3M India Limited
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August 17, 2018

The Corporate Relationship vsrinivasan
Bombay Stock Exchange Limited,
1st 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 Sirs/ Madam,

Sub: Annual Report for the Financial Year 2017-18
Ref: Regulation 34 of SEBI (LODR) Regulations, 2015

We herewith submit the Annual Report of the Company for the Financial Year 2017-18 as approved and adopted at the Annual General Meeting held on August 10, 2018.

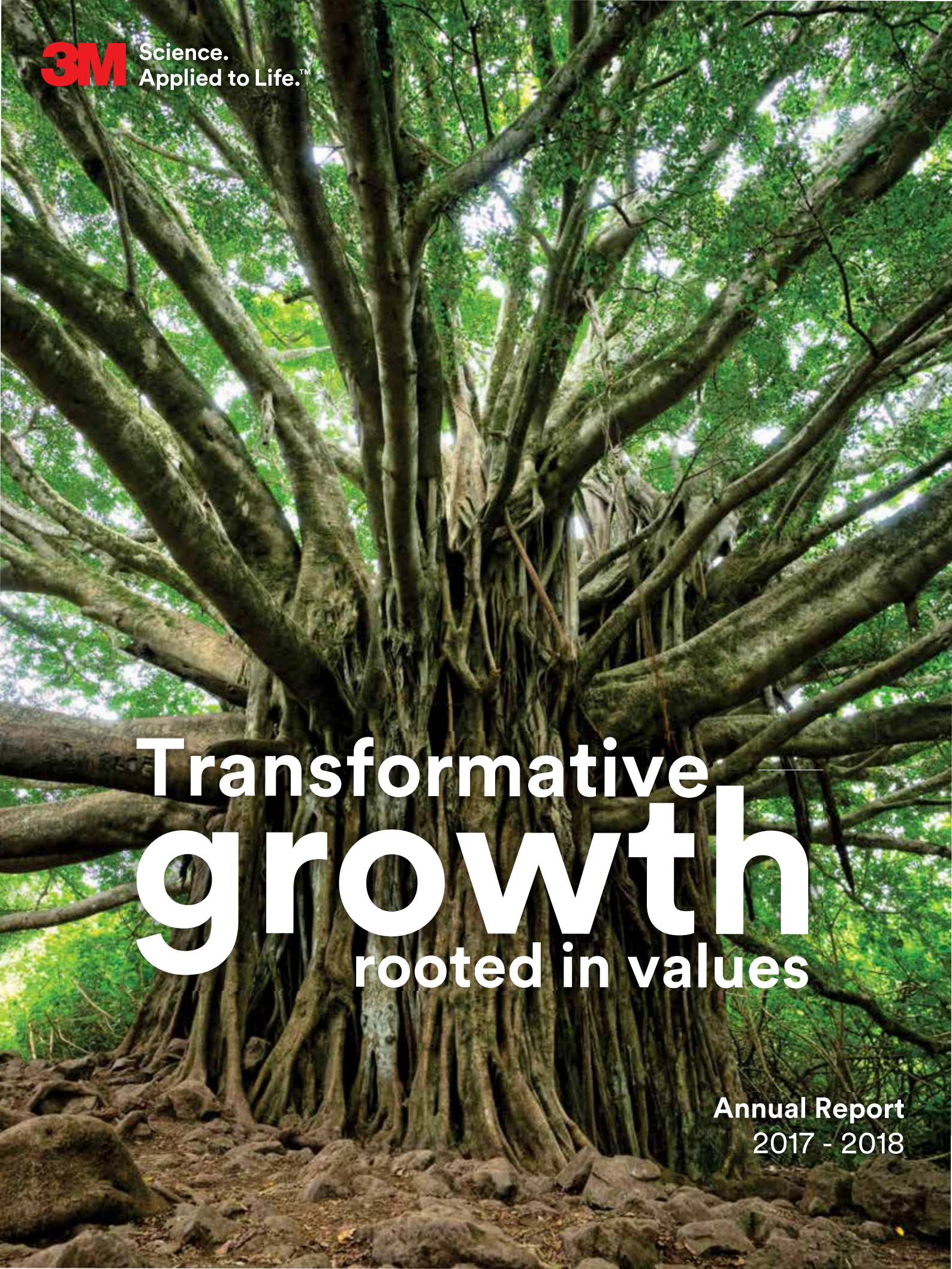
Please bring the above to the notice of your members.

Thanking you,

Yours faithfully,
For 3M India Limited,

(V. Srinivasan)
Company Secretary

Encl: as above


3M
Science.
Applied to Life.™
Transformative
growth
rooted in values
Annual Report
2017 - 2018





Transformative growth rooted in values

30 years ago, the seeds of innovation were planted at a time when India was opening up to the world. Today, we stand as a proud testimony to growth driven by a deep purpose to improve lives and transform communities.

3M's transformative growth stems from tying our uncompromising ethics and deep-rooted values to our business, the partnerships we create and the way we apply science to solve everyday problems. We grow by keeping customers at the heart of our success.

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Bharat D. Shah
Chairman

“3M India has shown resilience in managing the economic conditions with a consistent broad-based performance continuing to enhance profitability during the FY 2017-18"



Dear Shareholders,

It is my pleasure to write to you as the Chairman of 3M India Limited and share with you the annual report of the company’s performance and initiatives for the financial year 2017-18.

In FY 2017-18, the Indian economy saw one of its biggest reforms come to life with the introduction of the Goods and Services Tax (GST). The phase of macro-economic consolidation that followed, under the backdrop of demonetization, saw GDP growth slow down for the year, finishing at under 7%. As the largest tax reform implemented in any country, this demonstrated once again the strength and resilience of the Indian economy. You would be proud to know that your company was ready in time for GST with industry leading practices and, as a market leader was also committed to sharing knowledge with the channel partners and vendors.

India’s economic growth is expected to accelerate in the current and next fiscal years as per the International Monetary Fund (IMF) which pegs the growth rate at 7.4% in FY 2018-19. Green shoots of the global recovery were also evident as the world economy strengthened in 2017 to 3.8 percent and is expected to further grow to 3.9 percent in 2019 with higher growth expected across emerging markets and developing economies.

As the country prepares for the 2019 general election, there is expectation of more focus on execution and increased expenditure on infrastructure by the Government. All this augur well for the company’s business segments that are focused on domestic growth in the future.

3M India has shown resilience in managing the economic conditions with a consistent broad-based performance continuing to enhance profitability during FY 2017-18. It has posted an annual turnover growth of 4.99% accompanied by an increase in profitability of 30.19% over the previous year. The operating margin for the current year was at 19.95% compared to 16.68% for the last year. The strength of performance was delivered through the company’s strategic management of the product portfolio mix, localization programs, razor-sharp focus on improving the health of business and increased participation in Government infrastructure projects. With renewed rigor around priority market segments such as automotive, infrastructure, energy and retail, the company is well aligned to address customers’ challenges with its strong expertise in science and innovation.

I am proud to share that the company’s consistent market performance has earned 3M India the prestigious award for Corporate Excellence from Business Standard as the Star MNC of the Year for 2017. This well-deserved recognition was received in our milestone year as we completed our 30th anniversary. As long-time shareholders of the company, you will agree with me that 3M India has truly transformed over the years into a company that is deeply respected by industry and peers and has demonstrated a keen understanding of local markets and customer needs to improve the lives of people in India.

I would like to congratulate the 3M India team for continuing to show progress in performance with a focus on building a strong brand in the country. Under the stellar leadership of Ms. Debarati Sen, the company has demonstrated a hunger for growth with an agile, customer focused mindset. It will be the endeavor of the company to continue to improve performance on a year-on-year basis and create a strong balance sheet that can fund the aspirational growth of the company and meet the expectations of our customers and stakeholders.

Growth and scale were also evident in the increased investments in the community through the company's Corporate Social Responsibility efforts introducing several new programs focused on scale and sustainability of impact. With efforts focused on early childhood and STEM education, skill building in community health workers and water conservation, 3M India remains committed to improving the quality of life of the communities where it operates.

To conclude, I would like to thank you for your unwavering confidence in the company. I would also like to thank our customers, government bodies, channel partners, vendors and associates for their continued support and also, all our employees for their contributions and deep commitment to uphold the values of the company. I am grateful for the opportunity to execute my responsibilities as Chairman of 3M India Limited and thank the Board of Directors for their collaboration and support. I wish the 3M India team the very best to put in a solid growth performance in FY 2018-19 and in the years ahead.

Thank you.



Dear Shareholders,

I feel privileged to share this message as 3M completes 30 years of operations in India, a special milestone in your company's journey and in a year characterized by resilience as the Indian economy went through transformative policy changes. In FY 2017-18, one of biggest reforms in India's history came to life when 29 states came under one tax regime. The country's economy saw short term pains with a slowed GDP growth for the year, finishing at under 7%. However, India continues to be seen as a stable, growth economy compared to the rest of the world, making it a long term attractive destination for global capital and as we saw, breaking into the top 100 in the annual ranking of business friendliness of countries published by the World Bank.

As endorsement of our work and progress in India, I'm happy to share that the company was recognized by Business Standard as the "Star Multinational Company" as part of their 2017 Corporate Excellence Awards, considered to be the nation's highest recognition for corporate excellence.

You would be happy to know that during FY 2017-18, the company delivered market differentiated performance with an annual turnover growth of 4.99% with an increase in profitability of 30.19% over the previous year. Portfolio prioritization, operational productivity and lower material costs increased profitability at all levels for the financial year under review. Our performance was marked by key initiatives that demonstrated our hunger for growth with a very strong focus on our customers and operational excellence.

Customers at the center of our success

In FY 2017-18, we introduced a step change in the levels of accountability we bring to our relationships with our customers. Through a proactive initiative of measuring ourselves with customer scorecards for each of our top segments, we developed detailed parameters in alignment with our customers in Automotive, Modern Trade and Ecommerce and these were monitored and owned by the company's leadership team. We also introduced several new digital tools to enhance business operations and transactions with all our channel partners through a unified Customer Digital experience. It is heartening to see that our efforts have translated into multiple customer awards received over the last year for quality, innovation and service.

A tale of many cities: Driving geographic penetration

During FY 2017-18, we developed a strategic roadmap to build the business in the Eastern region of the country. The company expanded its sales footprint and channel and distribution base for many of our products not only within the main state capitals but also in remote and difficult to access hill towns in the North-east states. This focused effort helped the region contribute to 20% of the company's overall growth. In the West, we deployed a strategy to increase our penetration of solutions into key segments such as healthcare in Mumbai. We are proud to share that we crossed a historic milestone with the launch of our 100th Car Care Store in India taking the 3M Car Care retail presence to more than 100 stores across 35 cities in India as well as winning the Franchisee Brand award from Franchise Magazine, India.

Participating in nation-building initiatives

One of our key accomplishments of the year was the increased level of engagement with Government ministries and nation building initiatives. The company signed three strategic MOUs with key ministries at the center and state levels to drive collaborative initiatives in safety, healthcare and entrepreneurship. With the increase in Government expenditure on infrastructure and other enabling programs, the company entered into partnerships with the Ministry of Labour & Employment, Govt. of India to launch the – Audhyogik Suraksha Rath - to spread awareness of workplace safety in industrial clusters across the country; with Start Up Karnataka and the Karnataka State Government to provide mentoring support to the growing start-up community in the state and at the center with the Healthcare Skills Sector Council to enhance skills development in Healthcare in Tier 2 & 3 towns and cities. These partnerships are strategic to our growth as well as the 3M Brand and will go a long way in enhancing the impact we create for the larger society.

Debarati Sen
Managing Director

"Our growth story was marked by key initiatives that demonstrated our hunger for growth with a very strong focus on our customers and operational excellence."

"We aspire to continue to outperform market growth in all our key strategic segments through portfolio management and investing in innovation while gaining profitability through value realization of our business transformation efforts."

Investing in innovation

The ultimate value we bring lies in the way we transform experiences for our customers. With science at our core and with design-led thinking, we introduced home-grown solutions to address often unique challenges in areas such as infrastructure, safety and healthcare.

- Our Variable Messaging Sign systems are now a part of major smart city initiatives like Pune, enabling better traffic management.
- Our industrial adhesive applications for fire safety are helping protect India's longest tunnel in Jammu from fire and water.
- We introduced an enhanced version of the ubiquitous Scotch-Brite® scrub pad with anti-bacterial properties catering to unmet consumer needs.
- We helped doctors and nurses provide effective patient care in hospitals with practical and time-saving healthcare solutions.

Driving operational excellence and compliance

It is essential that we achieve our results by doing business the right way. 3M is one of the few companies in the world to earn the prestigious Ethisphere® World's Most Ethical Company recognition for five years in a row. 3M India is also one of the founding members of Ethisphere's South Asia chapter which started in India in 2017. Throughout the year, we ensured that our employees and our partners undergo trainings and education programs to create a culture of compliance in the organization.

Committed to improving lives

Our commitment to environment, health and safety has been lauded by the Corporation with all three of our manufacturing facilities receiving the CEO's Health & Safety Award for safety excellence. The year also saw significant scale up of our corporate social responsibility efforts with investments in diverse programs, expanded reach to more communities and partnerships with peer companies and government organizations to create a wider and sustainable impact.

Going forward, we aspire to continue to outperform market growth in all our key strategic segments through portfolio management and investing in innovation while gaining profitability through value realization of our business transformation efforts.

To conclude, I would like to appreciate our employees across the board who have shown immense grit to deliver the strong results and transform the company's trajectory towards growth. I'm grateful for the opportunity to lead such a highly motivated team driven by the common purpose to improve lives.

I would like to thank the Chairman of the Board, Mr. Bharat Shah, the Board of Directors for their continued support and guidance and most importantly, you our shareholders for your support to take 3M India to the next stage of our growth journey.

Thank you.

Growing through **thirty years of innovation in India**

Our first product, a connector for the telecom industry, symbolises the evolutionary connect we have established with India and her glorious growth and transformation in the last 30 years. From telecom to construction, automobiles that transport India, utilities that run 24x7 to roads that are visibly safer, and homes that are healthier, 3M science is transforming the way India grows.



R&D center inauguration



Non-woven plant inauguration



Ranjangoan Plant

Expanding Presence & Depth in R&D 2009-2014

- 2 state-of-the-art R&D centers inaugurated at Bengaluru & Gurgaon
- Manufacturing Superhub at Ranjangaon, Pune begins operations
- Retail Autocare entry with 3M Car Care Store initiative
- Geographical expansion with new branch offices in Mumbai, Gurgaon, Pune, Chennai, Hyderabad & Kolkata
- Expansion of product portfolio, customer base and distribution
- Manufacturing expansion in Ranjangaon plant and Electronics city plant – non-woven plant & medical manufacturing unit and insulation and abrasives conversion



3M & Birla Joint Venture inauguration



First public issue



Electronics City Plant

Planting the seeds of Innovation in India 1988-2003

- Set up initially as a joint venture with the Birla Group
- Birla 3M Limited went public in 1991
- First manufacturing facility established at Electronics City, Bengaluru. UY Connector, the first 3M product manufactured for the Indian telecom market
- Established manufacturing for home care, telecom, automotive & industrial markets

2015-2018 Productivity led Profitable Growth

- State-of-the-art Acoustics Lab at 3M India R&D Center in Bengaluru
- 3M India files 100th patent in 2016
- Scale, productivity, mix management and operational discipline drives dramatic improvement in profitability
- MOUs with Govt bodies, Ministries in Healthcare, Safety & Start-up mentorship in 2017
- Completes 30 years in 2018
- Recognized by Business Standard as "Star MNC of the Year (2017)"



MOUs with Govt. bodies

30 Years of 3M in India

2004-2008 Building Teams & Customer Relationships

- Name was changed to 3M India Limited
- First 3M Innovation Center set up at Electronics City
- Expansion of capabilities through multiple acquisitions
- New manufacturing facility at Ahmedabad for Corrosion Protection products



Inauguration of Innovation Center



Ahmedabad plant inauguration

As we complete 30 years in India, this vibrant market and its emerging challenges inspire us to apply science to open newer vistas of growth and drive meaningful impact for our customers and community.

