,244.08	32,040.31
Tax at statutory income tax rate 25.168% (31 March 2020 - 25.168%)	25.168% 5,095.03	25.168% 8,063.91
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:</i>		
Non-deductible expenses	1.08% 219.34	0.41% 130.75
Impact due to change in tax rate	- -	1.97% 629.99
Provision for impairment of investment in subsidiary company	- -	4.04% 2,010.92
Others	0.00% (0.38)	(2.16%) (692.51)
<b>Income tax expense</b>	<b>26.25% 5,313.99</b>	<b>29.42% 10,143.06</b>

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax (assets)/liabilities net	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Property, plant and equipment	-	-	844.34	1,102.25	844.34	1,102.25
Employee benefits expense	1,056.16	772.30	-	-	(1,056.16)	(772.30)
Provisions	2,349.01	1,995.46	-	-	(2,349.01)	(1,995.46)
	<u>3,405.17</u>	<u>2,767.76</u>	<u>844.34</u>	<u>1,102.25</u>	<u>(2,560.83)</u>	<u>(1,665.51)</u>

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

Particulars	Balance as at 1 April 2019	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2020
Property, plant and equipment	2,009.81	(907.56)	-	1,102.25
Employee benefits expense	(1,011.74)	365.30	(125.86)	(772.30)
Provisions	(3,345.49)	1,350.03	-	(1,995.46)
	<u>(2,347.42)</u>	<u>807.77</u>	<u>(125.86)</u>	<u>(1,665.51)</u>

(Rs. in lakhs)

Particulars	Balance as at 1 April 2020	Recognised in profit or loss	Recognised in OCI	Balance as at 31 March 2021
Property, plant and equipment	1,102.25	(257.91)	-	844.34
Employee benefits expense	(772.30)	(197.96)	(85.90)	(1,056.16)
Provisions	(1,995.46)	(353.55)	-	(2,349.01)
	<u>(1,665.51)</u>	<u>(809.42)</u>	<u>(85.90)</u>	<u>(2,560.83)</u>

**(e) Details of income tax assets and income tax liabilities** (Rs. in lakhs)

	31 March 2021	31 March 2020
Income tax assets (net)	10,754.96	9,027.15
Current tax liabilities (net)	(2,279.50)	(2,279.50)
<b>Net current income tax asset/ (liability) at the end of the year</b>	<u>8,475.46</u>	<u>6,747.65</u>

**(f) The gross movement in the current income tax asset / (liability)** (Rs. in lakhs)

	31 March 2021	31 March 2020
Net current income tax asset / (liability) at the beginning of the year	6,747.65	3,732.03
Income tax paid	7,851.22	12,350.91
Current income tax expense	(6,123.41)	(9,335.29)
<b>Net current income tax asset/ (liability) at the end of the year</b>	<u>8,475.46</u>	<u>6,747.65</u>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 36 Movement in provisions

(Rs. in lakhs)

Particulars	1 April 2020	Addition	Utilisation/ reversals	31 March 2021
a) Asset retirement obligation	90.57	-	-	90.57
b) Sales tax, service tax and other litigations	2,191.49	120.51	11.53	2,300.47
c) Provision for sales return and volume rebate	3,729.20	2,386.33	3,729.20	2,386.33
	<u>6,011.26</u>	<u>2,506.84</u>	<u>3,740.73</u>	<u>4,777.37</u>

(Rs. in lakhs)

Particulars	1 April 2019	Addition	Utilisation/ reversals	31 March 2020
a) Asset retirement obligation	90.55	0.02	-	90.57
b) Sales tax, service tax and other litigations	3,179.85	696.00	1,684.36	2,191.49
c) Provision for sales return and volume rebate	3,411.58	3,729.20	3,411.58	3,729.20
	<u>6,681.98</u>	<u>4,425.22</u>	<u>5,095.94</u>	<u>6,011.26</u>

### 37 Capital management

The Company's policy is to maintain a stable 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 debt to total equity ratio.

For the purpose of debt to total equity ratio, debt is debt as considered under long-term, short-term borrowings and lease liabilities. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2021 and 31 March 2020 was as follows -

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Lease liability	2,287.52	4,177.08
Debt	-	-
Total equity	222,150.74	207,476.05
<b>Debt to total equity ratio</b>	<b>1.03%</b>	<b>2.01%</b>

### 38 Financial Instruments - Fair values and risk management

#### A. Accounting classification and fair values

- Fair value through other comprehensive income (FVTOCI) - Where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income
- Fair value through profit or loss (FVTPL) - Where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.
- Amortised cost - Where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2021

(Rs. in lakhs)

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
Financial assets not measured at fair value						
Trade receivables	7	-	-	-	46,050.86	46,050.86
Loans to employees	8	-	-	-	56.97	56.97
Security deposits	8	-	-	-	1,456.42	1,456.42
Other financial assets	9	-	-	-	2,085.44	2,085.44
Cash and cash equivalents	12	-	-	-	93,715.39	93,715.39
		-	-	-	143,365.08	143,365.08
Financial liabilities not measured at fair value						
Lease liability	39	-	-	-	2,287.52	2,287.52
Trade payables	16	-	-	-	38,737.27	38,737.27
Other financial liabilities	17	-	-	-	14,853.65	14,853.65
		-	-	-	55,878.44	55,878.44

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2020

(Rs. in lakhs)

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
Financial assets not measured at fair value						
Trade receivables	7	-	-	-	50,658.82	50,658.82
Loans to employees	8	-	-	-	66.96	66.96
Security deposits	8	-	-	-	1,326.69	1,326.69
Other financial assets	9	-	-	-	2,594.29	2,594.29
Cash and cash equivalents	12	-	-	-	66,576.71	66,576.71
		-	-	-	121,223.47	121,223.47
Financial liabilities not measured at fair value						
Finance lease obligation	39	-	-	-	4,177.08	4,177.08
Trade payables	16	-	-	-	29,044.00	29,044.00
Other financial liabilities	17	-	-	-	10,344.67	10,344.67
		-	-	-	43,565.75	43,565.75

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 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 yearly.

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

The maximum exposure to credit risk for trade receivables by geographic region is as follows: (Rs. in lakhs)

	Carrying amount	
	31 March 2021	31 March 2020
India	49,420.36	55,040.48
Other regions	1,030.38	451.71
	<b>50,450.74</b>	<b>55,492.19</b>

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows: (Rs. in lakhs)

	Carrying amount	
	31 March 2021	31 March 2020
Distributors	21,765.47	31,639.14
Other	28,685.27	23,853.05
	<b>50,450.74</b>	<b>55,492.19</b>
Less: Receivables from related party, secured receivables and receivables not considered for credit risk	1,413.61	3,279.77
<b>Net receivables</b>	<b>49,037.13</b>	<b>52,212.42</b>

Expected credit loss assessment for the Company as at 31 March 2020 and 2021.

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

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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. 50,450.74 lakhs** (31 March 2020: 55,492.19 lakhs), the exposure considered for expected credit loss is **Rs. 49,037.13 lakhs** (31 March 2020 :Rs. 52,212.41). The balance which is not considered for impairment primarily 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
<b>31 March 2021</b>			
Current (not past due)	44,080.49	1.08%	475.97
0-90 days	1,058.04	3.78%	40.01
91-180 days	7.28	29.00%	2.11
181-270 days	41.47	77.02%	31.94
271-360 days	651.92	100.00%	651.92
> 360 days	3,197.93	100.00%	3,197.93
	<b>49,037.13</b>		<b>4,399.88</b>
<b>31 March 2020</b>			
Current (not past due)	31,802.20	1.35%	430.01
0-90 days	15,446.27	4.23%	652.72
91-180 days	1,566.12	28.23%	442.16
181-270 days	277.39	67.79%	188.04
271-360 days	408.84	100.00%	408.84
> 360 days	2,711.60	100.00%	2,711.60
	<b>52,212.42</b>		<b>4,833.37</b>

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 2021	31 March 2020
Balance as at 1 April	4,833.37	3,878.70
Utilised during the year	(961.16)	(444.50)
Impairment loss recognised	527.67	1,399.17
Balance as at 31 March	<b>4,399.88</b>	<b>4,833.37</b>

### 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.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

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
<b>31 March 2021</b>					
<b>Non-derivative financial liabilities</b>					
Lease liability	1,256.62	939.26	91.64	-	2,287.52
Trade and other payables	53,590.92	-	-	-	53,590.92
	<u>54,847.54</u>	<u>939.26</u>	<u>91.64</u>	<u>-</u>	<u>55,878.44</u>
<b>31 March 2020</b>					
<b>Non-derivative financial liabilities</b>					
Finance lease obligations	2,427.78	1,009.72	739.58	-	4,177.08
Trade and other payables	39,388.67	-	-	-	39,388.67
	<u>41,816.45</u>	<u>1,009.72</u>	<u>739.58</u>	<u>-</u>	<u>43,565.75</u>

### 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 unhedged exposure to currency risk as reported to the management is as follows.

(Rs. in lakhs)

	31 March 2021				31 March 2020			
	USD	EURO	SGD	Others	USD	EURO	SGD	Others
Trade and other payables	14,574.43	3,579.52	7,330.26	2,984.69	14,512.96	3,085.96	4,039.65	2,360.96
Trade and other receivables	1,507.82	-	-	-	1,864.04	-	-	-
Net exposure in respect of recognised assets and liabilities	<u>13,066.61</u>	<u>3,579.52</u>	<u>7,330.26</u>	<u>2,984.69</u>	<u>12,648.92</u>	<u>3,085.96</u>	<u>4,039.65</u>	<u>2,360.96</u>

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar or Euro against all other currencies as 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
<b>31 March 2021</b>				
USD (for 1% movement)	130.67	(130.67)	97.78	(97.78)
EURO (for 1% movement)	35.80	(35.80)	26.79	(26.79)
SGD (for 1% movement)	73.30	(73.30)	54.85	(54.85)
Others (for 1% movement)	29.85	(29.85)	22.34	(22.34)
	<u>269.62</u>	<u>(269.62)</u>	<u>201.76</u>	<u>(201.76)</u>



## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>				
USD (for 1% movement)	126.49	(126.49)	94.65	(94.65)
EURO (for 1% movement)	30.86	(30.86)	23.09	(23.09)
SGD (for 1% movement)	40.40	(40.40)	30.23	(30.23)
Others (for 1% movement)	23.61	(23.61)	17.67	(17.67)
	<b>221.36</b>	<b>(221.36)</b>	<b>165.64</b>	<b>(165.64)</b>

### Impact of Covid 19 pandemic:

The Company has considered internal and external sources of information as of the date of approval of the financial results in determining the possible impact, if any, of the resurgence of the COVID-19 pandemic on the carrying amounts of its trade receivables, inventories, financial and non-financial assets. The Company has used the principle of prudence in applying judgements and making estimates. Based on this evaluation, the Company does not expect any material impact on its financial results. However, the eventual outcome of impact of Covid-19 pandemic may be different from those estimated as on the date of approval of these financial statements.

During the year ended 31 March 2020, based on the assessment the Company recorded an impairment of Rs. 7,990 lakhs, given the impact of the COVID -19 pandemic on the current and future operations of the subsidiary, which is included in other expenses.

### 39 Leases

The Company has taken vehicles, leasehold improvements, data processing equipment, office premises, warehouse and residential premises. These leases typically run for a period of eleven months to ninety six months, with an option to renew the lease after that date. For certain leases, the Company is restricted from entering into any sub-lease arrangements. Information about leases for which the Company is a lessee is presented below.

#### I Right-of-use assets (Rs. in lakhs)

Particulars	Buildings	Land	Data processing equipment	Vehicles	Total
Balance as at 1 April 2019 (On adoption of Ind AS 116)	2,670.08	-	-	-	2,670.08
Reclassification pursuant to adoption of Ind AS 116 (refer note 4)*	-	371.79	1,082.72	240.37	1,694.88
Additions during the year	1,457.51	-	748.56	69.13	2,275.20
Depreciation charge for the year	1,537.58	5.04	605.68	130.38	2,278.68
De-recognition during the year	-	-	-	9.03	9.03
<b>Balance as at 31 March 2020</b>	<b>2,590.01</b>	<b>366.75</b>	<b>1,225.60</b>	<b>170.09</b>	<b>4,352.45</b>
Additions during the year	-	-	315.83	27.89	343.72
Depreciation charge for the year	1,569.16	5.04	615.21	97.82	2,287.23
De-recognition during the year	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>1,020.85</b>	<b>361.71</b>	<b>926.22</b>	<b>100.16</b>	<b>2,408.94</b>

The Company during the year incurred Rs 195.07 lakhs (31 March 2020: Rs. 302.48) towards expenses relating to lease of low-value assets and short termed leases respectively.

The total cash outflow for leases during the year is Rs. 2,476.50 lakhs (including interest of Rs. 243.22 lakhs) [March 31, 2020: Rs. 2,437.24 Lakhs (including interest of Rs. 301.95 lakhs)], including cash outflow of short-term leases and leases of low-value assets. The Company has lease term extension options that are not reflected in the measurement of lease liabilities.

\* The incremental borrowing rate on the previously considered operating leases is 9%.