Growing through customer-centricity

Our innovations have touched our customers across nearly every industry. Customers are at the centre of our growth, their problems and challenges, the inspiration for our solutions. From large infrastructure projects to respirators that help people breathe easy and kitchen tools that help keep homes clean, our curiosity has sparked ideas that have transformed experiences for our customers.

Bonds that connect

How do you connect two towns through a 9 kilometre tunnel, making travel fire-safe and impervious to water ingress? The answer lies in the 3M™ Fire and Water Barrier Tape solution used for the expansion joints along the length of 23,000 meters of the Chenani-Nahsri Tunnel in Jammu and Kashmir. This product has also enabled speedier construction without compromising on safety.

Enablers of customer-centricity

Our commitment to serving customers is supported by mammoth internal initiatives that have become enablers of customer success.





Making a changeover less taxing
GST Compliance

As India witnessed the national roll-out of the Goods and Services tax (GST) on July 1st 2017, 3M put in place a comprehensive process with a special task force across all functions and business groups to vigilantly ensure compliance and preparedness. This proactive action ensured business continuity with all our stakeholders. Our support also extended to our channel partner community through our "Sankalan" initiative wherein we successfully shared our learnings to help them prepare for GST.

Meaningful applications of our science to improve lives



Driving India home safely

When India's cities are becoming smart, can the motoring experience be left behind? As an established player in global road safety, **3M™ Variable Messaging Signs (VMS)** are the ideal future ready, real-time connected solution. With up-to-date display of pertinent traffic and weather related information to enable motorists make informed choices, Variable Messaging Signs support governments and emergency management agencies reach citizens in time with key messages.



The byte that heals

How do you nurse quality into the healthcare system? By putting healthcare education into the hands of professionals, with on-demand courses, resources and in-person events through a user friendly digital platform. The **3M℠ Healthcare Academy** (HCA) is our unique approach to train and certify professionals in the field. HCA is transforming the industry with exposure to global content and best practices in the areas of sterilisation assurance, infection prevention, skin and wound care, oral care and food safety.



The greener picture

Wowing India's celebrity adoration culture, yet protecting delicate, heat sensitive wax figures at the Madame Tussauds™ Delhi has been made feasible with **3M's non-PVC Graphics Film.** Covering over 30,000 square feet, this vibrant canvas grabs eyeballs while silently protecting visitors and exhibits from any unforeseen fire and smoke hazards, ensuring a sustainable and earth friendly footprint.



Marking our Progress with Scorecards

Customer Scorecard Initiative

Accountability at the hands of the people we serve is the key aim of the "Customer Scorecard". Developed as a driver for growth in key segments – Automotive, Modern Trade and Ecommerce – this initiative provides greater visibility and measures 3M's performance against exhaustive parameters that are assessed by our customers and reviewed by our Leadership Team. As a result of this proactive program, we have seen an exponential increase in our overall rankings with key customers, business growth, greater efficiency and higher standards of operational excellence.



Bringing our Customers' Ideas to Life

Tech Connect Initiative

Tech Connect was a first-of-its-kind technology showcase that brought to life the incredible science and technology platforms at 3M into our customers' world. The event presented several new and exciting technologies and solutions, spanning diverse markets. Most of all, Tech Connect helped bridge R&D-to R&D so our customers could connect our science with their challenges and emerge with solutions.

Growing through **geographic penetration**

India is a tale of many cities.
Genuine problem solving that impacts lives positively reflects our real growth. 3M's pursuit of bolder opportunities has taken our brand deeper into India, reaching new demand centres, expanding our relevance and enabling safer, productive and healthier work and life.

Expanding our Retail Presence across India

An aspiring, young India dreams of cars that are an extension of themselves. The Car Care Store initiative launched in 2011 is an innovative concept in comprehensive car detailing and treatment services and is the market leader in the segment with a presence across 35 cities. This year, the **100th Car Care Store** was inaugurated in Ahmedabad, crossing an important milestone and delighting more than 1.2 million car owners.





City Penetration

Our cities are the drivers of development in the 21st century. Innovation and technology are at the centre of many of the solutions to address the higher demand for traffic management, healthcare, energy, safety and better air quality. Each large urban center has unique needs and with the diverse portfolio of 3M and partnerships with state and city governments, 3M was able to engage deeply and impact millions of lives in cities such as Mumbai, Delhi, Kolkata and others.

Addressing urban challenges of road safety.
3M is proactively collaborating with Smart City leadership across the country to improve lives of citizens through our proprietary road safety solutions, Variable Messaging Signs, locating & marking and city beautification solutions. Deeper engagements with key city and state corporation bodies are helping Mumbai's roads get a facelift with new city signage.

Building healthcare expertise among Mumbai's nursing homes.
With training and education as the key enabler of our go-to-market strategy, 3M has reached several thousand nursing homes in and around the city to build their expertise in infection control and patient care. Equipping channel partners with the portfolio and training they need helped expand our product reach to the numerous nursing homes and hospitals in Tier 2 and 3 cities that are serving millions of citizens.

Go purba

a new dawn in the east



Expanding reach in East India

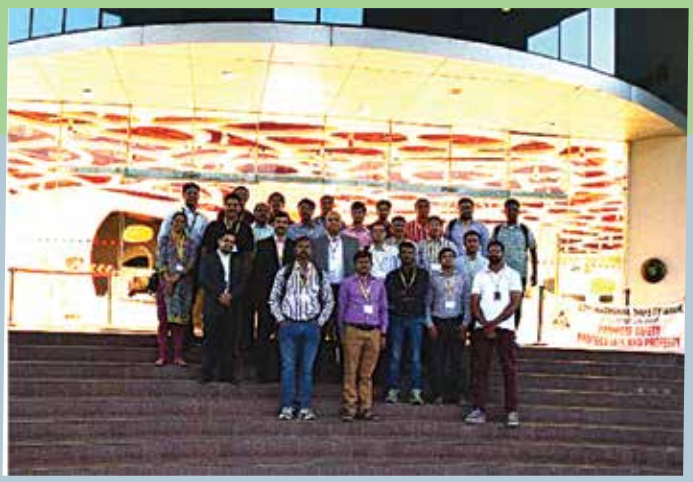
"Go Purba" was a strategic geographic expansion program conceived to expand 3M's reach into the East and North-East regions of the country and aligned with the Govt. of India's increasing focus and infrastructure investment in the region. With focus on customer outreach, channel development and supply chain improvements, the program is paying dividends with cities and difficult to reach hill towns in its fold. The region contributed around 20% to the company's growth after implementation.

Growing through **nation building**

Transformation can be driven only through partnerships. As 3M seeks to take its vision of improving lives across the country, strategic partnerships with Government bodies and ministries and participating in nation building initiatives such as “Make in India” and “Skill India” are expanding our relevance and reach - bringing awareness to the value of life among workers on the shop floor, inspiring young start-ups to go-to-market faster and building a cadre of trained healthcare workers for hospitals in the country.







Mentoring Young Start-ups

To incubate young minds and motivate the entrepreneurial spirit in India’s 'start-up' capital, a partnership through an MOU signed with the Government of Karnataka is helping us contribute to mentoring future minds. As the start-up community navigates through various stages in their journey to bring a new idea to the market, access to corporate mentoring provides valuable perspectives and learning. 3M specialists offer pro-bono services to share expertise and knowledge on the innovation process from ideation to successful commercialisation.





Driving industrial safety awareness for millions of workers in India

Audhyogik Suraksha Rath

Changing entrenched work practices that may not be safe and empowering India's industrial workforce with health and safety awareness called for a radical approach "Audhyogik Suraksha Rath" - India's one-of-a-kind 'safety on wheels' experience, demo and awareness platform was launched in partnership with DGFASLI, Ministry of Labour & Employment, Govt. of India. Two custom-built buses equipped with the latest 3M personal protection equipment, demo stations and 3M expert trainers are traveling to factories in over 20 industrial clusters across India with the aim to train 1 million workers over the next 3 years. In the wake of the country's "Make in India" initiative, the Audhyogik Suraksha Rath is a national movement to ensure our workers are aware of occupational health hazards and are trained in using the right safety protection equipment helping us reach the goal of expanding manufacturing contribution to GDP well above today's level of 16 to 17%.



Building expertise among Healthcare professionals

Driving quality healthcare benchmarked to global standards through the creation of vocational education and skills development led us to strike a partnership with the Healthcare Skills Sector Council (HSSC), that works under the ambit of the Ministry of Skill Development and Entrepreneurship supporting the Skills India mission. This partnership aims to hone new talent and skill among existing healthcare professionals with standard processes and procedures in infection control and patient care. With the imperative to have a trained workforce in sterilisation to reduce post-operative infections, 3M & HSSC are training the Central Sterile Services Department (CSSD) personnel across India.

Growing through **innovation**

A nation on the move throws ever newer challenges towards us. This year, customers across key segments of growth – automotive, infrastructure, manufacturing, healthcare and retail are benefitting from solutions borne by 3M science. These new products are enabling productivity and empowering healthier lives.



Public health and safety
Clean breath made easy
3M™ Ear Loop Respirator

This innovation lies in driving ease of use with ear loops to help more Indians breathe healthier air with a simple, easy to use design. The addition of a new ear loop makes the respirator easier to don and take off. With PM2.5 protection, this is the first easy-to-use, globally approved standard respirator available in the retail market.

Construction & infrastructure
Corrosion protection made simple
3M™ Scotchkote™ GP220
Anti-corrosive Coating for Steel Substrates

By making a direct to metal application feasible with the locally developed GP220, 3M has enabled faster application and a robust anti-corrosion protection coating for steel substrates that can withstand continuous exposure to harsh environments. GP220's 'micaceous iron oxide' and synthetic red oxide formulation, along with low VOC content make the product effective for protecting steel structures in infrastructure construction applications such as bridges, tanks etc.









Healthcare
Stick in time
3M™ Compression Tape

3M's expertise in adhesive technology helped us deliver a skin-friendly compression tape, an alternative to the traditional rubber-based elastic adhesive bandage. This latex-free tape with a medical grade, bio-compatible adhesive is much kinder to the skin and helps hospitals reduce adhesive-related skin injury in patients.

Home Care
Sparkle in, nasties out
Scotch-Brite® Anti-bacterial Scrub Pad

What happens when scrub pads meant to clean utensils become the breeding ground for germs? VOCs resonated this sore point as prevalent across kitchens. Using 3M's technology acumen in non-wovens, abrasives and coatings, we introduced the **Anti-bacterial Scrub Pad** that stays germ-free as it helps keep dishes squeaky clean. . Take a long whiff, the fresh neem fragrance also adds to the positive user experience.

Growing by empowering

Paying back the nation that nurtures us by taking everybody along reflects commitment to the communities where we live and work. We have made it our mission to touch lives through our CSR and sustainability platforms. The year saw us scale our investments and reach to multiple communities in different parts of the country. Community, education and mother nature, we have embraced all and continue to nurture belief and transform hope into reality.

Education and skills



Giving children a head start

School Readiness Program (Anganwadis)

This pan-India initiative is centered on a fundamental question - Are we preparing our children enough for learning in the formal educational setups in their formative years? Ensuring an early start, the School Readiness program is transforming Anganwadis in clusters across 8 cities in India. The program addresses the comprehensive growth and development of children below the age of 6 years, and is tied to empowering young mothers and Anganwadi workers with awareness and capacity building on care giving.

- 8 cities
- 80 centres
- 8000 children (Under 6 years of age)

Area of impact: Pan India



Sparking curiosity with the

Mobile Science Lab

This STEM advancement program completed 3 years of imparting scientific knowledge to spark curiosity among children in Government schools of Anekel, Bengaluru and Ranjangaon, Pune.

- 75 schools
- 20,000+ children exposed
- 650+ school visits
- 200+ community visits
- 15 Science Fairs
- 30 teachers trained

Area of impact: Anekel, Bengaluru and Ranjangaon, Pune.



Supporting young innovators

3M-CII Young Innovators Challenge Awards Program

We completed the 4th edition of the 3M-CII Young Innovators Challenge Awards program in partnership with the Confederation of Indian Industry. The program offers a level playing field to young innovators from all walks of life, from the top institutes to the grassroots, to compete for recognition and grants in a nationwide search for ideas that impact social change.

- 345+ Submissions
- 18 young innovators awarded
- Over 1000+ ideas sourced

Area of impact: Pan India

Sustainability



Making every drop count

Rooftop rainwater harvesting

Based on needs studies in villages around Shirur Taluk, near Ranjangoan our CSR initiative embarked on a water positivity drive by installing indigenous rain water harvesting kits in about 150 homes. These completely light proof and air tight containment units ensure safe drinking water of up to 4000 litres.

- 150 homes across 3 villages
- 4000 liters collected and stored for each home lasting 4 to 5 months

Area of impact: Shirur Taluk near Ranjangoan



Restoring ground water

Water conservation in Latur

Conserving a resource as precious as water and storing it for farming across communities calls for action on a large scale. Our contribution to the Maharashtra Government's "Jalyukt Shivar Abhiyan" scheme for the drought hit Latur district, in partnership with our key customers has resulted in the de-silting and widening of tributaries and construction of cement nala bunds (CNB) at 25 sites; impacting 17 villages.

- Restore the groundwater levels in farmlands of Latur district
- 25 sites impacting 17 villages

Area of impact: Latur, Maharashtra



Giving back to water

Rejuvenation of Singasandra Lake

In a city fast losing its lakes and greenery, the Singasandra Lake rejuvenation project undertaken by 3M in association with the BBMP and United Way of Bengaluru aims to restore water quality and revive the delicate eco-system in and around the lake. Our employee engagement programs are driving community engagement around the lake.

- Restoration of water quality in the lake; free from garbage and other pollutants
- Revival of eco-system around the lake
- Community Engagement

Area of impact: Bengaluru

Community



Health to wealth

Healthcare Skills Development

With a goal to build a cadre of community health workers trained on disease prevention, infection control, patient care and excellence practices, 3M entered into a collaboration with like-minded corporate partners and developmental organisations on a unique healthcare skills development program under pilot in Rajasthan. This initiative empowers women with the awareness and knowledge to provide internationally benchmarked patient care and puts them on a self-reliant career path.

- Training program for 600 community health workers
- Across 14 cities and towns in Rajasthan

Area of impact: Rajasthan



Reaping success through self-reliance

Women Entrepreneurship Program

The project enhances livelihoods of rural women farmers by creating sustainable livelihood opportunities through promotion of micro-entrepreneurial activities, capacity building and enhancing market linkages.

- Providing livelihood to 2,100 women farmers
- Training and capacity building
- Seed conservation and sustainable agriculture practices

Area of impact: Kanakpura, Bengaluru

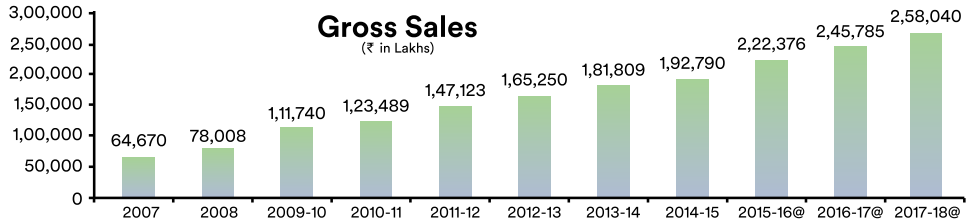
Ten year **financial highlights**

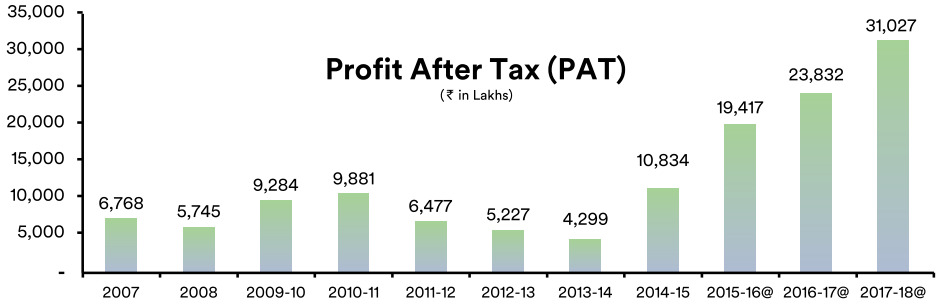
(₹ in Lakhs)

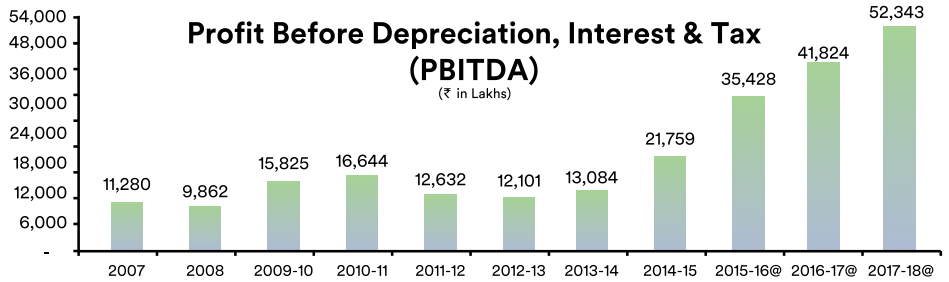
Particulars	12 months ended (Jan to Dec) 2007	12 months ended (Jan to Dec) 2008	15 months ended (Jan to March) 2009-10	12 months ended (April to March) 2010-11	2011-12	2012-13	2013-14	2014-15	2015-16@	2016-17@	2017-18@
Gross Sales*	64,670	78,008	111,740	123,489	147,123	165,250	181,809	192,790	222,376	245,785	2,58,040
Total Income	61,905	75,240	110,679	120,241	141,037	158,463	176,229	185,478	224,159	250,732	2,62,401
Profit Before Depreciation, Interest & Tax (PBITDA)	11,280	9,862	15,825	16,644	12,632	12,101	13,084	21,759	35,428	41,824	52,343
Profit Before Tax (PBT)	10,663	9,102	14,087	14,806	9,611	7,520	6,907	16,456	30,310	36,992	47,968
Profit After Tax (PAT)	6,768	5,745	9,284	9,881	6,477	5,227	4,299	10,834	19,417	23,832	31,027
Net Fixed Assets	9,742	14,332	18,102	25,952	31,067	42,040	42,530	38,905	34,873	31,467	28,491
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	27,904	33,649	42,933	52,813	59,291	64,517	68,816	79,645	97,681	1,21,513	1,52,540
Net Worth	29,030	34,776	44,059	53,940	60,417	65,644	69,943	80,772	98,807	122,638	1,53,666
Retained Earnings	6,768	5,745	9,284	9,881	6,477	5,227	4,299	10,834	19,417	23,832	31,027
Employee cost to sales	12.38	12.74	11.75	12.68	13.16	13.52	14.05	13.27	11.17	11.17	12.49
Net Deferred Tax Asset	433	512	827	640	440	906	1,289	966	837	780	1,135
Capital Investment	5,957	5,416	5,473	10,293	9,668	12,899	4,759	1,472	1,387	1,412	1,641
Ratio Analysis											
PBT to Total Income (%)	17.22	12.10	12.73	12.31	6.81	4.75	3.92	8.87	13.52	14.73	18.28
PAT to Total Income (%)	10.93	7.64	8.39	8.22	4.59	3.30	2.44	5.84	8.66	9.50	11.82
Return on Networth (RONW)(%)	23.31	16.52	21.07	18.32	10.72	7.96	6.15	13.41	19.65	19.43	20.19
Return on Capital Employed (%)	36.73	26.17	31.97	27.45	15.91	11.46	9.88	20.37	30.68	30.11	31.22
Return on Equity(%)	23.31	16.52	21.07	18.32	10.72	7.96	6.15	13.41	19.65	19.43	20.19
EPS	60.08	51.00	82.41	87.71	57.50	46.40	38.16	96.17	172.89	213.72	275.66
No. of shareholders	8,548	8,710	9,171	9,145	9,490	9,432	9,225	10,723	12,974	16,290	18,607

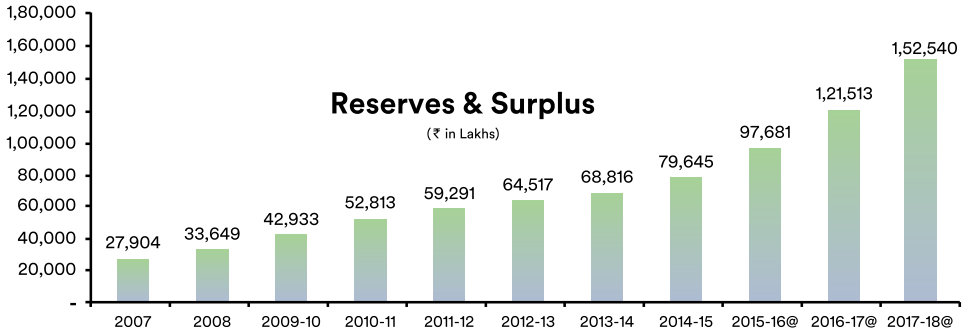
Notes/Glossary:
* Sales before Excise duty charged. @IndAS
Previous year/period's figures have been regrouped/ reclassified wherever necessary to ensure uniformity.
Net worth=Share Capital+ Reserves & Surplus

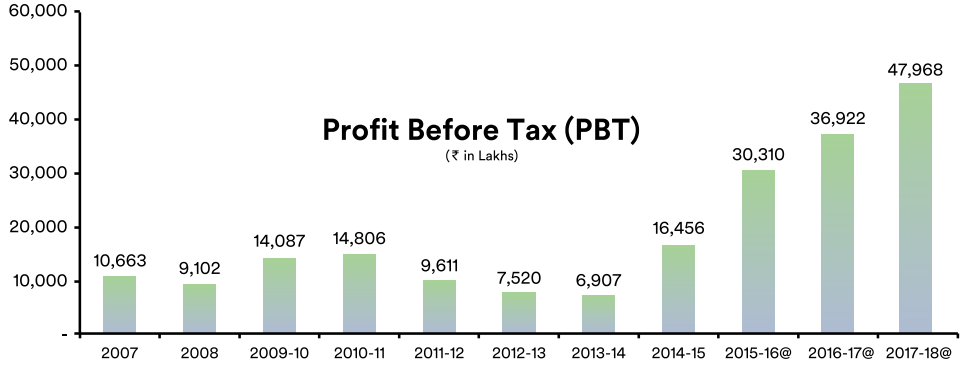
RONW=PAT/ Networth
Return on Capital Employed(%)=PBT/Capital employed
Return on Equity=PAT/Networth

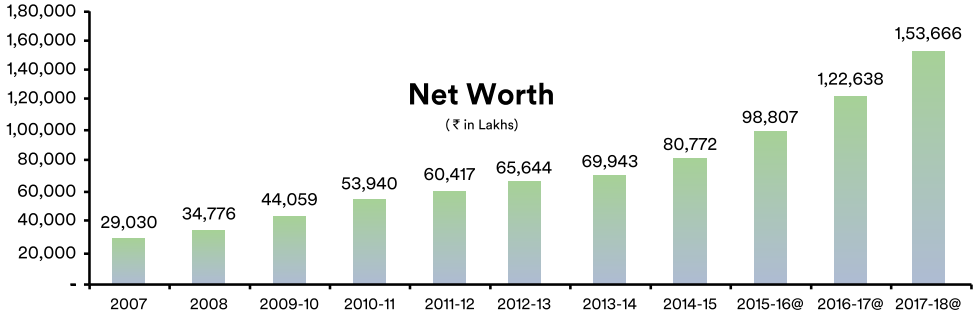

Gross Sales
(₹ in Lakhs)
3,00,000
2,50,000
2,00,000
1,50,000
1,00,000
50,000
0
64,670
78,008
1,11,740
1,23,489
1,47,123
1,65,250
1,81,809
1,92,790
2,22,376
2,45,785
2,58,040
2007
2008
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16@
2016-17@
2017-18@


Profit After Tax (PAT)
(₹ in Lakhs)
35,000
30,000
25,000
20,000
15,000
10,000
5,000
-
6,768
5,745
9,284
9,881
6,477
5,227
4,299
10,834
19,417
23,832
31,027
2007
2008
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16@
2016-17@
2017-18@


Profit Before Depreciation, Interest & Tax (PBITDA)
(₹ in Lakhs)
54,000
48,000
36,000
30,000
24,000
18,000
12,000
6,000
-
11,280
9,862
15,825
16,644
12,632
12,101
13,084
21,759
35,428
41,824
52,343
2007
2008
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16@
2016-17@
2017-18@


Reserves & Surplus
(₹ in Lakhs)
1,80,000
1,60,000
1,40,000
1,20,000
1,00,000
80,000
60,000
40,000
20,000
-
27,904
33,649
42,933
52,813
59,291
64,517
68,816
79,645
97,681
1,21,513
1,52,540
2007
2008
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16@
2016-17@
2017-18@


Profit Before Tax (PBT)
(₹ in Lakhs)
60,000
50,000
40,000
30,000
20,000
10,000
-
10,663
9,102
14,087
14,806
9,611
7,520
6,907
16,456
30,310
36,922
47,968
2007
2008
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16@
2016-17@
2017-18@


Net Worth
(₹ in Lakhs)
1,80,000
1,60,000
1,40,000
1,20,000
1,00,000
80,000
60,000
40,000
20,000
-
29,030
34,776
44,059
53,940
60,417
65,644
69,943
80,772
98,807
1,22,638
1,53,666
2007
2008
2009-10
2010-11
2011-12
2012-13
2013-14
2014-15
2015-16@
2016-17@
2017-18@

Board of Directors



Key Managerial Personnel	
Panagiotis (Panos) Goulakos	Chief Financial Officer (up to December 31, 2017)
Mamta Janak Gore	Chief Financial Officer (from March 1, 2018)
V. Srinivasan	Company Secretary & Compliance Officer

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

Stakeholders Relationship Committee	
Bharat D. Shah	Chairman
Biren Gabhawala	Member
Amit Laroya	Member
Debarati Sen	Member
Radhika Rajan	Member

Corporate Social Responsibility Committee	
Bharat D. Shah	Chairman
Debarati Sen	Member
B.V. Shankaranarayana Rao	Member
Ramesh Ramadurai	Member

Nomination and Remuneration Committee	
Biren Gabhawala	Chairman
Albert C. Wang	Member
Bharat D. Shah	Member
Amit Laroya	Member



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

Auditors
Messrs. B S R & Co. LLP
Chartered Accountants
Maruthi Info-Tech Centre,
11-12/1, Inner Ring Road,
Koramangala, Bengaluru - 560071

Registrar & Transfer Agent
Karvy Computershare Private Limited
Karvy Selenium Tower-B,
Plot Nos. 31 & 32, Financial District,
Gachibowli, Nanakramguda,
Serilingampally, Hyderabad- 500032

Listing on Stock Exchanges
National Stock Exchange of India Limited (NSE)
(Code –3MINDIA)
BSE Limited (BSE) (Code - 523395)

International Securities Identification Number (ISIN):
INE470A01017

Corporate Identification Number (CIN):
L31300KA1987PLC013543

Website:
www.3m.com/in

Address for correspondence:
Corporate Office,
Concorde Block, UB City,
24, Vittal Mallya Road,
Bengaluru - 560001

Growth that **rewards**



Star MNC Award 2018 for Corporate Excellence by Business Standard

Being honoured with "The Star MNC Award for Corporate Excellence" during this momentous year reaffirms our commitment to purpose driven holistic growth.



Manufacturing Excellence

Frost & Sullivan
Gold certificate
India Manufacturing Excellence Awards



Business Leadership

Frost & Sullivan
India Car Care Solutions
Aftermarket Leadership Award

Sustainability

Confederation of Indian Industry
National Level Appreciation
Amongst the Best Energy Efficient Organisations

Customer Recognition

Recognised by multiple automotive customers for quality, performance and partnership



Packaging Excellence

Indian Institute of Packaging Excellence
India Star Award for excellence in packaging design, graphics and innovation



Lean & Kaizen

Awards at Confederation of Indian Industry
Lean & Kaizen Competitions

Innovation

Confederation of Indian Industry
3M Commercialisation process recognised at CII National Six Sigma Competition 2017

Women Leadership

Future Woman Leader Summit & Awards
3M India Women Leaders recognised for Business & Science & Technology Leadership



3M India

Fostering growth, transforming lives.