## NOTES TO THE STANDALONE FINANCIAL STATEMENTS

### 40 Details of non-current investments

(Rs. in lakhs)

	Face value per unit	As at 01 April 2020	Purchase/ addition during the year	Sold / deletion during the year	Impairment	As at 31 March 2021
Investments in subsidiaries (Carried at cost)						
<b>Equity shares, unquoted</b>						
3M Electro & Communication India Private Limited [100% Subsidiary]	Rs. 10	58,470.00	-	-	7,990.00	50,480.00
<b>Total</b>		<b>58,470.00</b>	<b>-</b>	<b>-</b>	<b>7,990.00</b>	<b>50,480.00</b>

	Face value per unit	As at 01 April 2019	Purchase/ addition during the year	Sold / deletion during the year	Impairment	As at 31 March 2020
Investments in subsidiaries (Carried at cost)						
<b>Equity shares, unquoted</b>						
3M Electro & Communication India Private Limited [100% Subsidiary]	Rs. 10	58,470.00	-	-	7,990.00	50,480.00
<b>Total</b>		<b>58,470.00</b>	<b>-</b>	<b>-</b>	<b>7,990.00</b>	<b>50,480.00</b>

**41** The Board of Directors of the Company and 3M Electro & Communication India Private Limited (3M E&C), at their Meetings held on 13 November 2019 had approved the Scheme of Amalgamation ('the Scheme') of 3M E&C ('Transferor Company') with the Company under Section 233 of the Companies Act, 2013. The Appointed Date fixed under the Scheme was 1 April 2019. The Company sought approvals from Members and Creditors under Section 233(1)(b) of the Companies Act, 2013 by Special Resolutions through Postal Ballot notice dated 21 January 2020. The results of the voting by Postal Ballot were announced on 28 February 2020. Based on the opinion from the counsel, the Company has now made an application with the jurisdictional Regional Director for the approval of the Scheme. Additional information sought by the Regional Director has been submitted and the Company awaits further information from the Regional Director. Accordingly, no effect has been given to the aforesaid scheme as at 31 March 2021.

**42** The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these financial statements since the requirement does not pertain to financial year ended 2021.

As per our report of even date attached

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

Chartered Accountants

Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 28 May 2021

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 28 May 2021

**Mamta Gore**

Whole-time Director &

Chief Financial Officer

[DIN: 08792863]

Place: Dubai

Date: 28 May 2021

**V. Srinivasan**

Company Secretary

[M. No. A16430]

Place: Bengaluru

Date: 28 May 2021

## INDEPENDENT AUDITORS' REPORT

To the Members of 3M India Limited

### Report on the Audit of Consolidated Financial Statements

#### Opinion

We have audited the consolidated financial statements of 3M India Limited (hereinafter referred to as the 'Holding Company') and its subsidiary (Holding Company and its subsidiary together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2021, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at 31 March 2021, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters

#### Description of Key Audit Matter

##### Revenue Recognition

See note 3 (i) and 19 to the Consolidated financial statements

The key audit matter	How the matter was addressed in our audit
<p>The products of the Group are mainly sold through distributors, modern trade and direct sale channels amongst others. Revenue from sale of goods is recognised when control of the product is transferred to the customer i.e. on delivery to customer. The Group tracks proof of delivery and reverses the value of goods not delivered by the balance sheet date.</p> <p>We identified revenue recognition as a key audit matter given it is a key performance indicator of the Group. Pressure to achieve targets, earning expectations or incentive schemes linked to performance could create an incentive for revenue to be overstated or recognised before control has been transferred.</p>	<p>To obtain sufficient and appropriate audit evidence our principal audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• Evaluated the appropriateness of the revenue recognition accounting policies in compliance with the accounting standards.</li> <li>• Tested the design and operating effectiveness of relevant key controls with respect to revenue recognition on a sample basis.</li> <li>• Tested the design, implementation and operating effectiveness of the Group's general IT controls and key application controls over the Group's IT systems which govern revenue recognition in the general ledger accounting system.</li> <li>• Performed substantive testing of selected samples of revenue transactions, recorded during the year by testing the underlying documents.</li> <li>• Analytical procedures on revenue recognised during the year to identify and inquire on unusual variances, if any.</li> <li>• Independent confirmation on a sample basis of customer balances at the balance sheet date.</li> <li>• Obtaining supporting documentation, on a sample basis for sales transactions recorded near to balance sheet date to determine whether revenue was recognised in the correct period.</li> <li>• Tested, on a sample basis, manual journal entries relating to revenues to identify and inquire on unusual items, if any.</li> </ul>

## INDEPENDENT AUDITORS' REPORT

### Other Information

The Holding Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the work done, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Management's and Board of Directors' Responsibilities for the Consolidated Financial Statements

The Holding Company's Management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

### Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on the internal financial controls with reference to the consolidated financial statements and the operating effectiveness of such controls based on our audit.

## INDEPENDENT AUDITORS' REPORT

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management and Board of Directors.
- Conclude on the appropriateness of Management and Board of Directors use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of financial information of such entities included in the consolidated financial statements of which we are the independent auditors.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### Report on Other Legal and Regulatory Requirements

(A) As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2021 taken on record by the Board of Directors of the Holding Company and its subsidiary company none of the directors of the Group companies, is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.



## INDEPENDENT AUDITORS' REPORT

- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company, its subsidiary company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- B. With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors') Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The consolidated financial statements disclose the impact of pending litigations as at 31 March 2021 on the consolidated financial position of the Group. Refer Note 14, 33 and 35 to the consolidated financial statements.
  - The Group, did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2021.
  - There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company during the year ended 31 March 2021.
  - The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the financial statements since they do not pertain to the financial year ended 31 March 2021.
- C. With respect to the matter to be included in the Auditors' report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary company to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

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

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Vikash Gupta**

*Partner*

Membership Number: 064597

UDIN: UDIN: 21064597AAAABQ6999

Place : Bengaluru  
Date : 28 May 2021

### **Annexure A to the Independent Auditors' report on the consolidated financial statements of 3M India Limited for the period ended 31 March 2021**

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under  
Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

#### **Opinion**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls with reference to consolidated financial statements of 3M India Limited (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

## ANNEXURE 'A' TO INDEPENDENT AUDITORS' REPORT

### Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

### Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls based on the assessed risk. The procedures selected depend on the Auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 internal financial controls with reference to consolidated financial statements.

### Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

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

### Inherent Limitations of Internal Financial Controls with Reference to Consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

*Chartered Accountants*

Firm's Registration No: 101248W/W-100022

**Vikash Gupta**

*Partner*

Membership Number: 064597

UDIN: UDIN: 21064597AAAABQ6999

Place : Bengaluru

Date : 28 May 2021

# CONSOLIDATED BALANCE SHEET

(Rs. in lakhs)

As at	Note	31 March 2021	31 March 2020
<b>I. Assets</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	4	24,154.70	26,174.38
(b) Capital work-in-progress	4	2,351.89	690.85
(c) Right - of - use assets	38	2,435.01	4,389.14
(d) Intangible assets	5	34.12	34.77
(e) Financial assets			
(i) Loans receivable	7	869.85	1,289.00
(f) Deferred tax assets (net)	34	3,079.50	2,236.32
(g) Income tax assets (net)	34	11,984.40	10,135.26
(h) Other non-current assets	9	6,471.33	5,311.87
<b>Total non-current assets</b>		<b>51,380.80</b>	<b>50,261.59</b>
<b>(2) Current assets</b>			
(a) Inventories	10	45,654.77	43,865.69
(b) Financial assets			
(i) Trade receivables	6	48,852.84	53,424.91
(ii) Cash and cash equivalents	11	106,242.29	78,057.16
(iii) Loans receivable	7	678.09	149.82
(iv) Other financial assets	8	2,939.83	2,766.22
(c) Other current assets	9	9,404.41	8,610.21
<b>Sub - total</b>		<b>213,772.23</b>	<b>186,874.01</b>
<b>Total assets</b>		<b>265,153.03</b>	<b>237,135.60</b>
<b>II. Equity and liabilities</b>			
<b>Equity</b>			
(a) Equity share capital	12	1,126.51	1,126.51
(b) Other equity	13	189,906.40	173,960.76
<b>Total equity</b>		<b>191,032.91</b>	<b>175,087.27</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	38	1,043.02	1,763.63
(b) Provisions	14	4,214.91	3,155.24
<b>Total non-current liabilities</b>		<b>5,257.93</b>	<b>4,918.87</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	38	1,269.57	2,449.21
(ii) Trade payables			
- Total outstanding dues of micro and small enterprises	15	2,154.83	1,484.75
- Total outstanding dues of creditors other than micro and small enterprises	15	38,940.02	29,802.28
(iii) Other financial liabilities	16	16,114.41	11,348.26
(b) Other current liabilities	17	3,036.73	3,471.87
(c) Provisions	14	5,067.13	6,293.59
(d) Income tax liabilities (net)	34	2,279.50	2,279.50
<b>Total current liabilities</b>		<b>68,862.19</b>	<b>57,129.46</b>
<b>Total liabilities</b>		<b>74,120.12</b>	<b>62,048.33</b>
<b>Total equity and liabilities</b>		<b>265,153.03</b>	<b>237,135.60</b>
Significant accounting policies	3		

See accompanying notes to the consolidated financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 28 May 2021

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 28 May 2021

**Mamta Gore**

Whole-time Director &

Chief Financial Officer

[DIN: 08792863]

Place: Dubai

Date: 28 May 2021

**V. Srinivasan**

Company Secretary

[M. No. A16430]

Place: Bengaluru

Date: 28 May 2021

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Rs. in lakhs)

For the year ended	Note	31 March 2021	31 March 2020
<b>I. Income</b>			
Revenue from operations	18	260,483.14	298,655.09
Other income	19	2,473.73	4,589.56
<b>Total income</b>		<b>262,956.87</b>	<b>303,244.65</b>
<b>II. Expenses</b>			
Cost of materials consumed	20	99,441.00	110,025.50
Purchases of stock-in-trade	21	58,365.23	64,002.11
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	2,101.44	(399.03)
Employee benefit expenses	23	36,990.48	32,858.51
Finance costs	24	245.41	366.21
Depreciation and amortisation expense	4, 5 and 38	6,184.59	5,933.25
Other expenses	25	37,636.56	47,201.52
<b>Total expenses</b>		<b>240,964.71</b>	<b>259,988.07</b>
<b>III. Profit before tax</b>		<b>21,992.16</b>	<b>43,256.58</b>
<b>IV. Tax expense:</b>			
(i) Current tax	34	6,499.48	10,065.21
(ii) Deferred tax	34	(744.97)	974.45
<b>Total tax expenses</b>		<b>5,754.51</b>	<b>11,039.66</b>
<b>V. Profit for the year</b>		<b>16,237.65</b>	<b>32,216.92</b>
<b>VI. Other comprehensive income</b>			
Items that will not be reclassified subsequently to the consolidated statement of profit or loss			
Remeasurements of net defined benefit liability / asset	29	(390.22)	(552.20)
Income tax relating to items that will not be reclassified subsequently to profit or loss		98.21	138.98
<b>Other comprehensive income, net of tax</b>		<b>(292.01)</b>	<b>(413.22)</b>
<b>VII. Total comprehensive income for the year</b>		<b>15,945.64</b>	<b>31,803.70</b>
<b>VIII. Earnings per share (Nominal value of Rs. 10 each)</b>	26		
- Basic (in Rs.)		144.14	285.99
- Diluted (in Rs.)		144.14	285.99
Significant accounting policies	3		

See accompanying notes to the consolidated financial statements

As per our report of even date attached

For B S R & Co. LLP

Chartered Accountants

Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 28 May 2021

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 28 May 2021

**Mamta Gore**

Whole-time Director &

Chief Financial Officer

[DIN: 08792863]

Place: Dubai

Date: 28 May 2021

**V. Srinivasan**

Company Secretary

[M. No. A16430]

Place: Bengaluru

Date: 28 May 2021

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Rs. in lakhs)

Particulars	Equity share capital	Other equity				Total Other Equity	Total equity
		Surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings*	Remeasurement of the net defined benefit liability / (asset), net of tax		
Balance as at 1 April 2019	1,126.51	949.90	303.98	141,263.73	(360.55)	142,157.06	143,283.57
Changes in equity for the year ended 31 March 2020							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	(413.22)	(413.22)	(413.22)
Profit for the year	-	-	-	32,216.92	-	32,216.92	32,216.92
Balance as at 31 March 2020	1,126.51	949.90	303.98	173,480.65	(773.77)	173,960.76	175,087.27
Balance as at 1 April 2020	1,126.51	949.90	303.98	173,480.65	(773.77)	173,960.76	175,087.27
Changes in equity for the year ended 31 March 2021							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	(292.01)	(292.01)	(292.01)
Profit for the year	-	-	-	16,237.65	-	16,237.65	16,237.65
Balance as at 31 March 2021	1,126.51	949.90	303.98	189,718.30	(1,065.78)	189,906.40	191,032.91