3M INDIA LIMITED

CIN: L31300KA1987PLC013543
Registered Office: Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru – 560100
Phone: 080-22231414, Fax: 080-2223 1450, email id: vsrinivasan@mmm.com, website: www. 3m.com/in

NOTICE TO MEMBERS

NOTICE is hereby given that the Thirty First (31st) Annual General Meeting of the Company will be held at 11. 00 A. M. on Friday, the 10thAugust, 2018 at Trinity Hall, Vivanta by Taj, 41/3, M. G. Road, Bengaluru – 560 001, to transact the following business:

ORDINARY BUSINESS:

Adoption of Financial Statements for the financial year ended March 31, 2018

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

"RESOLVED THAT the Financial Statements of the Company including Audited Balance Sheet as at March 31, 2018, the Statement of Profit and Loss of the Company for the year ended as on that date together with the Auditors' Report thereon and the Board's Report including Secretarial Audit Report be and are hereby received, considered and adopted. "

Re-appointment of Mr. Albert C Wang (DIN: 05234667), who retires by rotation

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

"RESOLVED THAT Mr. Albert C Wang (DIN-05234667), 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. "

SPECIAL BUSINESS:

Ratification of remuneration payable to Messrs. Rao, Murthy & Associates, Cost Auditors for the Financial Year 2017-18 appointment of Mr. Jong Ho Lee (DIN: 06720950) as a Director of the Company

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

"RESOLVED THAT pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof), the remuneration payable to Messrs. Rao, Murthy & Associates, Bengaluru (holding ICAI Registration No. 000065), Cost Auditors, appointed by the Board of Directors based on the recommendation of the Audit Committee of the Company to conduct the audit of the Cost records of the Company for the financial year 2018-19 amounting to Rs. 430, 000/-(Rupees Four Lakhs Thirty Thousand only) including 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. "

By order of the Board

V. Srinivasan
Company Secretary
ACS-16430

Place : Bengaluru
Date : May 30, 2018

NOTES:

1. *A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY / PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND SUCH PROXY / PROXIES NEED NOT BE A MEMBER OF THE COMPANY. A PERSON CAN ACT AS PROXY ON BEHALF OF MEMBERS NOT EXCEEDING FIFTY (50) AND HOLDING IN THE AGGREGATE NOT MORE THAN TEN (10) PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY. THE INSTRUMENT OF PROXY IN ORDER TO BE EFFECTIVE MUST BE DEPOSITED/LODGED AT THE REGISTERED / CORPORATE OFFICE OF THE COMPANY DULY COMPLETED AND SIGNED NOT LATER THAN 48 HOURS BEFORE THE TIME FIXED FOR HOLDING THE MEETING. A PROXY FORM IS SENT HEREWITH. PROXIES SUBMITTED ON BEHALF OF THE COMPANIES, SOCIETIES ETC., MUST BE SUPPORTED BY AN APPROPRIATE RESOLUTION/AUTHORITY, AS APPLICABLE.*

2. Explanatory statement pursuant to Section 102 of the Companies Act, 2013, in respect of Special Business is annexed hereto.

3. The Register of Members and the share transfer books of the Company will remain closed from Saturday, August 4, 2018 to Friday, August 10, 2018 (both days inclusive).

4. The shares of the Company are mandated by the Securities and Exchange Board of India for trading in dematerialized form by all investors. Members holding shares in physical form are advised to dematerialize their shares to avoid the risks associated with the physical holding of such share certificates. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent.

5. The Registrar and Transfer Agent; Karvy Computer Share Private Limited, Karvy Selenium Tower-B, Plot Nos. 31 & 32, Financial District, Gachibowli, Nanakramguda, Serilingampally, Hyderabad- 500 032 is handling registry work in respect of shares held both in physical form and in electronic/demat form.

6. Members are requested to bring their copy of the Annual Report and the Attendance Slip to the Annual General Meeting. ONLY MEMBERS/ AUTHORISED REPRESENTATIVES OF THE CORPORATE MEMBERS/ PROXIES WILL BE ADMITTED INTO THE HALL FOR THE MEETING.

7. Members may refer Additional Information on Directors recommended for appointment / re-appointment under the provisions of Listing Regulations.

8. Members holding shares in electronic form are requested to register their e-mail address with their respective depository participants and members holding shares in Physical form are requested to register their e-mail address with the Company's Registrar and Transfer Agents and participate in the "Green initiative" launched by the Ministry of Corporate Affairs in future. As per rule 3 of Companies (Management & Administration) Rules, 2014, Register of Members of all the Company's now should have additional details pertaining to e-mail, PAN / CIN, UID, Occupation, Status, Nationality. We request all the Members of the Company to update their details with their respective depository participants in case of shares held in electronic form and with the Company's Registrar and Transfer Agents in the case of physical holding immediately.

9. Members holding shares in physical form are requested to notify to the Company's Registrar and Transfer Agent of any change in their address and update their Bank account details. Members holding shares in electronic form are requested to notify any change of address and update bank account details to their respective depository participants directly.

10. Pursuant to Section 72 of the Companies Act, 2013, shareholders holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent. In respect of shares held in electronic / demat form, the nomination form may be filed with the respective Depository Participant.

11. Electronic copy of the Notice of the 31st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 31st Annual General Meeting of the Company inter alia indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection during normal business hours on all working days except Saturdays, up to and including the date of the Meeting.

12. Voting through electronic voting system(Remote E-Voting) :

    Pursuant to Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014 as substituted by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the Listing Regulations and Secretarial Standard on General Meetings (SS2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide the facility to Members to exercise their right to vote by electronic means. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on August 3, 2018 (Friday) i. e. the date prior to the commencement of Book closure date are entitled to vote on the Resolution set forth in this Notice. The remote e-voting period will commence at 9. 00 A. M. on August 7, 2018 (Tuesday) to 5. 00 P.M. on August 9, 2018 (Thursday). It is hereby clarified that it is not mandatory for a member to vote using the remote e-voting facility, and a member may avail of the facility at his/her/it discretion, subject to compliance with the instructions prescribed below. The Company has engaged the services of Karvy Computershare Private Limited (Karvy) for facilitating remote e-voting for the Annual General Meeting. The Members desiring to vote through remote e-voting mode may refer to the detailed procedure on e-voting given hereinafter.

INSTRUCTION FOR REMOTE E-VOTING

(a) Use the following URL for remote e-voting: From Karvy website : https://evoting. karvy.com

(b) Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the record date, may cast their vote electronically.

(c) Enter the login credentials [i. e., user id and password mentioned in the Notice of the AGM]. The Event No+ Folio No/DP ID-Client ID will be your user ID.

(d) After entering the details appropriately, click on LOGIN.

(e) You will reach the Password change menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (e-z), one numeric value (0-9) and a

special character(@, #, $). The system will prompt you to change your password and update any contact details like mobile, email etc. on first login. You may also enter the secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(f) You need to login again with the new credentials.

(g) On successful login, the system will prompt you to select the EVENT i. e., 3M India Limited and click on SUBMIT.

(h) Now you are ready for e-voting as "Cast Vote" page opens. On the voting page, the number of shares as held by the shareholder as on August 3, 2018 (Friday) will appear. If you desire to cast all the votes assenting/dissenting to the Resolution, then enter all shares and click FOR / AGAINST as the case may be. You are not required to cast all your votes in the same manner. You may also choose the option ABSTAIN in case you wish to abstain from voting

(i) Shareholders holding multiple folios / demat account shall choose the voting process separately for each folios / demat account.

(j) Cast your vote by selecting an appropriate option and click on SUBMIT. A confirmation box will be displayed. Click OK to confirm else CANCEL to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, shareholders can login any number of times till they have voted on the resolution.

(k) Once the vote on the resolution is cast by the shareholder, he shall not be allowed to change it subsequently.

(l) The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5. 00 p. m. on the date preceding the date of the AGM. Accordingly the Portal will be open for voting from: 9. 00 A. M. on August 7, 2018 (Tuesday) to 5. 00 P. M. on August 9, 2018 (Thursday). The e-voting module shall be disabled by Karvy at 5. 00 p. m. on August 9, 2018 (Thursday). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of August 3, 2018 (Friday), may cast their vote electronically. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(m) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of https://evoting. karvy.com or contact Mr. Rajeev Kumar of Karvy Computershare Private Ltd at 040-67161524 OR at Tel No. 1800 345 4001 (toll free).

(n) The Company has appointed Mr. Vijayakrishna K. T, Practising Company Secretary, who in the opinion of the Board is a duly qualified person, as a Scrutinizer who will collate the electronic voting process in a fair and transparent manner: provided that the scrutinizer so appointed may take assistance of a person who is not in employment of the Company and who is well-versed with the electronic voting system.

(o) The voting rights of the shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date i. e. August 3, 2018 (Friday).

(p) The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Friday, August 3, 2018, are entitled to vote on the Resolutions set forth in this Notice.

(q) Any person, who acquires shares of the Company and becomes member of the Company after dispatch of the Annual Report and holding shares as of the cut-off date i. e. August 3, 2018 (Friday), may obtain the login ID and password by sending an email to evoting@karvy.com/rajeev. kr@karvy.com, by mentioning their Folio No. /DP ID and Client ID No. Else, if your Mobile number is registered against Folio No. /DP ID-Client ID, the member may send SMS:MYEPWD <space> Event Number + Folio or DP ID Client ID to +91 9212993399.

Example for NSDL :MYEPWD <SPACE> IN12345612345678

Example for CDSL :MYEPWD <SPACE> 1402345612345678

Example for PHYSICAL :MYEPWD <SPACE> XXX1234567

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

(r) A member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.

(s) **Voting at AGM:** The members who have not cast their vote by remote e-voting can exercise their voting rights at the AGM. The Company will make arrangements of ballot papers/other means in this regards at the AGM Venue.

(t) The scrutinizer shall, immediately after the conclusion of voting at the General Meeting, first count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two(2) witnesses not in the employment of the Company and make not later than forty eight (48) hours days of conclusion of the meeting a consolidated Scrutinizer's Report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing who shall countersign the same.

(u) The results declared along with the report of the scrutinizer shall be placed on the website of the Company www. 3m.com/in and on https://evoting. karvy.com immediately after the result is declared by the Chairman. The Company shall, simultaneously, forward the results to the Stock Exchanges where the shares are listed.

(v) In case of joint shareholders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

(w) Institutional members (i.e., other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution / Authority letter etc., to the Scrutinizer through e-mail at vijaykt@vjkt.in, with a copy marked to evoting@karvy.com. File naming convention should be 'Corporate Name EVENT NO. ' The documents should reach the Scrutinizer on or before the close of working hours on August 9, 2018 (Thursday).

(x) In case a Member receives physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/Depository Participant(s) or requesting physical copy) in the permitted mode:

(i) Initial password as below is given in the attendance slip for the AGM:

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

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

ADDITIONAL INFORMATION ON DIRECTORS RECOMMENDED FOR APPOINTMENT / RE-APPOINTMENT AS PER THE PROVISIONS OF LISTING REGULATIONS:

Item 2

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

Mr. Albert C Wang, Non-Executive Director (DIN- 05234667): Mr. Albert Wang, 49, joined 3M Group in January 2012 as General Counsel, Asia Pacific and is based out of Shanghai, China. Prior to joining 3M, Mr. Albert Wang was Legal Director for Dell Inc. from 2001-2012 leading their legal affairs efforts for Greater China as well as regionally (Asia Pacific) for their Public & Large Enterprise business unit. He began practicing law with the New York-based international law firm of Coudert Brothers, with postings in Hong Kong (1993-1998) and Shanghai (1998-2001).There, his practice was focused on foreign direct investment and mergers and acquisitions, representing a wide array of multinational corporations and global financial institutions across a broad range of industry sectors. Mr. Albert Wang graduated in 1990 from Colgate University with a Bachelor of Arts degree in Political Science. He earned his Juris Doctor degree from The George Washington University National Law Center in 1993. He is a member of the New York State Bar, the American Chamber of Commerce in Shanghai and the U.S. China Business Council. He was appointed as a Non-Executive Non Independent Director of the Company from March 12, 2012.

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

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

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

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

Following Explanatory Statements are furnished in respect of Special Business:

Item 3

The Board of Directors of the Company at its meeting held on May 30, 2018 had on the recommendation of the Audit Committee, approved the re-appointment and remuneration of Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (holding Registration No. 000065), to conduct the audit of the cost records of the Company for the financial year ended March 31, 2019 for the products covered as per the Companies (Cost Records and Audit) Rules, 2014, on an remuneration of Rs. 430,000/- plus applicable taxes and out of pocket expenses at actuals.

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

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested or otherwise, in the resolution set out at Item No.3.

By order of the Board

V. Srinivasan
Company Secretary
ACS-16430

Place : Bengaluru
Date : May 30, 2018

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

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

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

Depository/ Depository Participant:

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

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

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

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

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

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

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

We sincerely hope that the above information is useful and helpful to our Members of the Company. Members holding shares in physical form are advised to dematerialize their shares to avoid the risks associated with the physical holding of such share certificates.

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in physical form can submit their PAN details to the Company's Registrar and Transfer Agent (R&T) – Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-31, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

REPORT OF THE BOARD OF DIRECTORS

To the Members of 3M India Limited,

Your Directors have pleasure in presenting the Thirty First (31st) Annual Report of the Company together with the Audited Financial Statements for the financial year ended March 31, 2018.

FINANCIAL HIGHLIGHTS

(Rs. in Lakhs)

Particulars	Year ended March 31, 2018 (Audited)	Year ended March 31, 2017 (Audited)	%age Increase(+)/ Decrease(–)
Revenue from Operations	258,039.60	245,784.93	4.99
Of which - Export Sales	1,627.93	2,863.02	(43.14)
Other Income, net	4,361.54	4,946.63	(11.83)
Total Income	262,401.14	250,731.56	4.65
Less : Expenditure	210,058.45	208,907.67	0.55
Profit before Interest and Depreciation	52,342.69	41,823.89	25.15
Less : Finance costs	194.07	227.19	(14.58)
Less : Depreciation and amortization expense	4,180.32	4,674.74	(10.58)
Profit before Taxation	47,968.30	36,921.96	29.92
Less: Tax expense	16,914.74	12,846.22	31.67
Profit for the year	**31,053.56**	24,075.74	28.98
Items that will not be re-classified subsequently to profit or loss	(26.25)	(244.23)	(89.26)
Total Comprehensive income for the year	31,027.31	23,831.51	30.19

DIVIDEND

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

The Company continues to invest in and perform in sectors with tailwinds while protecting and building its core businesses. The Company remains bullish on investments and growth expectations in India, and anticipates substantial manpower, CAPEX and promotional investments required to support growth aspirations. The Company is focused on its growth plan with a long term objective and is in the process of implementing a number of initiatives and projects including acquisitions as appropriate. As a result, it has been decided to conserve and retain the earnings and, therefore, not propose dividend or transfer any amounts to reserves.

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

TRANSFER TO RESERVES

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

STATE OF COMPANY'S AFFAIRS

The Indian economy has sustained a consistent macro-economic environment of lower inflation, fiscal discipline and improved current account balance. Stable economic growth continued with good momentum of reforms notably the introduction of GST and steps undertaken towards non-performing assets of banks and further liberalization of Foreign Direct Investment (FDI).

Your Company has maintained a strong and consistent performance, driving profitable growth in financial year 2017-18. Your Company leveraged portfolio diversity and operational discipline to deliver a market differentiated performance. Customer first and a growth mindset with razor-sharp focus on quality of business metrics defined your Company's performance. Business agility continued to align all our key initiatives which contributed to our growth and performance in this financial year.

- *Geographical penetration:* Your Company has expanded presence and reached the Western and Eastern regions of the country with focused business execution plans for deeper penetration and grew through access into Tier II and III cities.
- *Government and Infrastructure initiatives:* Your Company has aligned with several national initiatives around development of infrastructure, enhanced our participation with Government departments and bodies and closely collaborated with key ministries in areas such as safety, healthcare and entrepreneurship.
- *Channel Transformation:* Your Company has introduced several steps to improve channel health through simplified processes, professional management and rationalization.
- *Market & Segment Growth:* Your Company has gained from strong performances in key growth market segments such as infrastructure, energy and consumer reflecting positive market trends.
- *Winning through localization:* Your Company has drove value and expanded our participation through local manufacturing, robust new product introduction process and value addition

Several industry level awards and recognition from the company's customers provided further acknowledgement of performance. Your Company continues to go after bigger and bolder opportunities and be a valued partner for customers.

The Company registered an overall turnover growth of 4.99% at Rs. 2,58,039.60 Lakhs for the financial year ended March 31, 2018 compared to Rs.2,45,784.93 Lakhs in the previous financial year. The Profit before Interest and Depreciation is at Rs.52,342.69 Lakhs compared to Rs. 41,823.89 for the previous year. Profit before Tax is at Rs. 47,968.30 Lakhs compared to Rs. 36,921.96 Lakhs for the previous year. The operating margin for the current year is at 19.95% compared to 16.68% for the previous year. Total Comprehensive Income was at Rs.31,027.31 Lakhs compared to Rs.23,831.51 Lakhs for the previous year. Portfolio prioritization, operational productivity and lower material costs increased the profitability at all levels for the financial year under review. Export Sales was at Rs.1,627.93 Lakhs for the financial year ended March 31, 2018 compared to Rs. 2,863.02 Lakhs in the previous year, a decrease of 43.14%,due to weakness in global oil and gas scenario which lead to project delays.

The Industrial business grew by 1.52%; Health Care business grew by 7.52%: Safety and Graphics business grew by 7.40%; Consumer business grew by 9.72% and Energy business grew by 15.73%.

The EPS (Basic and Diluted) of the Company for the financial year 2017-18 was Rs. 275.66 per Share as compared to Rs. 213.72per Share in the previous financial year, a growth of 28.98%. Detailed analysis of the performance has been discussed in the Management's Discussion and Analysis Section of the Annual Report.

GST:

The Government of India has announced the introduction of GST in the country with effect from July 1, 2017.The Company has taken all efforts and completed smooth migration into GST regime with no business interruptions.

CONTRIBUTION TO EXCHEQUER:

During the financial year 2017-18, the Company has paid various taxes on account of its business/operation viz., VAT, TDS, Sales Tax, State Excise, Excise, CENVAT, Customs and GST amounting to Rs. 62,425 Lakhs in aggregate.

INVESTMENTS:

Capital Investments during the financial year 2017-18 is Rs. 1,641.10 Lakhs (Net of capital work-in-progress and capital advances) (2016-17: Rs. 1,412.02 Lakhs).

MATERIAL CHANGES AND COMMITMENTS

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

CHANGE IN THE NATURE OF BUSINESS

There were no changes in the nature of business during the year under review .

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE AND SHAREHOLDER INFORMATION

A separate Report on Corporate Governance in terms of Regulation 34 of 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 SEBI (Listing Obligations and Disclosure Requirements), Regulations 2015.

EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS

The Company has only one class of Share, i.e. Equity Share with a face value of Rs. 10/- each. The Authorized/Issued/Subscribed and fully paid-up Share Capital as at March 31, 2018 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.

LISTING WITH STOCK EXCHANGES

The Company has paid the Annual Listing Fees for the financial year 2018-19 to National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) where the Company's Equity Shares are listed.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board at its Meeting held on May 26, 2017 appointed Mr. Jongho Lee (DIN: 06720950), as Additional Director of the Company categorized as Non-Executive Director with effect from May 26, 2017 and the shareholders at the Annual General Meeting held on August 10, 2017 have also confirmed his appointment .

Mr. Albert C Wang(DIN: 05234667), Non-Executive Non-Independent Director will retire by rotation at the ensuing Annual General Meeting and being eligible offers himself for re-appointment. The details of Mr. Albert Wang are exhibited in the Explanatory Statement to the Notice of the Annual General Meeting. The Board of Directors recommends his re-appointment.

The Board at its Meeting held on February 2, 2018 appointed Ms. Mamta Janak Gore as the Chief Financial Officer with effect from March 1, 2018 in place of Mr. Panagiotis Goulakos, who was transferred to 3M South East Europe Region as Finance Manager with effect from January 1, 2018.

As at the financial year ended March 31, 2018, Ms. Debarati Sen, Managing Director, Mr. B.V. Shankaranarayana Rao, Whole-time Director, Ms. Mamta Janak Gore, Chief Financial Officer and Mr. V. Srinivasan, Company Secretary and Compliance Officer, are the Key Managerial Personnel of the Company.

DECLARATION FROM INDEPENDENT DIRECTORS

The Company has received necessary declarations from each Independent Directors of the Company under 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.

DETAILS OF BOARD AND COMMITTEE MEETINGS DURING THE YEAR

During the financial year ended March 31, 2018, four (4) Meetings of the Board were held. The date and number of Meetings attended by each Director / Committee Member along with other Committee Meetings details are given in the Corporate Governance Report.

COMPOSITION OF AUDIT COMMITTEE

As on the financial year ending March 31, 2018, 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, Mr. Manuel B Pardo (up to May 26, 2017)and Mr. Jong Ho Lee (from May 26, 2017). 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 http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary/. The composition, criteria for selection of Directors and the terms of reference of the Nomination and Remuneration Committee is stated in the Corporate Governance Report.

ANNUAL BOARD EVALUATION

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

DETAILS OF REMUNERATION OF DIRECTORS

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as *"Annexure 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, 2018, 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, 2018 and of the profit of the Company for the year ended on that date;

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the annual financial statements have been prepared on a going concern basis;

(e) that proper internal financial controls were in place and that the financial controls were adequate and operating effectively;

(f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

3M globally is aligned to Company's internal control over financial reporting based on the framework established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control — Integrated Framework (2013). The internal control framework essentially has two elements viz., (1) structures, policies and guidelines designed to achieve efficiency and effectiveness in operations and compliance with laws and regulations and (2) an assurance function provided by Internal Audit.

The Directors had laid down internal financial controls to be followed by the Company and such policies and procedures adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information.

The Company has in place adequate systems of internal control commensurate with its size and the nature of its operations. These have been designed to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statutes, safeguarding assets from unauthorized use or losses, executing transactions with proper authorization and ensuring compliance of corporate policies.

The Company, through its own Corporate Internal Audit Department, carries out periodic audits to cover all the offices, factories and key areas of business segments based on the plan approved by the Audit Committee and bring out any deviation to internal control procedures. The observations arising out of audit are periodically reviewed and compliance ensured. The summary of the Internal Audit observations and status of the implementation is submitted to the Audit Committee of the Board of Directors. The status of implementation of the recommendations is reviewed by the Committee on a regular basis and concerns, if any, are reported to the Board.

DISCLOSURE REGARDING FRAUDS

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

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

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

DEPOSITS

During the year under review, the Company has neither accepted nor renewed any deposits from public within the meaning of Section 73 of the Companies Act, 2013 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.

RELATED PARTY TRANSACTIONS (RPTs)

All Related Party Transactions (RPTs) that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All RPTs are placed before the Audit Committee for approval. Prior omnibus approval of the Audit Committee is obtained on a yearly basis for the transactions which are foreseeable and repetitive in nature. A statement giving details of all actual RPTs versus the approval is placed before the Audit Committee for approval on a quarterly basis. A Policy on RPTs as approved by the Board is uploaded on the Company's website at http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary/.

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

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 from the Shareholders for all material RPTs for the estimated/proposed transactions for three (3) financial years starting from April 1, 2017 to March 31, 2020 at the Annual General Meeting held on August 10, 2017.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

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

Education and Skills:

- The Company worked with NGO partners to inculcate the spirit of inquiry and innovative thinking among underprivileged children. The Company continued its 3-year partnership with the Agastya Foundation on the Mobile Science Lab initiative which helps disseminate scientific practical knowledge to 100 Government schools in 2 states in India (Karnataka and Maharashtra), sparking curiosity among 8500+ children.
- The Company also made significant investments to support the Government's Anganwadi initiative to enable children under the age of 6 to be ready for school. This program was expanded to 6 cities in India (Pune, Chennai, Delhi, Gurgaon, Ahmedabad, Mumbai) supporting the rejuvenation of close to 60 Anganwadi centers touching the lives of 6000 children. The program addresses the comprehensive growth and development, including the health, nutrition and learning development of the children, upgrading the infrastructure of the Anganwadi's and the capacity building of Anganwadi staff as well as engagement with the mothers of the children.
- The Company is committed to building a community of young innovators with ideas to build a better nation capable of global leadership. The 4th edition of the Young Innovators Challenge in partnership with the Confederation of Indian Industry (CII) was completed to discover outstanding ideas from young innovator communities that either have a tech-edge (be it a product or application) or an inclusive process or a disruptive service. About 18 young innovators under the age of 30 were awarded grants from the Company to further their ideas to the next stage.

- In line with the government's priorities towards preventive and promotive health, the Company partnered with various organizations including GE Healthcare and IPE Global to participate in a skilling initiative to strengthen community based health cadre by providing enhanced skilling and training to its women community health workers. This will enable strengthening outreach in communities and lead to the social and economic empowerment of women community health workers. The 3-month pilot program was initiated to train close to 600 community health workers across cities in Rajasthan. The Company's team of scientific advisors and key opinion leaders from the medical profession offer training sessions on the topic of infection control and hygiene as part of a 3-day training program focused on excellence in patient care practices.

Community:

- The Company continued its investment in the promotion of sustainable livelihood among 1500 rural women in Kanakapura taluk. The project helps enhance livelihoods of rural women by creating sustainable livelihoods opportunities amongst women through promotion of micro-entrepreneurial activities, capacity building and enhancing market linkages. The project has helped organize these women farmers into strong producer groups who are now working to become entrepreneurs manufacturing various kinds of millets, oils etc. which make their way into organic stores in the cities. This is a 3-year funding commitment with the first year investment towards machinery and infrastructure to support the agricultural activities. Year 2 funding was towards seed conservation and capacity building of sustainable agricultural practices and program operational expenses.
- To address water scarcity in water stressed areas in and around our manufacturing facility at Ranjangaon, the Company undertook a project to install close to 150 rooftop rainwater harvesting units in 2 villages - Bhabulsar Khurd and Bombarde. The rainwater collection units have been completed in all 150 households and will be ready to receive rains during the monsoon season in the FY2018-19. The system is a simple rain water collection unit which not only collects the water and stores for future use but is also purified by a filter to ensure clean water is collected which is then made accessible through a hand pump for the home. The filtered water can be used for drinking water and cooking purposes empowering the home owner with direct access to water.

Sustainability:

- Water conservation continued to be a strong theme for the Company's CSR efforts. The Company partnered with FIAT India Automobiles Private Limited to undertake Water Conservation program "Jalyukt Shivar Abhiyan" in drought-hit villages of Latur District (Nilanga Tahsil). In this project, the Company initiated rainwater harvesting activities namely – desilting and widening of river tributaries and construction of cement nalla bunds at 7 sites covering 4 villages in Deoni, Tahsil, Milanga. The entire project involves the development of 25 sites impacting 17 villages. The sites will be ready before the monsoon in financial year 2018-19.

  To address the issue of rapid depletion of water bodies in the city of Bangalore, the Company invested in the rejuvenation of one of the many lakes in the city - Singasandra Kere, situated in Bommanahalli Zone, in Singasandra, Bengaluru. Spread over 12 acres, key activities to rejuvenate the lake include restoration of quality of water in the lake; free from garbage, effluents and other pollutants, revival of the eco-system in and around the lake by creating a micro climate for aquatic flora and fauna and improving the overall quality of air and bringing about community ownership through active volunteerism.

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has an effective vigil mechanism by way of Business Conduct Concern Reporting Policy (Whistle Blower Policy) for upholding 3M's Code of Conduct.T he details of the said Policy are stated in the Corporate Governance Report and also available on the website of the Company http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary/.

STATUTORY AUDITORS

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

As per the Companies (Amendment) Act, 2017 and rules made thereunder, with effect from May 7, 2018, the Central Government has notified the omission of the requirement related to ratification of appointment of auditors by members at every Annual General Meeting. Accordingly the resolution for ratification has not been placed before the Members.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company appointed Mr. Vijayakrishna K.T, Company Secretary in practice to undertake the Secretarial Audit of the Company for the financial year 2017-18. The Report of the Secretarial Audit Report is annexed herewith as *"Annexure I"*.

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

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

EXTRACT OF ANNUAL RETURN

The details forming part of the extract of the Annual return in Form MGT 9 is annexed as *"Annexure K"*.

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

1. Number of complaints of sexual harassment received in the financial year(April 1, 2017 to March 31, 2018) : None
2. Number of complaints disposed off during the financial year : No complaints came in last year
3. Number of cases pending for more than 90 days : None
4. Number of workshops or awareness programmes carried out in connection with sexual harassment:
   a. One classroom workshop conducted. (Electronic City Plant, December 1, 2017)
   b. Online e-module training for all employees
5. Remedial measures taken by the Company - NA.

HUMAN RESOURCES

During the financial year, the Company took many initiatives to increase organizational capability and productivity so as to be value driven and future-ready. As at March 31, 2018, the Company had employee strength of 1,363 personnel..

COST AUDIT

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014, the cost audit records maintained by the Company in respect of the products covered under the said rules are required to be audited by a Cost Accountant. Accordingly, the Board of Directors of the Company at its Meeting held on May 30, 2018 on the recommendation of the

Audit Committee, approved re-appointment of Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, (holding Registration No. 000065), to conduct the audit of the cost records of the Company for the financial year ended March 31, 2019 on an remuneration of Rs. 430,000/- plus taxes as applicable and out of pocket expenses at actuals. The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company.

As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members 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 Annual General Meeting.

Disclosure on Cost Audit: For the financial year ending March 31, 2017, the due date of filing the Cost Audit Report submitted by Messrs. Rao, Murthy & Associates, Cost Accountants, Bengaluru, was September 27, 2017 and the same was filed with the Ministry of Corporate Affairs on August 29, 2017 vide SRN G51587467.

OTHER DISCLOSURES

During the year under review, the Company:

a. has not bought its own shares nor has given any loan to the employees (including KMPs) of the Company for purchase of the Company shares, and,

b. has not issued any shares to trustees for benefit of employees.

ENVIRONMENT, HEALTH AND SAFETY

Environment: The Company has three (3) Manufacturing Plants in operation in India. All three (3) plants have Environmental Management Systems certified to new ISO 14001: 2015 standard. All plants have sewage / waste water treatment plants and the treated water is recycled for cooling tower make and horticulture with in the facilities. The plants have set up various measures to reduce, reuse and recycle the water where ever possible and there by bringing down the specific water consumption. Various energy conservation measures have also helped in reducing the specific energy consumption and thereby reducing the carbon foot prints. The plants have also installed rain water harvesting systems to divert the rain water for ground water recharging. With the approval from local Pollution Control Boards, plants continued sending non-hazardous waste to cement companies to generate 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.