See accompanying notes to the consolidated financial statements

As per our report of even date attached

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

Chartered Accountants

Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 28 May 2021

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 28 May 2021

**Mamta Gore**

Whole-time Director &

Chief Financial Officer

[DIN: 08792863]

Place: Dubai

Date: 28 May 2021

**V. Srinivasan**

Company Secretary

[M. No. A16430]

Place: Bengaluru

Date: 28 May 2021



## CONSOLIDATED STATEMENT OF CASH FLOW

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
<b>Cash flow from operating activities</b>		
Profit before tax	21,992.16	43,256.58
<b>Adjustments for:</b>		
Depreciation and amortisation expense	6,184.59	5,933.25
Provision for doubtful debts (net)	292.41	1,457.98
Liabilities no longer required written back (net)	(76.79)	(1,272.74)
Unrealised exchange loss on foreign currency transactions (net)	77.16	117.53
(Gain)/ loss on disposal of property, plant and equipment	(159.75)	2.38
Interest income	(2,237.19)	(2,861.00)
Finance costs	245.41	366.21
	<b>26,318.00</b>	<b>47,000.19</b>
<b>Movements in working capital</b>		
Increase / (decrease) in trade payables	10,051.79	(4,212.47)
Decrease in provisions	(556.71)	(145.89)
Increase / (decrease) in other financial liabilities and other liabilities	4,126.89	(4,968.98)
Decrease in trade receivables	4,035.03	3,783.11
Increase in inventories	(1,789.08)	(2,739.29)
Increase in loans, other financial assets, other current and non current assets	(1,729.82)	(916.33)
<b>Cash generated from operations activities</b>	<b>40,456.10</b>	<b>37,800.34</b>
Income tax paid (net of refund)	(8,348.62)	(13,295.67)
<b>Net cash from operating activities (A)</b>	<b>32,107.48</b>	<b>24,504.67</b>
<b>Cash flow from investing activities</b>		
Purchase of property, plant and equipment and intangible assets	(4,151.66)	(2,122.98)
Proceeds from sale of property, plant and equipment	239.68	8.89
Interest received	2,493.33	2,384.50
<b>Net cash (used in) / generated from investing activities (B)</b>	<b>(1,418.65)</b>	<b>270.41</b>
<b>Cash flow from financing activities</b>		
Payment of lease liability (including interest thereon)	(2,503.70)	(2,464.58)
<b>Net cash used in financing activities (C)</b>	<b>(2,503.70)</b>	<b>(2,464.58)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>	<b>28,185.13</b>	<b>22,310.50</b>
Cash and cash equivalents at the beginning of the year	78,057.16	55,746.66
<b>Cash and cash equivalents at the end of the year</b>	<b>106,242.29</b>	<b>78,057.16</b>

## CONSOLIDATED STATEMENT OF CASH FLOW

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
<b>Cash and cash equivalents comprise of (refer note 11):</b>		
Cash on hand	0.25	0.09
Other bank balances		
- in current accounts	6,742.04	18,057.07
- deposits accounts (original maturity of less than three months)	99,500.00	60,000.00
	<u>106,242.29</u>	<u>78,057.16</u>
<b>Debt reconciliation statement in accordance with Ind AS 7</b>		
<b>Borrowings (Non-current and Current)</b>		
Opening balance	4,212.84	1,379.50
Recognition pursuant to adoption of IND AS 116	-	2,670.08
Addition to lease liability	358.69	2,303.94
Interest cost	244.76	323.90
Payment of lease liability (including interest thereon)	(2,503.70)	(2,464.58)
<b>Closing balance</b>	<u>2,312.59</u>	<u>4,212.84</u>
Significant accounting policies (Refer Note 3)		

See accompanying notes to the consolidated financial statements

As per our report of even date attached

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

Chartered Accountants

Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 28 May 2021

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 28 May 2021

**Mamta Gore**

Whole-time Director &

Chief Financial Officer

[DIN: 08792863]

Place: Dubai

Date: 28 May 2021

**V. Srinivasan**

Company Secretary

[M. No. A16430]

Place: Bengaluru

Date: 28 May 2021

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Reporting entity

3M India Limited ('the Company') is a subsidiary of 3M Company, USA. The Company manages its operations in four operating segments: Safety & Industrial, Transportation & Electronics, Health Care and Consumer. In India, the Company has manufacturing facilities at Ahmedabad, Bangalore, Pune and has a R&D Center in Bangalore. 3M India's four 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 Ltd (BSE) and the National Stock Exchange Ltd (NSE).

#### *Subsidiary Information:*

3M Electro & Communication India Private Limited ('3M E&C' or 'Subsidiary') is a wholly owned subsidiary of 3M India Limited. 3M E&C is a private limited company domiciled in India with its registered office at Plot Nos. 95-97, Sanniyasikuppam, Udhaya Nagar, Thirubhuvanai main road, Thirubhuvanai Post, Pondicherry - 605107. 3M E&C offers a complete range of products that include the Cable jointing kits ranging from 1.1Kv to 132 KV, Heatshrinks, Coldshrinks, Kastex, Electrical Insulation Tapes, Busbartubes, DIY Electrical kits, various kinds of water filters, water softeners, Hi flo filters, Wholehouse filters, Zeta+. In India, 3M E&C has manufacturing facilities at Pune. These consolidated financial statements comprise the Company and its subsidiary referred to collectively as "the Group".

### 2. Basis of preparation and consolidation

#### A. Statement of compliance

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

The consolidated financial statements were authorised for issue by the Group's Board of Directors on 28 May 2021.

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

#### B. Functional & presentation currency

These consolidated financial statements are presented in Indian Rupees (Rs.), which is also the Group'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 consolidated 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 consolidated 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 consolidated financial statements is included in the following notes:

- Note 38 - leases: whether an arrangement contains a lease and lease classification.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### *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 2022 is included in the following notes:

- Note 3(d), 4 and 5 - useful life of property, plant and equipment and intangible assets;
- Note 6 to 7 and 37 - impairment of financial assets;
- Note 3(g) and 10 - provision for inventories;
- Note 15 and 33 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and
- Note 29 - measurement of defined benefit obligations: key actuarial assumptions;

### E. Measurement of fair values

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

The Group 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, the Group 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 28 - share-based payment arrangements and
- Note 37 - financial instruments

## 3. Significant accounting policies

### (a) Basis of Consolidation

The Company consolidates entities which it owns or controls. The consolidated financial statements comprise the financial statements of the Company and its subsidiary as disclosed in Note 40. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

The financial statements of the Group companies are consolidated on a line-by-line basis and intragroup balances and transactions including unrealized gain / loss from such transactions are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group.

### (b) Business combination - common control transactions

Business combinations involving entities that are controlled by the Group are accounted for using the pooling of interests method as follows:

1. The assets and liabilities of the combining entities are reflected at their carrying amounts.
2. No adjustments are made to reflect fair values, or recognize any new assets or liabilities. Adjustments are only made to harmonize accounting policies.
3. The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. However, where the business combination had occurred after that date, the prior period information is restated only from that date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserves.
  5. The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.
  6. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.
- (c) Financial Instruments
- i. *Recognition and initial measurement*

The Group 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*

*Financial assets*

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

The Group 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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

liability extinguished and a new financial liability with modified terms is recognised in the consolidated 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 Group 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.

### (d) Property, plant and equipment

#### i. *Recognition and measurement*

Items of property, plant and equipment, are measured at cost, which includes capitalised 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. *Subsequent expenditure*

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

#### iii. *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 consolidated Statement of profit and loss.

Leasehold improvements are amortised over the period of lease or the estimated useful life (3-10 years) whichever is lower. Assets acquired under finance leases till previous year were depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. For the current year, refer note 3(o). 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 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.

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).

Capital work in progress includes cost of property, plant & equipment under installation/ under development as at the balance sheet date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (e) Intangible assets

#### *Internally generated : Research and development*

Expenditure on research activities is recognised in the consolidated Statement of profit and 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 Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in the consolidated statement of 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 the consolidated Statement of profit and loss. The amortisation rates used are:

Asset	Useful lives
Computer software	3 years

### (f) Impairment

#### (i) *Financial assets*

The Group 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 as an impairment gain or loss in the consolidated Statement of profit and loss.

The Group at end of each reporting period evaluates, if any indicators are present which might require Group to impair its financial assets.

#### (ii) *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 consolidated 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 consolidated 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.

### (g) 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

### (h) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Group at their functional currency spot rates at the date of 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 Group'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.

### (i) Revenue recognition

Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and when there are no longer any unfulfilled obligations.

The Performance Obligations in the contracts are fulfilled at the time of dispatch, delivery or upon formal customer acceptance depending on customer terms.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

Customers have the contractual right to return goods. An estimate is made of goods that will be returned and a liability is recognised for this amount using a best estimate based on accumulated experience.

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as unbilled receivables (only act of invoicing is pending) when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Other contract assets are classified as other assets. Unearned and deferred revenue ("contract liability") is recognised when there is billings in excess of revenues. Advances received for goods and services are reported as liabilities until all conditions for revenue recognition are met.

The Group has determined that the revenues as disclosed in Note 18 are disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

Interest income is recognized using the effective interest rate (EIR) method.

Dividend income on investments is recognised when the right to receive dividend is established.

### (j) 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 the consolidated Statement of profit and 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 Group has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Group does not carry any further obligations, apart from the contributions made on a monthly basis.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### *Superannuation*

The Group 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 Group's obligation to the scheme is restricted to the contributions to the scheme.

### *Defined benefit plans*

#### *Gratuity*

The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Group has an Employees Gratuity Fund where the investments are administered by a Fund Manager. The Group accounts for the liability of gratuity benefits payable in future based on an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses/ gains are recognised in Statement of profit and loss under 'Other Comprehensive Income' in the year in which they arise.

#### *Compensated absences*

The Group 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.

#### (k) 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 Group 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 as on the date of the reporting. Any change in the fair value of the liability are recognised in the consolidated Statement of profit and loss.

#### (l) 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 Group 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 consolidated 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Group offsets, the current tax assets and liabilities (on a year on year basis) and deferred tax assets and liabilities, where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis.

(m) Borrowing costs

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

(n) Provisions and contingent liabilities

i. *General*

Provisions are recognised when the Group 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 Group expects some or all of a provision to be reimbursed. The expense relating to a provision is presented in the consolidated 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.

(o) Leases

The group has applied Ind AS 116 with effect from 1 April 2019 using the modified retrospective approach. At inception of the contract, the Company determines whether the contract is a lease or contains a lease arrangement. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*As a lessee*

The group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, in Statement of profit and loss and adjusted for certain re-measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the its incremental borrowing rate as the discount rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### *Short-term leases and leases of low-value assets*

The group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### (p) 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 Group is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the CODM. Refer note 31 for segment information presented.

### (q) 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.

### (r) 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.

### (s) 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 Group are segregated.

### (t) Recent Indian Accounting Standards

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

#### *Balance Sheet:*

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- In case the Group has borrowed the funds from banks or financial institutions and have not utilized those funds for the purpose it was obtained, then the company would be required to disclose details of such utilization.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

#### *Statement of profit and loss:*

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head additional information' in the notes forming part of consolidated financial statements.

The amendments are extensive and the Group will evaluate and accordingly implement the same to give effect to them as required by law.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

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

Particulars	Freehold land	Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Data processing equipment	Electrical installations	Vehicles	Leasehold improvements	Leased Assets			Total
										Leasehold land Refer note below	Data processing equipment	Vehicles	
<b>Gross block</b>													
Balance at 01 April 2019	988.72	15,691.91	22,814.22	1,583.83	831.91	58.27	9.97	2.87	597.13	387.17	1,905.28	617.61	45,488.89
Reclassification pursuant to adoption of Ind AS 116 (refer note 38)	-	-	-	-	-	-	-	-	-	(387.17)	(1,905.28)	(617.61)	(2,910.06)
<b>Adjusted balances as at 01 April 2019</b>	<b>988.72</b>	<b>15,691.91</b>	<b>22,814.22</b>	<b>1,583.83</b>	<b>831.91</b>	<b>58.27</b>	<b>9.97</b>	<b>2.87</b>	<b>597.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>42,578.83</b>
Additions	-	38.16	2,628.32	225.09	47.04	-	-	-	-	-	-	-	2,938.61
Disposals	-	(0.18)	(50.37)	(10.59)	(11.47)	-	-	-	(6.94)	-	-	-	(79.55)
<b>Balance at 31 March 2020</b>	<b>988.72</b>	<b>15,729.89</b>	<b>25,392.17</b>	<b>1,798.33</b>	<b>867.48</b>	<b>58.27</b>	<b>9.97</b>	<b>2.87</b>	<b>590.19</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45,437.89</b>
Additions	-	201.26	1,512.08	159.80	42.49	-	-	-	-	-	-	-	1,915.63
Disposals	-	(0.76)	(492.70)	(36.84)	(59.43)	(1.25)	-	-	(548.68)	-	-	-	(1,139.66)
<b>Balance at 31 March 2021</b>	<b>988.72</b>	<b>15,930.39</b>	<b>26,411.55</b>	<b>1,921.29</b>	<b>850.54</b>	<b>57.02</b>	<b>9.97</b>	<b>2.87</b>	<b>41.51</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,213.86</b>
<b>Accumulated depreciation</b>													
Balance at 01 April 2019	-	2,700.46	10,787.19	845.48	723.64	58.27	9.54	2.87	597.02	15.38	822.56	346.17	16,908.58
Reclassification pursuant to adoption of Ind AS 116 (refer note 38)	-	-	-	-	-	-	-	-	-	(15.38)	(822.56)	(346.17)	(1,184.11)
<b>Adjusted balances as at 01 April 2019</b>	<b>-</b>	<b>2,700.46</b>	<b>10,787.19</b>	<b>845.48</b>	<b>723.64</b>	<b>58.27</b>	<b>9.54</b>	<b>2.87</b>	<b>597.02</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15,724.47</b>
Depreciation for the year	-	675.00	2,642.60	236.56	53.12	-	0.03	-	0.01	-	-	-	3,607.32
Disposals	-	(0.03)	(45.87)	(4.24)	(11.20)	-	-	-	(6.94)	-	-	-	(68.28)
<b>Balance at 31 March 2020</b>	<b>-</b>	<b>3,375.43</b>	<b>13,383.92</b>	<b>1,077.80</b>	<b>765.56</b>	<b>58.27</b>	<b>9.57</b>	<b>2.87</b>	<b>590.09</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,263.51</b>
Depreciation for the year	-	683.07	2,859.93	259.11	53.30	-	-	-	-	-	-	-	3,855.41
Disposals	-	(0.10)	(413.77)	(36.65)	(59.30)	(1.25)	-	-	(548.68)	-	-	-	(1,059.75)
<b>Balance at 31 March 2021</b>	<b>-</b>	<b>4,058.40</b>	<b>15,830.08</b>	<b>1,300.25</b>	<b>759.56</b>	<b>57.02</b>	<b>9.57</b>	<b>2.87</b>	<b>41.41</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,059.16</b>
<b>Carrying value (net)</b>													
As at 31 March 2020	988.72	12,354.46	12,008.25	720.53	101.92	-	0.40	-	0.10	-	-	-	26,174.38
<b>As at 31 March 2021</b>	<b>988.72</b>	<b>11,871.99</b>	<b>10,581.47</b>	<b>621.04</b>	<b>90.98</b>	<b>-</b>	<b>0.40</b>	<b>-</b>	<b>0.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,154.70</b>
<b>Capital work-in-progress</b>													
Balance at 31 March 2019	-	-	-	-	-	-	-	-	-	-	-	-	1,238.16
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	2,395.26
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	2,942.57
<b>Balance at 31 March 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>690.85</b>
Additions during the year	-	-	-	-	-	-	-	-	-	-	-	-	3,520.52
Capitalised during the year	-	-	-	-	-	-	-	-	-	-	-	-	1,859.48
<b>Balance at 31 March 2021</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,351.89</b>

**Note:**

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 Group was in the process of registration of the lease agreement. In this regard, the Group 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 Group 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 Group by inter-alia directing MIDC to effect the change of name in its records subject to certain conditions mentioned in the order. The Group has paid transfer fee of Rs. 14.30 lakhs to MIDC duly acknowledged by MIDC. A formal transfer order is received during the previous year from MIDC to transfer the name from Birla 3M Limited to 3M India Limited.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 5 Intangible assets

(Rs. in lakhs)

Particulars	Computer Software
Balance at 1 April 2019	177.92
Additions	33.00
Balance at 31 March 2020	210.92
Additions	15.71
Balance at 31 March 2021	226.63
Accumulated amortisation	
Balance at 31 March 2019	152.02
Amortisation for the year	24.13
Balance at 31 March 2020	176.15
Amortisation for the year	16.36
Balance at 31 March 2021	192.51
Carrying value (net)	
As at 31 March 2020	34.77
As at 31 March 2021	34.12

### 6 Trade receivables

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Considered good		
Trade receivables - secured*	589.50	482.64
Trade receivables - unsecured	48,849.02	54,847.43
Less: Provision for impairment	(585.68)	(1,905.16)
	48,852.84	53,424.91
Credit impaired	3,994.03	3,636.21
Less: Provision for impairment	(3,994.03)	(3,636.21)
	-	-
	48,852.84	53,424.91
Of the above, trade receivables from related parties are as below (also refer note 30):		
Total trade receivables from related parties	1,069.18	453.25
Loss allowance	-	-
Net trade receivables	1,069.18	453.25

\* Secured against deposits received from the customers.

The Group's exposure to credit and currency risks, and loss allowances related to trade receivables are disclosed in note 37.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 7 Loans receivable

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
<b>Non current</b>		
Unsecured, considered good		
Security deposits	844.99	1,271.59
Loans to employees	24.86	17.41
	<u>869.85</u>	<u>1,289.00</u>
Unsecured, considered doubtful		
Security deposits	41.24	41.24
Less : Provision for impairment	(41.24)	(41.24)
	<u>-</u>	<u>-</u>
	<u>869.85</u>	<u>1,289.00</u>
<b>Current</b>		
Unsecured, considered good		
Security deposits	641.91	96.68
Loans to employees	36.18	53.14
	<u>678.09</u>	<u>149.82</u>
Unsecured, considered doubtful		
Security deposits	15.40	15.40
Less : Provision for impairment	(15.40)	(15.40)
	<u>-</u>	<u>-</u>
	<u>678.09</u>	<u>149.82</u>
	<u>1,547.94</u>	<u>1,438.82</u>

### 8 Other financial assets

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
<b>Current</b>		
Unsecured, considered good		
Interest accrued but not due	220.36	476.50
Receivables from related parties (refer note 30)	2,562.65	2,275.36
Others receivables	156.82	14.36
	<u>2,939.83</u>	<u>2,766.22</u>

### 9 Other assets

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
<b>Non current</b>		
Capital advances	1,361.76	604.56
<i>Advances other than capital advances</i>		
Payments under protest*		
Unsecured, considered good	5,109.57	4,707.31
Unsecured, considered doubtful	228.79	221.36
Less: Allowance for doubtful advances	(228.79)	(221.36)
	<u>5,109.57</u>	<u>4,707.31</u>
	<u>6,471.33</u>	<u>5,311.87</u>
<b>Current</b>		
Prepayments	933.30	1,242.41
Advance for supply of goods	900.58	725.99
Balances with government authorities		
Unsecured, considered good	7,570.53	6,641.81
Unsecured, considered doubtful	540.90	548.33
Less : Allowance for doubtful receivables	(540.90)	(548.33)
	<u>7,570.53</u>	<u>6,641.81</u>
	<u>9,404.41</u>	<u>8,610.21</u>
	<u>15,875.74</u>	<u>13,922.08</u>

\* The above payments represents deposits given to government authorities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 10 Inventories\*

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Raw materials	18,616.13	15,012.48
[Including in - transit Rs. 6,768.63 lakhs (2020: Rs. 6,906.10 lakhs)]		
Packing materials	920.40	633.53
Work-in-progress	1,508.80	1,850.93
Finished goods	8,053.80	8,974.35
Stock-in-trade	16,555.64	17,394.40
[Including in - transit Rs. 5,209.99 lakhs (2020: Rs. 6,808.24 lakhs)]		
	<u>45,654.77</u>	<u>43,865.69</u>

\* Refer note 3(g) for mode of valuation of inventories

The write down of inventories to net realisable value during the year amounted to Rs. 865.25 lakhs (31 March 2020 : Rs 466.61 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 2,123.15 lakhs (31 March 2020 : Rs. 2,759.78 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 2021	31 March 2020
Cash on hand	0.25	0.09
Balances with banks		
- In current accounts	6,742.04	18,057.07
- Deposit accounts (original maturity of less than three months)	99,500.00	60,000.00
	<u>106,242.29</u>	<u>78,057.16</u>

### 12 Share capital

(Rs. in lakhs except for number of shares)

As at	31 March 2021	31 March 2020
<b>Authorised :</b>		
Equity shares	1,126.51	1,126.51
[1,12,65,070 equity shares of Rs. 10/- each (31 March 2020 : 1,12,65,070 equity shares of Rs. 10/- each)]		
	<u>1,126.51</u>	<u>1,126.51</u>
<b>Issued, subscribed and paid up:</b>		
Equity shares fully paid up	1,126.51	1,126.51
[1,12,65,070 equity shares of Rs. 10/- each (31 March 2020 : 1,12,65,070 equity shares of Rs. 10/- each)]		
	<u>1,126.51</u>	<u>1,126.51</u>

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

	31 March 2021		31 March 2020	
	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
Shares issued during the year	-	-	-	-
Closing balance at the end of the year	<u>1,12,65,070</u>	<u>1,126.51</u>	<u>1,12,65,070</u>	<u>1,126.51</u>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (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 2021		31 March 2020	
	Number of shares	Amount	Number of shares	Amount
3M Company, USA	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 2021		31 March 2020	
	Number of shares	% holding	Number of shares	% holding
3M Company, USA (Holding Company)	84,48,802	75%	84,48,802	75%

- (e) There has been no buyback of shares, issues of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash for the period of five years immediately preceding the date of the balance sheet.

### 13 Other equity

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
(i) Securities premium reserve	949.90	949.90
(ii) General reserve	303.98	303.98
(iii) Remeasurement of defined benefit plans, net of tax	(1,065.78)	(773.77)
(iv) Retained earnings	189,718.30	173,480.65
	<u>189,906.40</u>	<u>173,960.76</u>

#### Nature and purpose of other equity

##### (i) 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.

##### (ii) General reserve

General reserve comprises of the reserve generally available to the shareholders of the Company

##### (iii) Remeasurement of defined benefit plans, net of tax

Differences between the interest income on plan assets and the return actually achieved, and any changes in the liabilities over the year due to changes in actuarial assumptions or experience adjustments within the plans, are recognised in 'Other equity' and subsequently not reclassified to the Statement of Profit and Loss and will be reclassified to retained earnings.

##### (iv) Retained earnings

The cumulative gain or loss arising from the operations which is retained by the Group is recognised and accumulated under the heading of retained earnings. At the end of the year, the profit after tax is transferred from the Statement of profit and loss to retained earnings.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 14 Provisions

(Rs. in lakhs)

As at	31 March 2021		31 March 2020	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 29)	-	3,535.60	-	2,509.43
Compensated absences	64.35	588.74	65.19	555.24
Others (refer note 35)				
Provision for asset retirement obligation	-	90.57	-	90.57
Sales tax, service tax and other litigations	2,535.28	-	2,440.94	-
Provision for sales return and volume rebate	2,467.50	-	3,787.46	-
	<u>5,067.13</u>	<u>4,214.91</u>	<u>6,293.59</u>	<u>3,155.24</u>

## 15 Trade payables

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Total outstanding dues to micro and small enterprises (Refer note (a) below)	2,154.83	1,484.75
Total outstanding dues to creditors other than micro and small enterprises*	38,940.02	29,802.28
	<u>41,094.85</u>	<u>31,287.03</u>

### Note (a)

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

- Principal	2,154.83	1,484.75
- Interest	4.36	22.87
- The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed date during the year:
 

- Interest	28.80	102.21
- Principal	11,504.98	27,096.61
- 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.
 

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

	4.36	22.87
--	------	-------
- 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.
 

	28.03	52.47
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\* Includes due to related party (refer note 30)

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

The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 37.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 16 Other financial liabilities

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Deposits from customers	868.54	821.32
Creditors for capital goods	348.92	150.31
Payroll related liabilities	5,511.16	2,639.89
Intercompany payables (refer note 30)	2,618.71	1,494.68
Accrued expenses	6,324.86	5,986.69
Other payables	442.22	255.37
	<b>16,114.41</b>	<b>11,348.26</b>

The Group's exposure to currency and liquidity risks related to other financial liabilities is disclosed in note 37.

### 17 Other current liabilities

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
Advance from customers	273.34	251.38
Statutory liabilities	2,763.39	3,116.44
Other Liabilities	-	104.05
	<b>3,036.73</b>	<b>3,471.87</b>

### 18 Revenue from operations

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Sale of products		
Finished goods	154,870.39	169,620.78
Traded goods	100,728.21	124,959.89
Sale of services*	4,710.52	3,860.15
Other operating revenue		
Income from duty drawback	-	77.05
Scrap sales	174.02	137.22
	<b>260,483.14</b>	<b>298,655.09</b>

\* Sale of services includes income from contract research Rs. 1,412.89 lakhs (31 March 2020 : Rs. 2,081.75 lakhs) (refer note 29 (c)) and management support service fee of Rs. 3,297.63 lakhs (31 March 2020 : Rs. 1,778.40 lakhs). Also refer note 30.