Health and Safety: All three (3) manufacturing plants have health and safety management systems certified to OHSAS 18001: 2007. All plants have dedicated safety officers supported by Corporate EHS team. Plant Safety Committees, which include shop floor employees and chaired by Plant managers, are in place and meet regularly to review issues impacting plant safety and employees health. High risk operations are controlled through the hierarchy of controls identified through 3M's risk prioritization matrix initiative. Key measures like conducting training programs on various health and safety issues including dealing with epidemics, ergonomics, industrial hygiene, process safety management, machine guarding, work safety, road safety, first-aid, manual handling etc. have been implemented. Regular health checkup of the plant employees is carried out. Every year plants celebrate safety month in March and conduct various safety awareness programs like safety quiz, drawing competition, slogan and hazard identification competition involving local industries, local schools and employee families. This year we conducted training for all the employees of Ranjangaon plant, as part of the Safety month Celebrations, on Selection, Usage and Maintenance of various Personal Protective Equipment's with a specific emphasis on the topics of Respiratory Protection, Hearing Conservation and the importance of Fit Testing as part of selection and training modules. Plants have full-fledged emergency communication and management systems including fire alarms, fire hydrants and fire sprinklers. Regular mock drills are conducted to check the adequacy and preparedness of these systems. The plants have a well-equipped first aid rooms to attend to immediate medical needs. During this period under consideration, there were no lost time accidents across three plants.

3M India's Team signed 3M's first ever "Memorandum of Understanding" (MoU) with the Government of India. The agreement was signed on 12th September 2017 in New Delhi between 3M India and the DGFASLI (Directorate General of Factories Advisory Services and Labor Institute) in presence of the Union Minister for Labor & Employment (MOL), Mr. Suresh Gangwar. The MoU includes plans for two "Safety on Wheels" trucks to tour the northern and western part of the country covering 20 Indian states. The Safety on Wheels targets to train over 1 million workers over next 3 years in order to build awareness and training about safety practices and personal protective equipment and to spread the word about the importance of worker safety across the nation. The "Safety on Wheels" is a self-contained 40 feet, fully equipped, mobile training Truck to showcase and train the users on correct usage of Personal Protective Equipment. Supported by 3M's highly credentialed Technical trainers, the "Safety on Wheels" will partner with industrial facilities across India to drive safety and build confidence amongst the end users. The "Safety on Wheels" will offer various training sessions that would include a various PPE demonstrations (through hands on and Videos) on a variety of safety topics. The engagement and sponsorship

of the Ministry of Labor and the Factories Inspectorate (DGFASLI) supports attendance on-ground in the industrial centers, as well as collaboration and cooperation with the local factories inspectors and the regional labor institutes.

AWARDS AND RECOGNITION

- The Business Standard conferred on 3M India, the Star MNC Award for Corporate Excellence at the Annual Business Standard Awards held in March 2018. The Company was recognized for its steady performance year on year and for having built its market position in India.
- The Company was recognized for overall performance in the areas of quality, cost, delivery, innovation and management by top automotive customers in India.
- The Company's Manufacturing facility at Ranjangaon was awarded the Gold Certificate for Manufacturing Excellence by Frost & Sullivan
- The Company received a National Level Appreciation award from the Confederation of Indian Industry (CII) as one of the "Best Energy Efficient Organizations" in India for driving several energy efficiency initiatives.
- 3M Car Care was awarded the India Car Care Solutions Aftermarket Leadership Award by Frost & Sullivan. 3M Car Care was awarded for successful penetration into the market especially in smaller towns with competitive strategy and product innovation leadership with a focus on sustainability and green solutions to reduce emission and water consumption.
- The Company received a Special Recognition Award for its new product introduction process in the category of new product development at the National Six Sigma Competition organized by the Confederation of Indian Industry (CII).
- The Company's Electronics City Plant was recognized by the Confederation of Indian Industry (CII) in their Kaizen and Lean competitions. Technical associates from the plant won the 1st Prize in the category: Competition for Operators at the CII Southern Region Kaizen Competition and the 2nd Prize at the National Lean Competition in the category - Deployment of Lean.
- Five entries from 3M India were awarded the India Star Award 2017 for Packaging Excellence by the Indian Institute of Packaging for excellence in package design, graphics and innovation in packaging.
- The Company's senior women leaders were recognized for Business & Science & Technology Leadership among Women at the Future Woman Leader Summit & Awards 2017.
- The Electronics City plant received 3M Corporate recognition for quality and manufacturing excellence with global awards for two projects - One for quality achievement and one for process technology excellence. This was the Company's 6th consecutive Corporate 3M recognition for Quality.
- The Company also received several accolades for excellence in lean six sigma, ethical code of conduct, marketing, innovation and various support functions with several 3M Corporate and International awards.

ACKNOWLEDGEMENT

Your Directors wish to thank and acknowledge with gratitude the co-operation, assistance and support received from the CentralGovernment, 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

	Debarati Sen	**B.V. Shankaranarayana Rao**
Place : Bengaluru	*Managing Director*	*Whole-time Director*
Date : May 30, 2018	DIN: 07521172	DIN: 00044840

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Cautionary Statement:

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

THE COMPANY

The Company is the flagship listed Company of 3M Company, USA in India. 3M Company, USA holds 74.99% equity stake in the Company and is a diversified technology and science Company with a global presence in the following businesses: Industrial; Health Care; Consumer; Safety and Graphics; and Energy and is among the leading manufacturers of products for many of the markets it serves. Most of its products involve expertise in technology, product development, manufacturing and marketing, and are subject to competition from products manufactured and sold by other technologically oriented companies.

The Company has manufacturing facilities in India at Ahmedabad, Bengaluru, Pune and has the Corporate Office and Customer Innovation Center (R&D Center) in Bengaluru. As at March 31, 2018, the Company had employee strength of 1,363 personnel. The Company managed its operations in five (5) operating business segments: Industrial; Health Care; Consumer; Safety and Graphics; and Energy. The Company's five business segments bring together common or related 3M technologies, enhancing the development of innovative products and services and providing for efficient sharing of business resources.

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

Global Economic Overview

Global growth is projected to pick up from 3.0% in 2017 to 3.2% in 2018 before slowing back to 3.0% in 2019. Some near term economic indicators have shown improvement leading to the enhanced future forecast. In USA, domestic activity remains modest and the average GDP growth for 2018 is expected at 2.8%. Eurozone is slated to grow at 2.2% this year. In China, growth is expected to be 6.4%. Politics continues to create the most uncertainty to the global economic outlook; concerns over the US/China Trade war as well as continued rising populism are perceived as the greatest risk to global growth.

India Economic Overview

As the drag from GST disappears, India is to see strong cyclical recovery with an expected 2018 GDP growth of 7.3% in 2018, led by consumption and investment. India has a strong GDP forecast for the next 5 years, indicating a 6.5-7% growth rate through 2023. The IIP has increased expectations of 6.4% growth in 2018 and 6.0% in 2019, following 2017's growth rate of 3.6%. Inflation has been under control, and is expected to hover just above 5% in 2018. Some of the key trends in the market are:

Some of the key trends in the market are:

- Continued consumption trend: We see strong growth in retail, construction and healthcare. With the increasing income in the middle class, we are also seeing a larger use of life style products with Indian consumers.
- Increased focus on sustainability: We are seeing a rising focus in the government as well as greater awareness among consumers for air quality and water quality. Several reforms are being introduced by the government to improve the environment, including green initiatives.
- GST & Demonetization: Despite short-term setbacks, the economy is expected to continue recovery from these massive policy changes from FY 2016/17.
- Emerging digital go-to-market-models: Ecommerce and digital go-to-market strategies are helping companies better target their customers, make themselves more relevant and also expand their reach more efficiently into Tier II & III towns.

- Increased FDI in India: Several industries have benefitted from initiatives like the Make in India campaign, especially Electronics, Automobiles, Defence and SME sectors. Increased manufacturing in India is also helping improve the Tier I and Tier II supply market in India.
- Increased spending for urban infrastructure: Through the Smart Cities initiative, the government has showcased their focus on providing world-class urban solutions to the country. The government is working closely with system integrators and partners to plan for a more sustainable future for Indian cities.

RESULTS OF THE OPERATIONS OF THE COMPANY

The Company registered an overall turnover growth of 4.99% at Rs. 2,58,039.60 Lakhs for the financial year ended March 31, 2018 compared to Rs. 2,45,784.93 Lakhs in the previous financial year. The Profit before Interest and Depreciation is at Rs. 52,342.69 Lakhs compared to Rs. 41,823.89 for the previous year. Profit before Tax is at Rs. 47,968.30 Lakhs compared to Rs. 36,921.96 Lakhs for the previous year. The operating margin for the current year is at 19.95% compared to 16.68% for the previous year. Total Comprehensive Income was at Rs. 31,027.31 Lakhs compared to Rs. 23,831.51 Lakhs for the previous year. Portfolio prioritization, operational productivity and lower material costs increased the profitability at all levels for the financial year under review. Export Sales was at Rs. 1,627.93 Lakhs for the financial year ended March 31, 2018 compared to Rs. 2,863.02 Lakhs in the previous year, a decrease of 43.14%, due to weakness in global oil and gas scenario which lead to project delays.

Other Income:

The other income was at Rs. 4,361.54 Lakhs for the year 2017-18 when compared to Rs. 4,946.63 Lakhs for the previous year 2016-17.

Cost of Goods sold:

The % of cost of raw material consumed as against sales for the year 2017-18 was lower by 4.68% at 51.66% as against 56.34% for the previous year 2016-17 , due to product mix, portfolio prioritization, pricing and improvement in operational productivity etc.

Employee Benefits Expense:

Employee cost as a % of sales for the year 2017-18 stood at 12.49% (previous year 11.17%) at Rs. 32,407.88 Lakhs (previous year : Rs. 28,003.04 Lakhs). Sales per employee have improved by 5.42% to Rs.192.52 Lakhs (no. of employee's 1,363) in the current year 2017-18 from Rs. 182.62 Lakhs (no. of employees 1,373) for the previous year 2016-17.

Finance Cost:

The interest cost for the year 2017-18 was at Rs.194.07 Lakhs compared to Rs. 227.19 Lakhs in the previous year 2016-17. The interest cost is on account of lease rentals of vehicles and office equipment.

Interest earned:

The Company earned Rs. 3,585.56 Lakhs on the surplus during the financial year 2017-18 when compared to Rs. 2,651.54 Lakhs during the financial year 2016-17 by keeping the funds in deposits with the Banks.

Earnings per Share (EPS):

The EPS (Basic and Diluted) of the Company for the year 2017-18 was Rs. 275.66 per share as compared to Rs. 213.72 per share in the previous year, a growth of 28.98%.

Share Capital:

The Authorized/Issued/Subscribed and Paid-up Capital as at March 31, 2018 was Rs. 11,26,50,700 (divided into 1,12,65,070 equity shares of Rs. 10 each).During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

Reserves & Surplus:

Entire profit of Rs. 31,027.31 Lakhs is retained in profit and loss account for the year ended March 31, 2018. The Reserves & Surplus was at Rs. 152,540.21 Lakhs including the current year retained profit.

Shareholder's Fund:

The total shareholder funds increased to Rs. 153,666.72 Lakhs as at March 31, 2018 from Rs. 122,639.41 Lakhs as of the previous financial year 2016-17 end, representing a growth of 25.30% mainly on account of retained profits of the current year.

Depreciation:

The depreciation charge for the current year is lower at Rs. 4,180.32 Lakhs as against a charge of Rs. 4,674.74 Lakhs of previous year 2016-17 due to retirement and sale of assets.

Fixed Assets-Capital Expenditure:

The gross Fixed Assets as at March 31, 2018 was Rs.41,093.61 Lakhs as compared to Rs. 40,647.47 Lakhs of previous financial year 2016-17. Capital Investments during the year 2017-18 were at Rs. 1,641.10 Lakhs (Net of capital work-in-progress and capital advances) (2016-17: Rs. 1,412.02 Lakhs) an increase of 16.22% year on year.

Inventories:

Inventory as at March 31, 2018 amounted to Rs. 34,728.93 Lakhs as against Rs. 33,177.80 Lakhs of previous financial year 2016-17.The inventory ratio has increased to 91 days as at March 31, 2018 from 80 days of previous year 2016-17.

Trade Receivables:

Trade Receivables as at March 31, 2018 amounted to Rs. 52,963.65 Lakhs as against Rs. 40,791.66 Lakhs of previous year 2016-17. The debtor's turnover ratio was at 69 days (previous year: 52 days)

Cash and Bank balances:

The total balance of cash and bank balances as at March 31, 2018 was Rs. 78,931.24 Lakhs as compared to Rs. 74,415.90 Lakhs as at March 31, 2017

Overall analysis of the financial statements:

Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
	Rs. in Lakhs	%	Rs. in Lakhs	%
Revenue from operations	258,039.60	98.34	245,784.93	98.03
Other income, net	4,361.54	1.66	4,946.63	1.97
Total Revenue	**262,401.14**	**100.00**	**250,731.56**	**100.00**
Cost of Materials consumed	81,163.29	30.93	68,120.20	27.17
Purchases of stock-in-trade	53,970.94	20.57	64,543.12	25.74
Changes in inventories of finished goods, work-in-progress and stock-in –trade	(1,999.10)	(0.76)	(872.37)	(0.35)
Excise Duty	2,425.88	0.92	9,487.28	3.78
Employee benefits expense	32,407.88	12.35	28,003.04	11.17
Other Expenses	42,089.56	16.04	39,626.40	15.81
Profit before Finance Costs and Depreciation	**52,342.69**	**19.95**	**41,823.89**	**16.68**
Finance Costs	194.07	0.07	227.19	0.09
Depreciation and amortization expense	4,180.32	1.59	4,674.74	1.86
Total Expenditure	**214,432.84**	**81.72**	**213,809.60**	**85.27**
Profit before Tax	**47,968.30**	**18.28**	**36,921.96**	**14.73**
Tax	16,914.74	**6.45**	12,846.22	5.12
Profit for the year	**31,053.56**	**11.83**	**24,075.74**	**9.61**
Items that will not be reclassified subsequently to profit or loss	(26.25)	**(0.01)**	(244.23)	(0.10)
Total comprehensive income for the year	**31,027.31**	**11.82**	**23,831.51**	**9.51**

Segment wise performance:

The Industrial business grew by 1.52%; Health Care business grew by 7.52%: Safety and Graphics business grew by 7.40%; Consumer business grew by 9.72% and Energy business grew by 15.73%.

(A) INDUSTRIAL BUSINESS:

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

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

Rs. in lakhs

		12 Months Ended 31.03.18	12 Months Ended 31.03.17
Financial Highlights	Segment Revenue	107,493.27	105,884.24
	Profit Before Interest & Tax	19,917.21	15,120.59
	Capital Employed	31,733.44	25,062.11
Highlights	• Industrial Adhesive and Tapes Division continued their focus on Passive Fire Portfolio, driving relevance in Construction Market, and strengthened Converter Business Model, increasing penetration in Transportation & Appliance market. • The Company continued to gain share in the Advanced Materials markets with its differentiated offerings from Ceramics like evaporation boats for packaging industry and friction shims for automotive industry. • 3M Car Care crossed the 100-Store landmark and is today spread across 110 Locations in 36 Cities along with initiation of a Master Franchisee partnership for North & East India. • Sales growth in Automotive Aftermarkets Division's OEM Segments (Collision Repair & Nested Autocare) were fueled by NPI Launches in Abrasives & Air Care platforms. • Through cross functional collaboration and customer-first approach, the Automotive and Aerospace Division achieved recognition from top customers such as Suzuki, Tata & Toyota. Increased focus on penetration growth in 2W and 4W through model planning and BS IV implementation by GOI boosted CV market Sales in 2017. • While Abrasives Systems Division witnessed strong growth in AOEM & auto comp segment with the Cubitron II, Trizact & Scotchbrite, the new products have helped the division garner higher share segments like Structural Steel, Construction equipments, Orthopaedic Implants etc. • The creation of Industrial & Safety Market Center has resulted in laser sharp focus on Key Accounts & Long-Tail customers through dedicated teams and channel.		