#### Disaggregation of revenue from operations: (Rs. in lakhs)

Business Segments	31 March 2021	31 March 2020
a) Safety & Industrial	101,249.64	112,621.35
b) Transportation & Electronics	89,033.53	103,091.80
c) Health Care	36,200.78	48,574.73
d) Consumer	31,286.00	31,966.12
e) Others	2,713.19	2,401.09
<b>Total</b>	<b>260,483.14</b>	<b>298,655.09</b>
Contracted Price	271,683.42	314,715.71
Less: Reduction towards volume rebates	(7,735.51)	(11,085.66)
Less: Reduction primarily towards sales returns and others	(3,464.77)	(4,974.96)
<b>Revenue recognised</b>	<b>260,483.14</b>	<b>298,655.09</b>

While disclosing the aggregate amount of transaction price yet to be recognised as revenue towards unsatisfied (or partially satisfied) performance obligations, along with the broad time band for the expected time to recognize

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

those revenues, the Group has applied the practical expedient in Ind AS 115. Accordingly, the Group has not disclosed the aggregate transaction price allocated to unsatisfied (or partially satisfied) performance obligations which pertain to contracts where revenue recognised corresponds to the value transferred to customer typically involving event based contracts.

No entity individually accounted for more than 10% of the revenues during the years ended 31 March 2021 and 31 March 2020.

### 19 Other income

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Interest income from financial assets carried at amortised cost	2,237.19	2,861.00
Liabilities no longer required written back (net)	76.79	1,272.74
Gain on disposal of property, plant and equipment (net)	159.75	-
Miscellaneous income	-	455.82
	<b>2,473.73</b>	<b>4,589.56</b>

### 20 Cost of materials consumed

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Inventory of materials at the beginning of the year	15,646.01	13,305.75
Add: Purchases (also refer note 30)	103,331.52	112,365.76
Less: Inventory of materials at the end of the year	(19,536.53)	(15,646.01)
	<b>99,441.00</b>	<b>110,025.50</b>

### 21 Purchases of stock-in-trade

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Abrasive	12,044.79	2,155.86
Fusion bonded epoxy coating	3,516.01	5,123.57
Medical surgical and dental products	7,636.89	11,238.21
Self adhesive films	12,156.17	10,842.09
Others	23,011.37	34,642.38
	<b>58,365.23</b>	<b>64,002.11</b>

\*Also refer note 30

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

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Opening inventory		
- Finished goods	8,974.35	14,010.95
- Stock-in-trade	17,394.40	12,200.37
- Work-in-progress	1,850.93	1,609.33
	<b>28,219.68</b>	<b>27,820.65</b>
Closing inventory		
- Finished goods	8,053.80	8,974.35
- Stock-in-trade	16,555.64	17,394.40
- Work-in-progress	1,508.80	1,850.93
	<b>26,118.24</b>	<b>28,219.68</b>
Decrease / (increase) in inventory	<b>2,101.44</b>	<b>(399.03)</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 23 Employee benefit expenses

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Salaries, wages and bonus	31,751.31	29,003.17
Contribution to provident and other funds (refer note 29)	2,141.05	2,133.39
Share based payment expenses (refer note 28)	1,257.43	(570.64)
Staff welfare expenses	1,840.69	2,292.59
	<b>36,990.48</b>	<b>32,858.51</b>

### 24 Finance costs

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Finance costs on finance lease obligations	244.76	323.91
Interest expense on financial liability measured at amortised cost	-	41.64
Others	0.65	0.66
	<b>245.41</b>	<b>366.21</b>

### 25 Other expenses

(Rs. in lakhs)

For the year ended	31 March 2021	31 March 2020
Consumption of stores and spares	735.70	788.27
Power and fuel	1,397.64	1,738.94
Water charges	50.60	46.46
Rent (refer note 38)	229.93	323.32
Repairs and maintenance		
- Plant and machinery	778.30	761.03
- Building	432.79	424.53
- Others	162.50	101.89
Insurance	279.59	228.39
Rates and taxes	602.91	498.64
Communication expenses	221.37	240.11
Travel and conveyance	245.69	2,351.51
Legal and professional charges (refer note (a) below)	1,378.46	1,264.72
Sub-contracting charges	597.89	623.21
Selling, distribution and advertisement expenses	5,290.73	6,946.85
Commission	212.51	371.29
Freight outward	5,663.34	5,712.48
Royalty (refer note 27 (a) and 30)	3,173.35	4,156.04
Corporate management fees (refer note 27 (b)(i) and 30)	10,644.88	12,582.66
Directors' sitting fees	10.00	10.00
Provision for doubtful debts (net)	292.41	1,457.98
Exchange loss on foreign currency transactions (net)	248.69	1,547.33
Expenditure towards corporate social responsibility activities (refer note 32)	948.65	976.75
Loss on disposal of property, plant and equipment (net)	-	2.38
Miscellaneous expenses	4,038.63	4,046.74
	<b>37,636.56</b>	<b>47,201.52</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (a) Payment to auditors #

	31 March 2021	31 March 2020
As auditors:		
Audit and limited review fee	117.00	117.00
Tax audit fee	11.00	11.00
Certification fees	13.00	10.45
Reimbursement of out-of-pocket expenses	4.55	3.70
<b>Total</b>	<b>145.55</b>	<b>142.15</b>

#Excluding goods and service tax.

### 26 Earnings per share

(Rs. in lakhs except for number of shares)

For the year ended	31 March 2021	31 March 2020
Net profit attributable to equity shareholders	16,237.65	32,216.92
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.)	144.14	285.99
Diluted earnings per share (Rs.)	144.14	285.99

### 27 Inter Company agreements and arrangements

a) *Intellectual property agreement* – The Group 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 group has incurred an expenditure of **Rs. 3,173.35 lakhs** for the year ended 31 March 2021 (31 March 2020: Rs. 4,156.04 lakhs) and disclosed as Royalty under other expenses (refer note 25)

b) (i) *Support services and corporate management fees* - In order to avail economies of scale, the Group has entered into inter-company services support services agreement with 3M Global Service Center Management 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 2019. The Company is charged with comprehensive support services charges by 3M Global Service Center Management Company 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 and Outsourced Services of Transaction Processing on competitive conditions. This agreement supersedes the agreement entered by the Company with 3M Company, USA dated 1 April 2009, 3M Asia Pacific Pte Limited dated 1 January 2003 and 3M Hong Kong Ltd with effect from 1 January 2011.

The Group has incurred the following expenditure:

(Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Corporate management fee	10,644.88	12,582.66
- Foreign services employees expense are included in employee costs amounting to	237.25	434.78

The Group has accrued an amount of **Rs. 2,978.52 lakhs** (31 March 2020 : Rs. 3,360.40 lakhs) in respect of estimated liability for the above services during period 1 January 2021 to 31 March 2021, the actual liability would be ascertained by December 2021.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- (ii) The support service agreement enables the Group to recharge expenses relating to Foreign Service Employees (FSEs) of 3M Company and its affiliates. Accordingly the Group has charged **Rs. 750.38 lakhs** (31 March 2020 : Rs. 1,382.29 lakhs).
- (iii) The support service agreement enables the Company to invoice expenses relating to management support fee to 3M Company and its affiliates. During the year, the Company has recognised an income of **Rs. 3,297.63 lakhs** (31 March 2020 : Rs. 1,778.40 lakhs).
- c) *Contract research agreement* – The Group 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, Group has recognized an income of **Rs. 1,412.89 lakhs** (31 March 2020 : Rs. 2,081.75 lakhs).

### 28 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 Group, under which the employees of the Group are eligible to purchase the shares of 3M Company, USA at 85% of the market price of the share. Under the plan, the Group deducts the amount from the monthly salary of the employees and remits the amount to 3M Company, USA. In accordance with the plan, the Group during the year has deducted for remittance a sum of **Rs. 365.61 lakhs** (2020: Rs. 355.84 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of **Rs. 34.81 lakhs** (2020: Rs. 31.18 lakhs) is pending remittance to the holding Company and the same is included under 'Other financial liabilities' (refer note 16).

##### 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 Group 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. As of the year end a sum of **Rs. 2,267.10 lakhs** (2020: Rs. 919.93 lakhs) is liability and the same is included under 'Other financial liabilities' (refer note 16).

#### B. Measurement of fair values

The Group 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 as on 31 March, 2021.

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 2021	31 March 2020
Fair value (in \$)	35.08	12.79
Share price (in \$)	192.68	133.24
Expected volatility (%)	22.57%	19.69%
Expected life (years)	6.90 years	6.54 years
Expected dividends (%)	2.84%	2.65%
Risk free interest rate (%)	0.77%	1.39%

The expected term of the SARs is estimated based on the vesting term and contractual term of the SARs, as well as expected exercise behavior 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### C. Reconciliation of outstanding share options

The activity in the cash-settled share based payment transactions during the year ended 31 March 2021 is set out below:

	31 March 2021		31 March 2020	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
<b>Stock appreciation right</b>				
Outstanding at the beginning	64,004	-	76,707	-
Granted	7,292	-	9,267	-
Forfeited and expired	2,063	-	3,378	-
Exercised	2,002	-	18,592	-
Outstanding at the end	<b>67,231</b>	-	<b>64,004</b>	-
<b>Exercisable at the end</b>	<b>55,642</b>		<b>46,533</b>	
<b>Restricted stock unit</b>				
Outstanding at the beginning	7,527	-	6,478	-
Granted	2,902	-	3,330	-
Forfeited and expired	1,427	-	54	-
Exercised	1,562	-	2,227	-
Outstanding at the end	<b>7,440</b>	-	<b>7,527</b>	-
<b>Exercisable at the end</b>	<b>4,861</b>		<b>-</b>	

### D. Expense recognised in Statement of profit and loss

An amount of **Rs. 1,257.43** lakhs has been debited (31 March 2020: Rs. 570.64 lakhs has been debited) to the consolidated statement of profit and loss for the year and included under Employee benefit expenses.

### E. The weighted average share price at the date of exercise with regards to SARs and RSUs exercised during the year is USD 167.13 and USD 181.05 respectively.

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

## 29 Employee benefits

### (a) Defined contribution plan

The Group 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 Limited Employees Superannuation Fund Trust and 3M E & C India Employees Superannuation Fund Trust. Other contributions are made to the Government's funds. While both the employees and the Group pay predetermined contributions into the Provident Fund and the ESI Scheme, contributions into superannuation fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary.

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

(Rs. in lakhs)

Benefits (contribution to)	31 March 2021	31 March 2020
Provident fund	1,381.00	1,414.37
Superannuation fund	123.51	127.72
Employee State Insurance Corporation	0.60	0.72
	<b>1,505.11</b>	<b>1,542.81</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (b) Defined benefit plan

The Group 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 Group. The Group contributes all ascertained liabilities towards gratuity to the 3M India Limited Employees Gratuity Fund Trust and 3M E & C Employees Gratuity Fund Trust. Trustees administer contributions made to the trust. As of 31 March 2021 and 31 March 2020, the plan assets have been primarily invested in insurer managed funds.

(Rs. in lakhs)

<b>A. Reconciliation of opening and closing balances of the present value of the defined benefit obligation</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Obligation at the beginning of the year	5,325.45	4,693.18
Current service cost	478.13	451.18
Interest cost	311.23	333.54
Actuarial loss / (gains) - experience	130.96	43.26
Actuarial (gain) / loss - demographic assumptions	(12.43)	-
Actuarial loss / (gains) - financial assumptions	494.66	413.64
Benefits paid	(1,052.17)	(609.35)
<b>Obligation at the end of the year</b>	<b>5,675.83</b>	<b>5,325.45</b>
<b>B. Reconciliation of opening and closing balances of the fair value of plan assets</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Plan assets at the beginning of the year	2,816.02	2,391.53
Interest income on plan assets	153.42	194.13
Contribution by the Group	-	935.00
Remeasurements- Return on plan assets excluding amounts included in interest income	222.96	(95.30)
Benefits paid	(1,052.17)	(609.34)
<b>Plan assets at the end of the year</b>	<b>2,140.23</b>	<b>2,816.02</b>
<b>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</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Present value of obligation at the end of the year	5,675.83	5,325.45
Fair value of plan assets at the end of the year	(2,140.23)	(2,816.02)
<b>Net defined benefit obligation</b>	<b>3,535.60</b>	<b>2,509.43</b>
<b>D. Expenses recognized in the Statement of profit and loss</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Current service cost	478.13	451.18
Interest cost	311.23	333.53
Interest income on plan assets	(153.42)	(194.13)
	<b>635.94</b>	<b>590.58</b>
<b>E. Remeasurements recognized in Other comprehensive income</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Actuarial losses on defined benefit obligation	613.18	456.90
Actuarial losses / (gains) on plan assets	(222.96)	95.30
	<b>390.22</b>	<b>552.20</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

<b>F. Investment details of plan assets</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
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)	7.02%	2.76%
Fund balance with Insurance companies	92.98%	97.24%
	<b>100.00%</b>	<b>100.00%</b>

<b>G. Assumptions</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
Discount rate (per annum)	6.80%	6.70%
Rate of escalation in salary (per annum)	Production - 10% Others - 6%	6.00%
Retirement age (in years)	60 years	60 years
Mortality rates	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal rates		
Under 30 years	Staff - 20% Production - 1%	Staff - 15% Production - 15%
31-34 years	Staff - 10% Production - 1%	Staff - 10% Production - 10%
35-44 years	Staff - 5% Production - 0.5%	Staff - 5% Production - 5%
45-50 years	Staff - 5% Production - 0.5%	Staff - 3% Production - 3%
51-54 years	Staff - 1% Production - 0%	Staff - 2% Production - 2%
55-60 years	Staff - 1% Production - 0%	Staff - 1% Production - 1%

<b>H. Sensitivity analysis</b>	<b>31 March 2021</b>	<b>31 March 2020</b>
The sensitivity analysis of significant actuarial assumptions as of end of reporting period is shown below:		
<b>A. Discount rate</b>		
Effect on defined benefit obligation due to 1% increase in discount rate	(568.03)	(456.36)
Effect on defined benefit obligation due to 1% decrease in discount rate	672.53	529.35
<b>B. Salary escalation rate</b>		
Effect on defined benefit obligation due to 1% increase in Salary escalation rate of production and others	662.26	528.04
Effect on defined benefit obligation due to 1% decrease in Salary escalation rate of production and others	(571.11)	(463.43)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

I. Maturity profile of defined benefit obligation	Amounts
1. March 31, 2022	228.46
2. March 31, 2023	407.18
3. March 31, 2024	274.19
4. March 31, 2025	663.69
5. March 31, 2026	413.01
6. March 31, 2027 to March 31, 2031	3,170.99

### 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 2021: Rs. Nil) is expected to be paid to the plans during the year ending 31 March 2022.

### 30 Related party transaction

Names of related parties and nature of relationship:

i) Holding company	3M Company, USA	
ii) Fellow subsidiaries (with whom transactions have occurred during the year)	3M China Limited	3M Lanka Private Limited
	3M Thailand Limited	Dyneon B.V.
	3M France S.A	3M Belgium S.A./N.V.
	3M Gulf Limited	3M Singapore Pte. Ltd.
	3M Asia Pacific Pte. Ltd	Sumitomo 3M Limited
	P.T. 3M Indonesia	3M Taiwan Limited
	3M APAC RDC Pte Limited	3M Technologies (S) Pte Ltd
	3M Australia Pty. Limited	3M Philippines, Inc.
	3M Canada Company	3M Pakistan Private Limited
	3M Do Brasil Limitada	3M International Trading (Shanghai) Co., Ltd
	3M EMEA, GmbH	3M Panama Pacifico S Der L.
	3M Espana, S.A.	3M Panama S.A
	3M Hong Kong Limited	3M Vietnam Limited
	3M Innovation Singapore Pte Limited	3M Hellas Limited
	3M Italia S.P.A.	3M Germany Hilden GmbH

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	3M Malaysia Sdn. Bhd.	3M Innovation (Thailand) Co. Ltd.
	3M Korea Limited	3M UK Holdings Limited
	3M Korea Health & Safety Ltd	3M Wendt GmbH
	3M Korea High Tech, Korea	3M Winterthur Technologies AG
	3M United Kingdom PLC	3M Touch System Singapore PTE
	3M ESPE Dental AG	3M Peru S.A
	Dyneon GmbH	3M Svenska AB
	3M Unitek Corporation	3M International Group B.V.
	3M Material Tech(Guangzhou) Co., Limited	Emfi S.A.
	3M Wroclaw SP. Z O.O.	3M Matl Tech Suzhou Co Ltd
	3M South Asia Manufacturing Company Private Limited	3M Material Tech Hefei Co Ltd
	3M Saudi Arabia	Winterthur Tech Taican Co Ltd
	3M Speciality Materials (Shanghai) Co. Ltd.	3M Health Care Ltd, Japan
	Trimodal Softech Solutions Private Limited	Capital Safety Products India Private Limited
	3M Global Service Management Company	3M Wendt GmbH
	3M New Zealand	3M Sanayi As Ticaret
	3M Japan Ltd	
iii) Post employment benefit plan entities	3M India Ltd Employees Gratuity Fund Trust	3M E&C Employees Gratuity Fund Trust
	3M India Ltd Employees Superannuation Fund Trust	3M E&C Employees Superannuation Fund Trust
iv) Key management personnel	<b>Executive Directors</b> Ramesh Ramadurai (Managing Director) B V Shankaranarayana Rao (Whole- time Director) (upto 13 May 2020) Mamta Gore (Chief Financial Officer) (Whole-time Director effective 01 September 2020)	
	<b>Non-executive Directors</b> Amit Laroya Debarati Sen (From 01 June 2019 to 02 March 2020) Bharat D. Shah Biren Gabhawala Radhika Rajan Sadhana Kaul (Resigned effective 05 May 2020) Jongho Lee	
	<b>Others</b> V. Srinivasan (Company Secretary)	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
<b>Trade payables</b>		
3M Company, USA	9,803.77	10,415.40
3M APAC RDC Pte Limited	802.12	1,208.08
3M Australia Pty. Limited	92.05	0.56
3M Canada Company	810.00	829.20
3M China Limited	429.73	697.26
3M Do Brasil Limitada	114.23	189.22
3M EMEA, GmbH	3,112.01	2,958.56
3M Gulf Limited	-	70.63
3M Health Care Ltd, Japan	2,122.26	1,468.42
3M Hong Kong Limited	243.16	75.01
3M Innovation Singapore Pte Limited	6,506.74	4,105.76
3M Singapore Pte. Ltd.	-	122.75
3M International Trading (Shanghai) Co. Ltd.	-	1.96
3M Malaysia Sdn. Bhd.	6.70	-
3M Material Tech(Guangzhou) Co., Limited	-	374.50
3M New Zealand	0.27	-
3M Panama Pacifico S Der L.	32.90	90.68
3M Speciality Materials (Shanghai) Co. Ltd.	615.14	380.71
3M Svenska AB	-	-
3M Technologies (S) Pte Ltd	67.03	-
3M Innovation (Thailand) Co. Ltd.	3.44	-
3M Vietnam Limited	8.01	-
3M Taiwan Limited	12.82	36.09
3M Thailand Limited	38.67	53.90
3M United Kingdom Plc	-	2.69
3M Unitek Corporation	15.13	38.05
Dyneon GmbH	-	14.22
Dyneon B.V.	22.90	-
Emfi S.A	255.55	152.32
3M Poland Sp. Z O.O	19.80	19.80
Sumitomo 3M Limited	0.05	39.22
3M Matl Tech Suzhou Co Ltd	-	249.02
3M Korea High Tech, Korea	71.19	81.81
3M Material Tech (Guangzhou) Co Limited	9.16	-
Winterthur Tech Taican Co Ltd	82.15	39.77
3M Wendt GmbH	3.41	-
Cuno Pacific Pty Ltd, Australia	70.03	3.43
3M Innovation Singapore Pte Ltd	80.25	-
P.T. 3M Indonesia	6.98	-
3M Korea Limited	985.59	168.35
3M Material Tech Hefei Co Limited	389.17	204.51
	<b>26,832.41</b>	<b>24,091.88</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
<b>Other financial liabilities</b>		
3M Company, USA	2,087.20	1,332.58
3M Korea Limited	155.18	-
P.T. 3M Indonesia	183.20	-
3M Singapore Pte. Ltd.	193.13	162.10
	<b>2,618.71</b>	<b>1,494.68</b>
<b>Trade receivables</b>		
3M Company, USA	63.85	10.91
3M Australia Pty Limited	0.15	-
3M EMEA, GmbH	168.14	0.73
3M Gulf Limited	-	3.21
3M Hong Kong Limited	11.23	10.27
3M Innovation Singapore Pte Limited	63.47	-
3M Korea Limited	3.36	-
3M Malaysia Sdn. Bhd.	12.63	0.85
3M Philippines, Inc.	1.06	-
3M Singapore PTE Ltd	-	27.26
3M Speciality Materials (Shanghai) Co. Ltd.	-	8.67
3M Sanayi As Ticaret	165.11	-
3M Costa Rica, S.A.	-	0.51
3M Nederland B.V.	-	0.66
3M Thailand Limited	231.12	54.82
3M Vietnam Limited	138.34	71.92
3M Saudi Arabia	-	119.53
3M Innovation (Thailand) Co. Ltd.	170.07	-
3M Technologies (S) Pte Ltd	32.36	-
P.T. 3M Indonesia	3.96	143.63
3M Peru S.A	0.78	-
Sumitomo 3M Limited	3.55	0.28
	<b>1,069.18</b>	<b>453.25</b>
<b>Other financial assets</b>		
3M Company, USA	1,095.66	543.56
3M Global Service Management Company	836.42	325.45
3M China Limited	161.74	73.22
3M Korea Limited	-	250.40
3M Thailand Limited	53.29	39.19
3M Lanka Private Limited	10.24	-
P.T. 3M Indonesia	-	215.20
3M International Trading (Shanghai) Co. Ltd.	37.07	534.75
3M Malaysia Sdn. Bhd.	-	27.80
3M South Asia Manufacturing Company Private Limited	142.67	87.41
3M Philippines, Inc.	207.49	114.01
Trimodal Softech Solutions Private Limited	18.07	70.35
	<b>2,562.65</b>	<b>2,281.33</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Details of the related party transactions entered into by the Company are as follows:

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
<b>Remuneration paid to Key management personnel #</b>		
Debarati Sen	-	362.39
Ramesh Ramadurai	307.97	383.96
B V Shankaranarayana Rao	131.03	560.30
Mamta Gore	468.27	405.21
V. Srinivasan	52.18	50.73
	<b>959.45</b>	<b>1,762.59</b>

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

### Sitting fees and commission paid to Key management personnel

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
Bharat D. Shah	21.80	21.60
Biren Gabhawala	21.60	21.40
Radhika Rajan	21.00	21.00
	<b>64.40</b>	<b>64.00</b>

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
<b>Sales of Products (net of returns)</b>		
3M Company, USA	88.16	117.80
3M Gulf Limited	4.29	28.00
3M Thailand Limited	549.28	434.28
3M Korea Limited	40.99	122.75
P.T. 3M Indonesia	64.63	423.56
3M EMEA, GmbH	173.62	193.53
3M Pakistan Private Limited	-	23.82
3M Lanka Private Limited	-	(2.24)
3M China Limited	0.37	-
3M Hong kong Limited	23.97	32.45
3M Technologies (S) Pte Ltd	108.30	-
3M Taiwan Limited	3.78	14.24
3M Philippines, Inc.	3.38	-
3M Australia Pty. Limited	343.17	-
3M Vietnam Limited	412.08	340.60
3M Sanay AS Ticaret	186.90	-
3M Singapore Pte. Ltd.	33.87	0.06
Sumitomo 3M Limited	11.49	102.64
3M Saudi Arabia	334.47	363.39
3M Chile S.A	-	37.31
3M Peru S.A	0.78	2.53
3M Malaysia Sdn. Bhd.	156.51	-



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
3M Asia Pacific Pte. Ltd	83.52	92.29
3M Do Brasil Limitada	-	20.93
3M Malaysia Sdn Bhn	-	50.50
3M Australia Pty Limited	0.88	0.87
3M Costa Rica, S.A.	-	0.47
3M South Africa Limited	-	10.83
3M New Zealand	35.98	-
3M Nederland B.V.	-	0.61
3M APAC RDC Pte Limited	-	0.12
	<b>2,660.42</b>	<b>2,411.34</b>
<b>Contributions during the year</b>		
3M India Ltd Employees Gratuity Fund Trust	-	850.00
3M India Ltd Employees Superannuation Fund Trust	111.33	115.34
3M E&C Employees Gratuity Fund Trust	-	85.00
3M E&C Employees Superannuation Fund Trust	12.18	12.38
	<b>123.51</b>	<b>1,062.72</b>
<b>Income from contract research</b>		
3M Company, USA	1,412.89	2,081.75
	<b>1,412.89</b>	<b>2,081.75</b>
<b>Income from management support services</b>		
3M Company, USA	1,113.91	1,547.53
3M Global Service Management Company	2,028.05	-
3M South Asia Manufacturing Company Private Limited	132.24	69.92
3M Lanka Private Limited	10.24	-
Capital Safety Products India Private Limited	2.02	1.20
Trimodal Softech Solutions Private Limited	11.17	159.75
	<b>3,297.63</b>	<b>1,778.40</b>
<b>Reimbursement of expenses received</b>		
3M Company, USA	-	922.17
3M Global Service Management Company	1,426.73	-
P.T. 3M Indonesia	361.03	505.46
3M Korea Limited	290.41	482.18
3M Singapore PTE Ltd	48.14	295.99
3M Thailand Limited	107.99	153.03
3M Philippines, Inc	-	172.27
3M Malaysia Sdn. Bhd.	-	88.26
3M China Limited	50.09	132.24
	<b>2,284.39</b>	<b>2,751.60</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
<b>Purchase of materials (net of returns)</b>		
3M Company, USA	29,348.81	37,172.02
3M APAC RDC Pte Limited	3,483.98	7,859.84
3M Australia Pty. Limited	109.38	0.56
3M Belgium S.A./N.V.	21.38	14.43
3M Canada Company	1,432.94	2,522.81
3M China Limited	1,931.44	2,232.36
3M Do Brasil Limitada	440.57	792.06
3M EMEA, GmbH	5,769.12	4,733.69
3M ESPE Dental AG	346.14	798.58
3M France S.A	183.97	504.59
3M Germany Hilden GmbH	1,540.13	2,765.18
3M Hong Kong Limited	590.36	182.60
3M Innovation (Thailand) Co. Ltd.	46.51	3.15
3M Innovation Singapore Pte Limited	30,144.36	23,177.85
3M Italia S.P.A.	202.16	381.87
3M Japan Ltd	213.60	-
3M Korea Health & Safety Ltd	0.86	-
3M Korea Limited	1,198.22	1,203.50
3M Malaysia Sdn. Bhd.	15.61	9.70
3M Material Tech(Guangzhou) Co., Limited	576.91	989.77
3M New Zealand	3.63	-
3M Panama S.A	218.39	474.78
3M Philippines, Inc.	0.54	8.66
3M Speciality Materials (Shanghai) Co. Ltd.	2,204.28	821.62
3M Taiwan Limited	174.10	167.67
3M Thailand Limited	429.20	258.47
3M UK Holdings Limited	-	321.39
3M United Kingdom PLC	179.78	17.56
3M Unitek Corporation	135.38	201.42
3M Wendt GmbH	21.28	9.19
3M Winterthur Technologies AG	802.17	228.29
3M Wroclaw SP. Z O.O.	2,039.60	592.43
Dyneon B.V.	-	16.40
Dyneon GmbH	-	1,768.68
3M International Trading (Shanghai) Co., Ltd	110.18	29.30
3M Korea Hightech Limited	496.66	370.91