(B) HEALTH CARE BUSINESS:

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

Rs. in lakhs

		12 Months Ended 31.03.18	12 Months Ended 31.03.17
Financial Highlights	Segment Revenue	40,062.92	37,259.60
	Profit Before Interest & Tax	7,779.21	5,204.54
	Capital Employed	14,591.74	11,982.18
Highlights	• 3M Healthcare has partnered with leading accreditation body to launch courses for upgradation of sterilization standards in hospitals and nursing homes. • Products manufactured in Medical plant in Ranjangaon continue to find good acceptance amongst end customers. This has resulted in profitable business growth in Medical business. • The strategy to expand reach into smaller cities has led to higher levels of penetration of 3M products in markets that were earlier not covered. • 3M Healthcare has been continuing efforts in digital space. Sales through e-commerce for both medical and dental products have gained traction and we are seeing continued year on year growth. • 3M Health Care has launched an online training and education platform to upgrade practices across the country. Health care professionals can register and access training modules, courses and webinars.		

(C) SAFETY AND GRAPHICS BUSINESS:

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

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

Rs. in lakhs

		12 Months Ended 31.03.18	12 Months Ended 31.03.17
Financial Highlights	Segment Revenue	66,091.17	61,535.74
	Profit Before Interest & Tax	8,507.45	4,916.22
	Capital Employed	20,589.21	15,451.47
Highlights	• As Government continues its efforts to invest heavily in transport infrastructure, specifically - National Highways, Expressways, Rural roads and several Industrial corridors, the Transportation Safety Division continues on its growth path in the road safety space with many of its technological products helping commuters navigate safely on the roads thereby reducing the possibility of accidents especially during the dark hours. Signages & Roadway materials using retro-reflective technology – Overhead signs, Cautionary & mandatory signs, Vehicle Marking Tapes, Solar RPMs, Flexible median markers, Delineators, Road pavement markers, etc. help promote safety		

	on the Indian roads. The division continues to invest heavily in education & awareness of several road safety solutions to key stake holders by way of night demos, training programs including participation in both domestic and International trade shows. • Significant penetration was made with cutting edge solutions for Smart Cities in the areas of urban mobility with Smart Variable Message Signs. The Smart Variable message Signs provide real time, contextual & automated information to motorists & allow a host of smart sensors to be integrated into a single platform allowing better information dissemination, disaster management & traffic enforcement. • Personal Safety Division continues to drive education on the proper selection and usage of PPE across all segments requiring attention for occupational health and safety, Pharmaceutical, Automotive, General Engineering and Chemical and several other sectors provide an opportunity for significant growth to the division. The division continues to increase its penetration into the SME segment through various awareness and contact programs and other onsite SME activation Programs. Division's launch of Fall Protection products, SCBA and other products provide further opportunity for growth. • In a bid to raise awareness among the labour force on the importance of safety measures and proper equipment in the workplace, 3M, in association with the Directorate General, Factory Advice Service & Labour Institutes (DGFASLI), Ministry of Labour and Employment, launched the Audhyogik Suraksha Rath (mobile industrial safety training van). As part of this initiative, two mobile safety units will travel all over the country and educate workers on the importance of safety in the workspace. Over the next three years, the vans will cover one million industrial workers, raising awareness on industrial safety and health through training programs with the message: Safety First. • Our Personal Safety Division also made significant contributions through awareness building and helping citizens get appropriate respirators during air quality concerns in several cities during the winter months and continued to drive market differentiated growth helping drive their charter to provide protection to industrial workers and help improve the quality of their lives. • Commercial Solutions Division through their graphics and architectural market portfolios is focused on bringing change to every brand and every customer through the visual impact that it creates with its products and services. Several segments such as Retail, Railways, Metro rail, Airports, BFSI, IT and ITES, Horeca, Oil and Gas etc., found several solutions from Commercial Solutions division which helped them create a new brand experience for their consumers. Right from graphics to cleaning and work place solutions, this division is trying to touch every life. The division saw a lot of success in refurbishment, car personalization and styling along with new projects in banking and Oil & Gas segments. • With the launch of the Surface finish films, Retail refresh program has picked up in a big way and gaining popularity amongst leading retail brands in the country. The launch of Envision series has made the division more relevant and preferred amongst the brands looking out for green and energy efficient solutions.

(D) CONSUMER BUSINESS:

The Consumer segment serves markets that include consumer retail, modern trade, office retail and other emerging retail channels. The products in this segment include office supply products, stationery products, home care products and protective material products. Major consumer products include Scotch® brand products, such as Scotch® Magic™ Tape and Scotch® Glue Stick; Post-it® Products, such as Post-it® Flags, Post-it® Note Pads and Dispensers; home care products, including Scotch-Brite® Scour Pads, Scotch-Brite® Scrub Sponges, Scotch-Brite™ Microfiber Cloth products.

Rs. in lakhs

		12 Months Ended 31.03.18	12 Months Ended 31.03.17
Financial Highlights	Segment Revenue	27,286.70	24,868.53
	Profit Before Interest & Tax	4,796.84	3,506.91
	Capital Employed	9,518.49	6,936.42

Highlights	• Strong performance in Home Care led by scouring with an exciting new product launch of Anti-Bac scrub pad. • Launch of Command® range of products in e-Commerce. • Focus on Air Quality products like respirators and Ac Filters to address the air quality issues that Indian consumers face both in outdoor and indoor. • Continued growth in the office supplies channels with Post-it & Scotch range of products aimed at office workforce segment. • Accelerated growth in Modern Trade by partnering with Key Modern Trade customers for categories in Home Care & Stationery products. • Distribution expansion program aimed at increasing availability of Home Care range of products in Tier B&C towns through partnership with wholesalers across the country. • Partnered with adjacent category & household brands for cross promotional activities thereby expanding household reach for scouring and wipes products. • Continued investment in the brands viz "Scotch-Brite®", Post-It® and Scotch® through various brand building activities in Mass Media, Digital Media and in Point of Sales. • Accelerated sales through ecommerce channel with focus on product portfolio, good digital content and on-line demand generation programs.

(E) ENERGY BUSINESS:

Infrastructure Protection Products Division of 3M offers a comprehensive array of products that ensure effective protection against corrosion for a variety of installations and structures. While 3M™ Scotchkote™ Fusion Bonded Epoxy Powders and Scotchkote™ Liquid Epoxy Coatings offer protection for steel pipelines, associated fittings and structures used in the oil, gas, water, industrial and construction markets, the range of 3M™ Scotchcast™ Powder Resins are ideal for OEM electrical insulation applications. 3M Dynatel Locators combine simple interfaces, large backlit high-resolution graphics, excellent balance and ergonomics with precision locating capabilities to quickly and accurately identify underground assets.

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

Rs. in lakhs

		12 Months Ended 31.03.18	12 Months Ended 31.03.17
Financial Highlights	Segment Revenue	15,477.61	13,373.80
	Profit Before Interest & Tax	2,354.96	2,538.48
	Capital Employed	4,874.57	2,990.95
Highlights	• There was continued weakness in the global Oil & Gas projects but was offset by traction in key domestic projects which contributed to good growth in our pipeline coating products. • We also saw strong implementation of telecom projects driving usage of our locators and markers for asset management		

OPPORTUNITIES AND THREATS

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

The company is operating in a highly competitive market which may exert pressure both on the top line as well as the bottom line of the Company. 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, Inflation, rupee depreciation, high commodity prices and hardening interest rates remain key challenges needing focused attention.

RISKS AND CONCERNS

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

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

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.

DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS

Learning & Organization Development (L&OD):

2017 was a year where the Talent Development organization made first steps into transitioning to our global model of Leadership Development – structured broadly as Development for Hi Potentials, People Leaders and Employees. Through the transition, India's 3 levers of Customer First, Growth Mindset and Health of Business were key development themes for the year.

Spark, a self-learning online platform for our early Hi Potentials was launched in India. This platform gave our young Hi Potentials the opportunity to discover their strengths, network with peers across the 3M world and go through best-in-class online courses through a 9 month development journey.

A select group of our HIPos went through XChange, an opportunity for learning across peer organizations through 5 leadership themes. 25 plus of our leaders have also signed up for mentoring relationships with leaders across 3M. This program was launched with the intent of leveraging the power of the 3M network for learning and growth.

The 3M Leadership Coaching Program was implemented in 2017 with 20 of our leaders going through a process of self-discovery and development planning in partnership with a certified 3M Coach. This process of helping leaders uncover their own potential is a major step towards further strengthening the coaching culture in India. A team of our supervisors also benefited from going through 'Essentials for People Leaders' – yet another new launch.

2017 saw the launch of 'Develop U' a learning platform with world class resources for all employees to access. Virtually led instructor led training on critical work skills were also offered for employee sign-up by the end of 2017. Classroom workshops on making the most of time was also available to employees across the country.

Development Month was launched in India in May-June 2017 with Customer First, Growth Mindset and Careers as key themes.

The Talent Development organization also supported 3M India's growth agenda through partnership on the Grit for Growth program with workshops rolled out in 2 cities. This also fed into the Asia Geographical Expansion project, identification of a pipeline of city leaders and talent acceleration plans for the region.

Employee's Relations(ER):

The year 2017-2018 has been a year of improvement and positive change on the Industrial Relations (IR) front. The 3M philosophy on IR has always been 'direct engagement and communication with the organization' which stands stronger today. The year went smooth without any unwanted ER/IR instances.

Continued to focus on our ER strategy of Connect Communicate and Collaborate, we have strengthened systems to reinforce our culture of respect and fairness. Leaders understand concerns proactively and communicated our philosophy regularly through multiple platforms.

Some additional actions put in place:

1. As part of our Employee Engagement initiatives, we have focused on Involvement of Shop floor employees in our corporate social responsibility projects.
2. 3M is taking the IR ER focus a level higher, each plant champion its own plan to sustain harmonious employee relations – a key element of our growth strategy.
3. An entire plan touching Communication, employee development and supervisor development has been established. The 3M practice of connecting with families of our shop floor teams continues to be a great look-forward.
4. Processes to address grievances while maintaining a fair and firm stance on discipline is also being worked on.

These plans will be further strengthened through 2018..

HR Business Partner (HRBP):

HR Business Partners were aligned to businesses and supported various Customer First Initiatives and supported through employee engagement programs across businesses and functions to ensure healthy retention levels which stood at an all-time high for 3M India Limited. These included Critical Talent mapping of all employees and ensuring right employee life cycle actions were being taken in a timely manner.

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

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

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

On behalf of the Board of Directors

	Debarati Sen	**B.V. Shankaranarayana Rao**
Place : Bengaluru	*Managing Director*	*Whole-time Director*
Date : May 30, 2018	DIN: 07521172	DIN: 00044840

REPORT ON CORPORATE GOVERNANCE

THE COMPANY'S GOVERNANCE PHILOSOPHY

3M's Corporate Governance principles govern how the Company carries on its business on a daily basis, enabling the Company to outperform and lead the way to sustainable growth. The governance principles provide sufficient framework that defines the roles, rights, and responsibilities of different groups within the organization. The Board of Directors oversees the Executive Directors and Senior Management (viz., the Leadership Team) including Key Managerial Personnel and ensures that appropriate procedures and controls are in place covering Managements activities in operating the Company on ethical grounds on a day-to-day basis. The Company has adhered to the SEBI (LODR) Regulations, 2015.

BOARD OF DIRECTORS

Composition:

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

As at the financial year ended March 31, 2018, the Board of Directors of the Company had an optimum combination of Executive and Non-Executive Directors including two (2) Women Directors 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, 2015. None of the Directors of the Company is related to each other and with any employees of the Company.

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

Brief Profile of the Directors of the Company:

Mr. Bharat D Shah, Independent Director (DIN- 00136969): Mr. Bharat D Shah, 71, was appointed to the Board of the Company as an Additional Director from March 27, 2015. At the Annual General Meeting held on August 4, 2015, he was appointed as an Independent Director for a period of Five (5) years from March 27, 2015. Mr. Bharat Shah has extensive experience and expertise in the 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 growth of the Bank. He is also on the Board of various prominent companies. Before joining the Financial Sector, he worked with Technova, Bradma and Pyrene in London. He has also worked with Leading MNCs viz., Thomas Cook, Citibank and with UBS. Mr. Bharat Shah is the Chairman of HDFC Securities Limited. He has his Bachelor's in Science Degree from the University of Mumbai and also holds a Degree in Applied Chemistry with special reference to metal finishing from Borough Polytechnic, London. He was appointed as Chairman of the Board with effect from May 27, 2016.

Ms. Debarati Sen, Managing Director (DIN-07521172) : In her previous role, Ms. Debarati Sen, 50, held the position of Director, Corporate Sales Operations for 3M Company, USA leading corporate initiatives critical to growth, sales effectiveness and efficiency and as the Director for 3M's US Atlantic & Pacific Branch Operations (Puerto Rico, Hawaii, Guam & Alaska).Ms. Debarati Sen's career spans over 24 years in Asia and US with over 18 years in 3M in various global, regional and country roles driving marketing, sales and customer engagement, product development, business development, strategy as well as mergers and acquisitions. Prior to that, she headed the global Oil & Gas business for 3M. She has also held the position of Vice President of Global Marketing – Equipment Protection Business at Pentair, Inc. She is on the board of the 3M A3CTION (Asian Employee Resource Network) and an Executive Member of 3M's Women's Leadership Forum. She also volunteers her time in reducing homelessness and poverty in the community and in supporting education and empowerment in women and is on the national governing board of Jeremiah Program, a Minnesota based national charity. Ms. Sen holds a BS/BE in Electronics Engineering, as well as an MBA in Marketing & Finance. Her career with 3M started in India in 1996 where she was the Division Manager for Personal Safety Division for 5 years and also led the Disposable Respirator business for Asia. She was appointed as the Managing Director of the Company from June 1, 2016.

Mr. Albert C Wang, Non-Executive Director (DIN- 05234667): Mr. Albert Wang, 49, joined 3M Group in January 2012 as General Counsel, Asia Pacific and is based out of Shanghai, China. Prior to joining 3M, Mr. Albert Wang was Legal Director for Dell Inc. from 2001-2012 leading their legal affairs efforts for Greater China as well as regionally (Asia Pacific) for their Public & Large Enterprise business unit. He began practicing law with the New York-based international law firm of Coudert Brothers, with postings in Hong Kong (1993-1998) and Shanghai (1998-2001).There, his practice was focused on foreign direct investment and mergers and acquisitions, representing a wide array of multinational corporations and global financial institutions across a broad range of industry sectors. Mr. Albert Wang graduated in 1990 from Colgate University with a Bachelor of Arts degree in Political Science. He earned his Juris Doctor degree from The George Washington University National Law Center in 1993. He is a member of the New York State Bar, the American Chamber of Commerce in Shanghai and the U.S. China Business Council. He was appointed as a Non-Executive Non Independent Director of the Company from March 12, 2012.