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

Name of related party	31 March 2021	31 March 2020
3M Singapore Pte. Ltd.	410.28	330.58
3M Technologies (S) Pte Ltd	39.28	1.41
Wendt Boart S.A	-	-
3M Svenska AB	-	300.17
Emfi S.A.	695.08	-
Cuno 3M Germany	213.10	114.65
Cuno 3M Poland	214.19	2.77
Cuno Europe (France )	76.31	25.01
Cuno Inc (USA)	2,149.70	1,158.94
Cuno K.K (Japan)	39.92	9.74
3M Panama Pacifico S Der L.	67.62	68.51
P.T. 3M Indonesia	122.13	-
Sumitomo 3M Limited	6,780.66	6,031.23
Cuno Pacific Pty Ltd Australia	187.61	145.46
3M Vietnam Limited	37.32	7.13
3M Material Tech Hefei Co Limited	2,200.68	546.32
	<b>97,645.52</b>	<b>99,373.25</b>
<b>Corporate management fees (excluding ineligible portion of Goods and Service Tax)</b>		
3M Global Service Management Company	10,644.88	12,582.66
	<b>10,644.88</b>	<b>12,582.66</b>
<b>Royalty (excluding ineligible portion of Goods and Service Tax)</b>		
3M Company, USA	3,173.35	4,156.04
	<b>3,173.35</b>	<b>4,156.04</b>
<b>Recharges of expenses paid</b>		
3M Company, USA	50.44	209.82
3M Gulf Limited	186.81	224.96
	<b>237.25</b>	<b>434.78</b>

### 31 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 Group’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 Group 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 Group has five reportable segments, as described below.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For each of the segments, the Company's Managing Director, who is the CODM, 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 Group as a whole.

The following summary describes the products included in each of the Group's reportable segment:

Reportable segments	Products
Safety & 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.
Transportation & Electronics	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.

### 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 2021	31 March 2020
<b>Segment revenue (revenue from operations)</b>		
a) Safety & Industrial	101,249.64	112,621.35
b) Transportation & Electronics	89,033.53	103,091.80
c) Health Care	36,200.78	48,574.73
d) Consumer	31,286.00	31,966.12
e) Others	2,713.19	2,401.09
<b>Total revenue</b>	<b>260,483.14</b>	<b>298,655.09</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	31 March 2021	31 March 2020
<b>Segment results</b>		
a) Safety & Industrial	10,392.17	17,673.15
b) Transportation & Electronics	1,418.96	6,785.35
c) Health Care	3,047.14	7,416.38
d) Consumer	3,985.56	6,642.82
e) Others	920.01	515.53
<b>Total segment results</b>	<b>19,763.84</b>	<b>39,033.23</b>
Less : Interest expense	245.41	366.21
Add: Other un-allocable income net off un-allocable expenditure	2,473.73	4,589.56
<b>Profit before tax</b>	<b>21,992.16</b>	<b>43,256.58</b>
Tax expense	5,754.51	11,039.66
<b>Profit after tax</b>	<b>16,237.65</b>	<b>32,216.92</b>
<b>Segment assets</b>		
a) Safety & Industrial	44,771.41	44,675.35
b) Transportation & Electronics	46,232.84	48,948.44
c) Health Care	16,369.96	18,464.04
d) Consumer	10,455.74	11,377.15
e) Unallocated corporate assets	147,323.08	113,670.62
<b>Total assets</b>	<b>265,153.03</b>	<b>237,135.60</b>
<b>Segment liability</b>		
a) Safety & Industrial	16,686.03	11,651.65
b) Transportation & Electronics	16,049.16	12,698.37
c) Health Care	5,080.35	4,750.92
d) Consumer	3,409.86	2,186.09
e) Unallocated corporate liabilities	32,894.72	30,761.30
<b>Total liabilities</b>	<b>74,120.12</b>	<b>62,048.33</b>
<b>Capital expenditure</b>		
a) Safety & Industrial	1,302.38	942.70
b) Transportation & Electronics	896.43	843.03
c) Health Care	760.59	153.53
d) Consumer	890.68	183.72
e) Unallocated capital expenditure	301.58	-
<b>Total capital expenditure</b>	<b>4,151.66</b>	<b>2,122.98</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Rs. in lakhs)

	31 March 2021	31 March 2020
<b>Depreciation and amortisation expenses</b>		
a) Safety & Industrial	2,566.46	1,382.19
b) Transportation & Electronics	1,382.64	959.12
c) Health Care	1,201.73	710.16
d) Consumer	946.89	555.85
e) Unallocated depreciation / amortisation expenses	86.87	2,325.93
Depreciation / amortisation expenses	<b>6,184.59</b>	<b>5,933.25</b>
<b>Non cash expenses other than depreciation and amortisation expense</b>		
a) Safety & Industrial	145.16	584.81
b) Transportation & Electronics	127.65	555.22
c) Health Care	51.90	260.64
d) Consumer	44.86	174.84
<b>Total non cash expenses</b>	<b>369.57</b>	<b>1,575.51</b>

### 32 Corporate social responsibility

During the year, the amount required to be spent on corporate social responsibility activities amounted to Rs. 945.49 lakhs (31 March 2020: Rs. 976.57 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 2021	31 March 2020
(i) Amount spent other than for construction / acquisition of any asset	948.65	976.75
(ii) Amount not spent	-	-
<b>Total</b>	<b>948.65</b>	<b>976.75</b>

### 33 Contingent liabilities and commitments:

(Rs. in lakhs)

As at	31 March 2021	31 March 2020
a) Guarantees:		
- Issued by Group's bankers	7,462.82	6,247.12
b) Claims against the Group not acknowledged as debts:		
- Trade claims/ demands	74.23	74.23
- Income tax demand (including interest) (refer note (i) below)	17,659.91	19,090.79
- Custom duty demands (refer note (ii) and (iii) below)	18,348.54	18,348.54
- Sales tax matters (refer note (iv) below)	2,880.51	3,954.50
- Service tax matters (refer note (v) below)	917.01	917.01
- Central excise duty matters (refer note (vi) below)	2,228.22	4,292.06
c) Bills discounted	-	200.79

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### Notes:

- (i) Income tax matters mainly relates to intercompany charges.
- (ii) The Group during the year 2012-13 had received an order from The Commissioner of Customs demanding differential duty, interest and penalty of Rs.1,961.50 lakhs, contending the availment of concessional import duty in respect of some of its products for which a demand notice was served on the Group for payment of the above amount. The Group 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 Group was issued a Show Cause Notice dated 8 December 2016 by the Directorate of Revenue Intelligence (DRI) in relation to levy of customs duty on inter-company transactions for import of goods and services and hence proposing to demand differential duty of customs covering the transactions during the period 8 December 2011 to 7 February 2014. The Group has received an order in original on 1 October 2017 from Additional Director General – DRI (Adjudication), Mumbai confirming the demand raised for custom duty in show cause notice amounting to Rs.7,693.52 lakhs, penalty equivalent to the custom duty amount and additional penalty and interest of Rs.1,000 lakhs. The Group has filed an appeal against this order with CESTAT, Mumbai after making payment of mandatory deposit of Rs. 577.00 lakhs.
- (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 2003-04 to 2017-18. 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 Group 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 and Valuation/ allowability of CENVAT credit under the Central Excise Act.
- (vii) The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. However, considering that there are numerous interpretative issues relating to this judgement and in the absence of reliable measurement of the provision for the earlier periods, the Group has made a provision for provident fund contribution pursuant to the judgement only for the current year. The Group will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Group does not expect any material impact of the same.

Capital commitments	31 March 2021	31 March 2020
Estimated value of contracts in capital account remaining to be executed	2,036.13	1,171.05

During the year ended 31 March 2021 no material foreseeable loss (previous year: nil) was incurred for any long-term contract including derivative contracts.

### 34 Tax expenses

(a) Amount recognised in Statement of profit and loss	(Rs. in lakhs)	
	31 March 2021	31 March 2020
Current tax	6,499.48	10,065.21
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	(744.97)	974.45
<b>Tax expense for the year</b>	<b>5,754.51</b>	<b>11,039.66</b>

Note: The Group elected to exercise the option permitted under section 115BBA of the Income-tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (b) Reconciliation of effective tax rate

(Rs. in lakhs)

	31 March 2021		31 March 2020	
Profit before tax		21,992.16		43,256.58
Tax at statutory income tax rate 25.17% (31 March 2020 - 25.17%)	25.168%	5,534.99	25.168%	10,886.82
<i>Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:</i>				
Non-deductible expenses	1.00%	219.90	0.33%	140.86
Impact due to change in tax rate	-	-	6.40%	697.15
Others	0.00%	(0.38)	(1.58%)	(685.17)
<b>Income tax expense</b>	<b>26.17%</b>	<b>5,754.51</b>	<b>34.62%</b>	<b>11,039.66</b>

### (c) Deferred tax assets and liabilities are attributable to the following:

(Rs. in lakhs)

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax (assets)/ liabilities, net	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	31 March 2021	31 March 2020
Property, plant and equipment	-	208.78	606.56	1,102.26	606.56	893.48
Employee benefits expense	1,194.61	855.28	-	-	(1,194.61)	(855.28)
Provisions	2,491.45	2,274.52	-	-	(2,491.45)	(2,274.52)
	<b>3,686.06</b>	<b>3,338.58</b>	<b>606.56</b>	<b>1,102.26</b>	<b>(3,079.50)</b>	<b>(2,236.32)</b>

### (d) Movement in temporary differences

31 March 2021

(Rs. in lakhs)

Particulars	Balance as at 1 April 2020	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2021
Property, plant and equipment	893.48	(286.92)	-	-	-	606.56
Employee benefits expense	(855.28)	(241.12)	(98.21)	-	-	(1,194.61)
Provisions	(2,274.52)	(216.93)	-	-	-	(2,491.45)
	<b>(2,236.32)</b>	<b>(744.97)</b>	<b>(98.21)</b>	<b>-</b>	<b>-</b>	<b>(3,079.50)</b>

31 March 2020

(Rs. in lakhs)

Particulars	Balance as at 1 April 2019	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2020
Property, plant and equipment	1,835.13	(941.65)	-	-	-	893.48
Employee benefits expense	(1,103.07)	386.77	(138.98)	-	-	(855.28)
Provisions	(3,803.85)	1,529.33	-	-	-	(2,274.52)
	<b>(3,071.79)</b>	<b>974.45</b>	<b>(138.98)</b>	<b>-</b>	<b>-</b>	<b>(2,236.32)</b>

### (e) Details of income tax assets and income tax liabilities

(Rs. in lakhs)

	31 March 2021	31 March 2020
Income tax assets (net)	11,984.40	10,135.26
Current tax liabilities (net)	(2,279.50)	(2,279.50)
<b>Net current income tax asset/ (liability) at the end of the year</b>	<b>9,704.90</b>	<b>7,855.76</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (f) The gross movement in the current income tax asset / (liability) (Rs. in lakhs)

	31 March 2021	31 March 2020
Net current income tax asset / (liability) at the beginning of the year	7,855.76	4,625.30
Income tax paid	8,348.62	13,295.67
Current income tax expense	(6,499.48)	(10,065.21)
<b>Net current income tax asset/ (liability) at the end of the year</b>	<b>9,704.90</b>	<b>7,855.76</b>

### 35 Movement in provisions (Rs. in lakhs)

Particulars	1 April 2020	Addition	Utilisation/ reversals	31 March 2021
a) Asset retirement obligation	90.57	-	-	90.57
b) Sales tax, service tax and other litigations	2,440.94	136.94	42.60	2,535.28
c) Provision for sales return and volume rebate	3,787.46	2,467.50	3,787.46	2,467.50
	<b>6,318.97</b>	<b>2,604.44</b>	<b>3,830.06</b>	<b>5,093.35</b>

Particulars	1 April 2019	Addition	Utilisation/ reversals	31 March 2020
a) Asset retirement obligation	90.55	0.02	-	90.57
b) Sales tax, service tax and other litigations	3,516.85	858.55	1,934.46	2,440.94
c) Provision for sales return and volume rebate	3,601.77	3,787.47	3,601.78	3,787.46
	<b>7,209.17</b>	<b>4,646.04</b>	<b>5,536.24</b>	<b>6,318.97</b>

### 36 Capital management

The Group's policy is to maintain a stable 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 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 2021 and 31 March 2020 was as follows: (Rs. in lakhs)

Particulars	31 March 2021	31 March 2020
Debt	2,312.59	4,212.84
Total equity	191,032.91	175,087.27
<b>Debt to total equity ratio</b>	<b>1.21%</b>	<b>2.41%</b>

### 37 Financial Instruments - Fair values and risk management

#### A. Accounting classification and fair values

- Fair value through other comprehensive income (FVTOCI) - Where the financial assets are held not only for collection of cash flows arising from payments of principal and interest but also from the sale of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in other comprehensive income
- Fair value through profit or loss (FVTPL) - Where the assets are managed in accordance with an approved investment strategy that triggers purchase and sale decisions based on the fair value of such assets. Such assets are subsequently measured at fair value, with unrealised gains and losses arising from changes in the fair value being recognised in the Statement of Profit and Loss in the period in which they arise.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- c) Amortised cost - Where the financial assets are held solely for collection of cash flows arising from payments of principal and/or interest.

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2021

(Rs. in lakhs))

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL - others	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
Financial assets not measured at fair value						
Trade receivables	6	-	-	-	48,852.84	48,852.84
Loans to employees	7	-	-	-	61.04	61.04
Security deposits	7	-	-	-	1,486.90	1,486.90
Other financial assets	8	-	-	-	2,939.83	2,939.83
Cash and cash equivalents	11	-	-	-	1,06,242.29	1,06,242.29
		-	-	-	159,582.90	159,582.90
Financial liabilities not measured at fair value						
Finance lease obligation	38	-	-	-	2,312.59	2,312.59
Trade payables	15	-	-	-	41,094.85	41,094.85
Other financial liabilities	16	-	-	-	16,114.41	16,114.41
		-	-	-	59,521.85	59,521.85

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

The following table shows the carrying amounts of financial assets and financial liabilities as at 31 March 2020

(Rs. in lakhs)

	Note	Carrying amount				Total carrying amount
		Mandatorily at FVTPL	FVOCI-debt instruments	FVOCI-equity instruments	Amortised cost	
<b>Financial assets not measured at fair value</b>						
Trade receivables	6	-	-	-	53,424.91	53,424.91
Loans to employees	7	-	-	-	70.55	70.55
Security deposits	7	-	-	-	1,368.27	1,368.27
Other financial assets	8	-	-	-	2,766.22	2,766.22
Cash and cash equivalents	11	-	-	-	78,057.16	78,057.16
		-	-	-	135,687.11	135,687.11
<b>Financial liabilities not measured at fair value</b>						
Finance lease obligation	38	-	-	-	4,212.84	4,212.84
Trade payables	15	-	-	-	31,287.03	31,287.03
Other financial liabilities	16	-	-	-	11,348.26	11,348.26
		-	-	-	46,848.13	46,848.13

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### B. Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

#### i. Risk management framework

The Group's principal financial liabilities comprise finance lease obligations, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group'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 Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

##### (a) Financial assets that are not credit impaired

The Group 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 Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available. Sale limits are established for each customer and reviewed yearly.

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

The maximum exposure to credit risk for trade receivables by geographic region is as follows: (Rs. in lakhs)

	Carrying amount	
	31 March 2021	31 March 2020
India	52,363.14	58,513.02
Other regions	1,069.41	453.26
	<b>53,432.55</b>	<b>58,966.28</b>

The maximum exposure to credit risk for trade receivables by type of counterparty is as follows: (Rs. in lakhs)

	Carrying amount	
	31 March 2021	31 March 2020
Distributors	23,399.33	33,953.96
Other	30,169.59	25,012.32
	<b>53,568.92</b>	<b>58,966.28</b>
Less: receivables from related party, secured receivables and other receivables not considered for credit risk	1,558.97	3,290.93
Net trade receivables	<b>52,009.95</b>	<b>55,675.35</b>

Expected credit loss assessment for the Group as at 31 March 2020 and 2021:

The Group 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 Group 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 Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis,

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

based on the Group'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 Group in accordance with the contract and the cash flows that the Group expects to receive).

Out of the total trade receivables of **Rs. 53,468.92 lakhs** (31 March 2020: 58,966.28 lakhs), the exposure considered for expected credit loss is **Rs. 52,009.95 lakhs** (31 March 2020 :Rs. 55,675.35). The balance which is not considered for impairment primarily 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
<b>31 March 2021</b>			
Current (not past due)	46,609.02	1.07%	500.77
0-90 days	1,354.25	3.57%	48.33
91-180 days	8.74	28.46%	2.49
181-270 days	42.11	76.90%	32.38
271-360 days	653.72	99.99%	653.63
> 360 days	3,342.11	100.00%	3,342.11
	<b>52,009.95</b>		<b>4,579.71</b>
<b>31 March 2020</b>			
Current (not past due)	33,405.90	1.40%	467.47
0-90 days	16,553.61	4.32%	714.57
91-180 days	1,755.12	28.60%	502.03
181-270 days	324.50	68.13%	221.09
271-360 days	412.71	100.00%	412.71
> 360 days	3,223.51	100.00%	3,223.50
	<b>55,675.35</b>		<b>5,541.37</b>

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 2021	31 March 2020
Balance as at 1 April	5,541.37	4,739.76
Utilised during the year	(1,254.07)	(656.37)
Impairment loss recognised	292.41	1,457.98
<b>Balance as at 31 March</b>	<b>4,579.71</b>	<b>5,541.37</b>

### iii. Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation.

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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
<b>31 March 2021</b>					
<b>Non-derivative financial liabilities</b>					
Finance lease obligations	1,269.57	951.38	91.64	-	2,312.59
Trade and other payables	57,209.26	-	-	-	57,209.26
	<u>58,478.83</u>	<u>951.38</u>	<u>91.64</u>	<u>-</u>	<u>59,521.85</u>
<b>31 March 2020</b>					
<b>Non-derivative financial liabilities</b>					
Finance lease obligations	2,449.21	1,017.73	745.90	-	4,212.84
Trade and other payables	42,651.15	-	-	-	42,651.15
	<u>45,100.36</u>	<u>1,017.73</u>	<u>745.90</u>	<u>-</u>	<u>46,863.99</u>

#### iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates will affect the Group'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 Group is exposed to market risk primarily related to foreign exchange rate risk. Thus, the exposure to market risk is a function of 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 Group's unhedged exposure to currency risk as reported to the management is as follows:

	31 March 2021				31 March 2020			
	USD	EURO	SGD	Others	USD	EURO	SGD	Others
Trade and other payables	15,545.77	4,026.07	7,456.14	3,158.70	16,018.84	3,281.98	4,741.55	2,017.64
Trade and other receivables	2,044.43	-	-	-	1,865.59	-	-	-
<b>Net exposure in respect of recognised assets and liabilities</b>	<u>13,501.34</u>	<u>4,026.07</u>	<u>7,456.14</u>	<u>3,158.70</u>	<u>14,153.25</u>	<u>3,281.98</u>	<u>4,741.55</u>	<u>2,017.64</u>

#### Sensitivity analysis

A reasonably possible strengthening (weakening) of the US Dollar or Euro against all other currencies as 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.

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2021</b>				
USD (for 1% movement)	135.01	(135.01)	101.03	(101.03)
EURO (for 1% movement)	40.26	(40.26)	30.13	(30.13)
SGD (for 1% movement)	74.56	(74.56)	55.80	(55.80)
Others (for 1% movement)	31.59	(31.59)	23.64	(23.64)
	<u>281.42</u>	<u>(281.42)</u>	<u>210.60</u>	<u>(210.60)</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31 March 2020</b>				
USD (for 1% movement)	141.53	(141.53)	105.91	(105.91)
EURO (for 1% movement)	32.82	(32.82)	24.56	(24.56)
SGD (for 1% movement)	40.40	(40.40)	30.23	(30.23)
Others (for 1% movement)	27.20	(27.20)	20.35	(20.35)
	<b>241.95</b>	<b>(241.95)</b>	<b>181.05</b>	<b>(181.05)</b>

### Impact of Covid 19 Pandemic:

The Group has considered internal and external sources of information as of the date of approval of the financial results in determining the possible impact, if any, of the resurgence of the COVID-19 pandemic on the carrying amounts of its trade receivables, inventories, financial and non-financial assets. The Group has used the principle of prudence in applying judgements and making estimates. Based on this evaluation, the Group does not expect any material impact on its financial results. However, the eventual outcome of impact of Covid-19 pandemic may be different from those estimated as on the date of approval of these financial statements.

### 38 Leases

The Group has taken vehicles, leasehold improvements, data processing equipment, office premises, warehouse and residential premises. These leases typically run for a period of eleven months to ninety six months, with an option to renew the lease after that date. For certain leases, the Group is restricted from entering into any sub-lease arrangements. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets (Rs. in lakhs)

Particulars	Buildings	Land	Data processing equipment	Vehicles	Total
Balance as at 1 April 2019 (On adoption of Ind AS 116)	2,670.08	-	-	-	2,670.08
Reclassification pursuant to adoption of Ind AS 116 (refer note 4)*	-	371.79	1,082.72	271.44	1,725.95
Additions during the year	1,457.51	-	748.56	97.87	2,303.94
Depreciation charge for the year	1,537.58	5.04	605.68	153.50	2,301.80
De-recognition during the year	-	-	-	9.03	9.03
<b>Balance as at 31 March 2020</b>	<b>2,590.01</b>	<b>366.75</b>	<b>1,225.60</b>	<b>206.78</b>	<b>4,389.14</b>
Additions during the year	-	-	315.83	42.86	358.69
Depreciation charge for the year	1,569.16	5.04	615.21	123.41	2,312.82
De-recognition during the year	-	-	-	-	-
<b>Balance as at 31 March 2021</b>	<b>1,020.85</b>	<b>361.71</b>	<b>926.22</b>	<b>126.23</b>	<b>2,435.01</b>

The Group incurred **Rs. 229.93 lakhs** for the year ended 31 March 2021 towards expenses relating to lease of low-value assets and short termed leases respectively.

The total cash outflow for leases is **Rs. 2,503.70 Lakhs** (including interest of **Rs. 244.76 lakhs**) for the year ended March 31, 2021, including cash outflow of short-term leases and leases of low-value assets. The Group has lease term extension options that are not reflected in the measurement of lease liabilities

\* The incremental borrowing rate on the previously considered operating leases is 9%.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 39. Business combination

The Board of Directors of the Holding Company and 3M E&C, at their Meetings held on November 13, 2019 had approved the Scheme of Amalgamation ('the Scheme') of 3M E&C ('Transferor Company') with the Company under Section 233 of the Companies Act, 2013. The Appointed Date fixed under the Scheme was April 1, 2019. The Company sought approvals from Members and Creditors under Section 233(1)(b) of the Company's Act, 2013 by Special Resolutions through Postal Ballot notice dated January 21, 2020. The results of the voting by Postal Ballot were announced on February 28, 2020. Based on the opinion from the counsel, the Company has now made an application with the jurisdictional Regional Director for the approval of the Scheme. Additional information sought by the Regional Director has been submitted and the Company awaits further information from the Regional Director. Accordingly, no effect has been given to the aforesaid scheme as at 31 March 2021.

### 40. Additional information pursuant to para 2 of general instructions for preparation of the consolidated financial statements

Name of the entity	Net assets, i.e., Total assets minus Total liabilities		Share in profit or loss	
	As a % of consolidated net assets	Amount	As a % of consolidated net assets	Amount
<b>Parent</b>				
3M India Limited	116%	222,150.74	92%	14,930.09
<b>Subsidiary</b>				
3M Electro & Communications India Private Limited	10%	19,362.17	8%	1,307.56
Adjustment arising out of consolidation	26%	50,480.00	0%	-
<b>Total</b>	<b>100%</b>	<b>191,032.91</b>		<b>16,237.65</b>

41. The disclosures regarding details of specified bank notes held and transacted during 8 November 2016 to 30 December 2016 has not been made in these consolidated financial statements since the requirement does not pertain to financial year ended March 2021.

As per our report of even date attached

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

Chartered Accountants

Firm's registration number: 101248W/W-100022

For and on behalf of the Board of Directors

**Vikash Gupta**

Partner

Membership No: 064597

Place: Bengaluru

Date: 28 May 2021

**Ramesh Ramadurai**

Managing Director

[DIN: 07109252]

Place: Bengaluru

Date: 28 May 2021

**Mamta Gore**

Whole-time Director &

Chief Financial Officer

[DIN: 08792863]

Place: Dubai

Date: 28 May 2021

**V. Srinivasan**

Company Secretary

[M. No. A16430]

Place: Bengaluru

Date: 28 May 2021



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