Mr. Amit Laroya, Non-Executive Director (DIN-00098933): Mr. Amit Laroya, 53, started his career at Asian Paints and moved to 3M India in 1990 as the Division Head of Traffic, safety and Security. He has held positions in 3M India as the Country Business Leader in Safety & Graphics, Industrial, Electro and Telecommunication in addition to being the first Master Black Belt for India region. He has also held positions as the M&A Manager for India region and General Manager of 3M Lanka. His previous assignment as the Managing Director of 3M Indonesia and 3M India Limited made him well suited to understanding emerging market needs. He also has a good understanding of global corporate strategies at 3M having recently worked in St Paul, USA, as the Global Director-for 3M Strategy & Corporate Development & the Director of International Strategic Planning & M&A . Mr. Amit Laroya is an Economics Honors graduate from the University of Delhi with MBA in Marketing and Finance from XLRI in India. He was the Managing Director of the Company from October 1, 2013 to May 31, 2016.From June 1, 2016, he has been a Non-Executive Non Independent Director of the Company. He was appointed as President and Managing Director of 3M Korea Limited from June 1, 2016.

Mr. B.V. Shankaranarayana Rao, Whole-time Director (DIN-00044840): Mr. B.V. Shankaranarayana Rao, 58, holds a Bachelor Degree in Commerce and a Master's Degree in Business Administration from Bengaluru University. He has been with the Company since 1990. He has over 30 years of experience in Finance and Corporate Management. He has held various positions during his tenure in 3M India. He has also worked in 3M Asia Pacific, Singapore, prior to heading the Finance Department in 3M India Limited. He was appointed as a Whole-time Director of the Company from July 24, 2002. Mr. Shankar Rao heads the Business Services Group, Business Transformation and Information Technology.

Ms. Radhika Rajan, Independent Director (DIN- 00499485): Ms. Radhika Rajan, 62, heads DSP Investments, the umbrella company of the Kothari Family Office, in Mumbai, India. The Kothari portfolio comprises of Indian securities, fixed-income, corporate paper and loans, and some angel and private equity investments. Previously, Radhika was President of TCG Advisory of the TCG Group, New York. In this capacity, Radhika conceived, set up, structured and managed the operations of TCG's offshore Indian Equities Funds for 7 years. Prior to joining the Fund in 2003, she advised TCG and several other private equity groups on various companies and proposed investments in the US-India corridor. Ms. Radhika Rajan is a US citizen and long term resident of New York who relocated to India a few years earlier. She has focused on India as an investment destination since 1999, when she became New York based Executive Vice-President of Mphasis. Prior to Mphasis, Ms. Rajan worked as a global macro proprietary trader at Chemical Bank (now JPMorgan)) Itochu, UBS, Bank of America, and Bank of Montreal where she created and managed several profitable trading structures. As a global macro trader, she traded and took proprietary positions in a range of currencies, cash and options and in interest rate and commodity futures and derivatives. Ms. Rajan holds an MBA degree from the Indian Institute of Management Ahmedabad and a MSc (Physics) degree from Indian Institute of Technology, Mumbai. She was a National Science Talent Scholar through her Masters 'degree. Ms. Rajan is an invited author of "The Global Internet Economy," a book published by MIT Press in 2003. She is a charter member of TIE, the global Entrepreneurs organization and served as an Executive Board Member of TIE Tristate for over 5 years. TIE, a global association of entrepreneurs active in accelerating the globalization of Indian business. (www.tie.org and www.tietristate.org). She was appointed as an Independent Director for a period of Five (5) years from May 27, 2016.

Mr. Biren Gabhawala, Independent Director (DIN- 03091772): Mr. Biren Gabhawala, 53, was appointed to the Board of the Company as an Additional Director from August 5, 2014. At the Annual General Meeting held on August 4, 2015, he was appointed as an Independent Director for a period of Five (5) years from August 4, 2014. He holds a Bachelor's degree in Commerce from University of Mumbai and is a qualified Chartered Accountant and fellow member of Institute of Chartered Accountants of India. He is into practice for last 27 years. He is a Senior Partner of Messrs. C. M. Gabhawala & Co. Chartered Accountants and specializes in Direct and Indirect Taxation, FEMA, International Taxation, Mergers, and Acquisitions.

Mr. Ramesh Ramadurai, Non-Executive Director (DIN- 07109252): Mr. Ramesh Ramadurai, 56, was appointed as Business Director for 3M Industrial Business in July 2014 and is based out of Shanghai responsible for the entire Asia Pacific Area. Prior to this role, Mr. Ramesh Ramadurai served as Managing Director of 3M Philippines from August 2011 until June 2014, based in Manila. He Joined 3M India in 1989 as Sales Engineer and held positions as Country Business Leader in Industrial Business and Electro & Telecommunications. He was seconded to Global Headquarters in St Paul, USA, and worked as Market Segment Manager in Industrial Business, as Global Business Manager for a line of Industrial Tapes, and as International Business Manager for 3M's Packaging, Masking and Specialty Tapes businesses. Prior to 3M, Mr. Ramesh Ramadurai worked for a year as a Production Engineer at an Offshore Oil Production facility, and for about 3 years in a business planning and development role at an automotive parts and motorcycle manufacturer. Mr. Ramesh Ramadurai holds MBA from the Indian Institute of Management in Calcutta and is a Bachelor of Technology in Chemical Engineering from the Indian Institute of Technology, Kanpur. He was appointed as a Non-Executive Non Independent Director of the Company from March 27, 2015.

Mr. Jong Ho Lee, Non-Executive Director (DIN- 06720950): Mr. Jong Ho Lee (JH), 55, was named 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

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 was appointed as a Non-Executive Non Independent Director of the Company from May 26, 2017.

Names of other companies/firms in which Directors of the Company hold/held office as Director/Partner are given below (as on March 31, 2018):

Ms. Debarati Sen

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

Mr. Albert C Wang

- Nil

Mr. Ramesh Ramadurai

- Metamorph Learning Private Limited, Director

Mr. Jong Ho Lee(From May 26, 2017)

- Nil

Mr. B.V. Shankaranarayana Rao

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

Ms. Radhika Rajan

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

Mr. Amit Laroya

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

Mr. Biren Gabhawala

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

Mr. Bharat D Shah

- Mahindra Lifespace Developers Limited, Director
- Apollo Munich Health Insurance Company Limited, Director
- HDFC Securities Limited, Chairman
- Hexaware Technologies Limited, Director
- Exide Industries Limited, Chairman
- IDFC Alternatives Limited, Director
- Salisbury Investments Private Limited, Director
- Strides Shasun Limited, Director
- AGS Transact Technologies Limited, Director
- Tata Sky Limited, Director
- Digikredit Finance Private limited (Formerly Amadeus Advisors Private Limited), Director
- Sterling Pharma Solutions Limited, United Kingdom, Director

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

Name of the Director	Name of the Company	Membership of Committee		Chairmanship of Committees	
		Audit	Stakeholder's Relationship	Audit	Stakeholder's Relationship
Ms. Radhika Rajan	3M India Limited Sonata Software Limited Tata Advance Systems Limited Tata Sikorsky Aerospace Limited Nova Integrated Systems Limited Tata Lockheed Martin Aerostructures Limited Sonata Information Technology Limited	✓ ✓ ✓ ✓ ✓ ✓ ✓	✓		
Mr. Albert C Wang	Nil				
Mr. Ramesh Ramadurai	Nil				
Mr. Jong Ho Lee	3M India Limited	✓			
Mr. B.V. Shankaranarayana Rao	Nil				
Mr. Amit Laroya	Nil				
Ms. Debarati Sen	3M India Limited		✓		
Mr. Biren Gabhawala	3M India Limited eClerx Services Limited	✓ ✓	✓ ✓	✓ ✓	
Mr. Bharat D Shah	3M India Limited Tata Sky Limited IDFC Alternatives Limited AGS Transact Technologies Limited Strides Shasun Limited Mahindra Lifespace Developers limited	✓ ✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ 		✓

Meetings:

The meetings of the Board of Directors are normally held at the Company's Corporate Office in Bengaluru. Meetings are generally scheduled well in advance and the notice of each Board / Committee Meetings is given in writing to each Director. The yearly calendar of the meetings is finalized before the beginning of the year. Additional Meetings are held when necessary. The Board meets at least once a quarter to review the quarterly performance and financial results of the Company. The Board is provided with the relevant information as stipulated in Listing Regulations. The Meetings are governed by a structured agenda. The Board papers, agenda and other explanatory notes are circulated to the Directors seven (7) days prior to the Meetings. In addition, for any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board/Committee Meeting for ratification. The Minutes of the Committee Meetings are sent to all Directors individually within the time limits prescribed under the Companies Act, 2013 and are further tabled at the Board Meetings. The Company Secretary is responsible for convening the Board and Committee meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the meetings. He acts as an interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects. The Company has complied with Meetings of the Board of Directors (SS-1) and General Meetings (SS-2) Secretarial Standards issued by The Institute of Company Secretaries of India (ICSI).

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

During the financial year 2017-18, four (4) Meetings of the Board were held on May 26, 2017, August 9, 2017, November 14, 2017 and February 2, 2018.The last Annual General Meeting (AGM) was held on August 10, 2017.

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

Particulars of the directorships of Board, membership and office of the Chairman of Board Committees across all Companies as on March 31, 2018 and attendance at the Board Meetings of the Company are exhibited below::

Name & Designation of the Director	Category	No. of Meetings held during the year under review		No. of Directorships and Committee Memberships / Chairmanships			Whether attended last AGM
		Held	Attended	Directorships held@	Committee Memberships#	Committee Chairmanships#	
Mr. Bharat D Shah (Chairman)	Non-Executive & Independent Director	4	4	11##	9	1	Yes
Ms. Radhika Rajan (Director)	Non-Executive & Independent Director	4	3	8	8	Nil	No
Mr. Biren Gabhawala (Director)	Non-Executive & Independent Director	4	4	2	4	2	Yes
Ms. Debarati Sen (Managing Director)	Executive Director (Promoter Group)	4	4	2@@	1	Nil	Yes
Mr. B. V. Shankaranarayana Rao (Whole-time Director)	Executive Director (Promoter Group)	4	4	2@@	Nil	Nil	Yes
Mr. Albert C Wang (Director)	Non-Executive Director (Promoter Group)	4	2	1	Nil	Nil	Yes
Mr. Amit Laroya (Director)	Non-Executive Director (Promoter Group)	4	2	3@@@	Nil	Nil	No
Mr. Ramesh Ramadurai (Director)	Non-Executive Director (Promoter Group)	4	2	1	Nil	Nil	Yes
Mr. Jong Ho Lee (Director, from May 26, 2017)	Non-Executive Director (Promoter Group)	3	1	1	1	Nil	No
Mr. Manuel B Pardo (Director) (up to May 26, 2017)	Non-Executive Director (Promoter Group)	1	Nil	1	1	Nil	NA

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

@@includes directorship in one foreign Body Corporate

@@@includes directorship in two foreign Body Corporates

excludes committees other than Audit Committee and Stakeholders' Relationship Committee

includes directorship in one foreign Body Corporate (Public Company)

Committee of the Board:

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

Board Training and Induction

At the time of appointing a Director, a familiarization programme for Directors of the Company brochure is given which inter alia At the time of appointing a Director, a familiarization programme 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, Listing Regulations and other relevant regulations. The Managing Director of the Company also has a one-to-one discussion with the newly appointed Director. The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfill his role as a Director of the Company. Apart from the above, business heads also makes presentations on their respective business and updates the Board. The familiarization document is also disclosed on the website of the Company at http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary.

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

CODE OF CONDUCT

The Company's Board has laid down a code of conduct for all Board Members and Senior Management of the Company. The code of conduct is available on the website of the Company: http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary/. Requisite annual affirmations of compliance with respective codes have been made by the Directors and Senior Management of the Company for the period April 01, 2017 to March 31, 2018.

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

Code of Conduct for Directors and Senior Management

CEO Confirmation

I hereby confirm that:

The Company has obtained from the Directors and Senior Management personnel affirmation that they have complied with the above code for, and in respect of, the year ended March 31, 2018.

(Debarati Sen)
Managing Director
DIN: 07521172

Place: Bengaluru
Date May 22, 2018

AUDIT COMMITTEE

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

Terms of Reference of Audit Committee:

The terms of reference of the Audit Committee as per guidelines set out under the Listing Regulations read with Section 177 of the Companies Act, 2013, is set out below:

1. The Audit Committee shall have minimum three (3) directors as members. Two-thirds (2/3) of the members of Audit Committee shall be Independent Directors.
2. All members of Audit Committee shall be financially literate and at least one (1) member shall have accounting or related financial management expertise.
3. Chairman of the Audit Committee shall be an Independent Director.
4. The Chairman of the Audit Committee shall be present at Annual General Meeting to answer shareholder queries.
5. The Audit Committee may invite such executives of the Company as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the Committee, but on occasions it may also meet without the presence of

any of the executives of the Company. The CFO, Internal Auditor and a representative of the Statutory Auditor may be present as invitees for the meetings of the Audit Committee.

6. The Company Secretary shall act as Secretary of the Audit Committee.

7. The Audit Committee shall meet at least four (4) times in a year and not more than 120 days shall elapse between two meetings. The quorum shall be either two (2) members or one-third (1/3) of the members of the Audit Committee, whichever is higher but there shall be a minimum of two (2) independent members present.

Powers of Audit Committee

The Audit Committee has the following powers:

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

Role of Audit Committee

The role of the Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of statutory auditors and cost auditors of the Company;
3. Approval of payment to statutory auditors and cost auditors and for any other services rendered by the statutory auditors;
4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
   (a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's Report in terms of clause (c) of sub-Section 3 of section 134 of the Companies Act, 2013.
   (b) Changes, if any, in accounting policies and practices and reasons for the same.
   (c) Major accounting entries involving estimates based on the exercise of judgment by management.
   (d) Significant adjustments made in the financial statements arising out of audit findings.
   (e) Compliance with listing and other legal requirements relating to financial statements.
   (f) Disclosure of any related party transactions.
   (g) Modified opinion (s) in the draft Audit Report.
5. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. Approval or any subsequent modification of transactions of the company with related parties;
9. Scrutiny of inter-corporate loans and investments;
10. Valuation of undertakings or assets of the company, wherever it is necessary;
11. Evaluation of internal financial controls and risk management systems;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.
21. To grant omnibus approval for related party transactions which are in the ordinary course of business and on an arm's length pricing basis.

Review of information by Audit Committee

The Audit Committee reviews the following information:

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

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

As on March 31, 2018, the Audit Committee of the Company consisted of three (3) Non-Executive & Independent Directors and one (1) Non-Executive Director and all of them have financial and accounting knowledge. The members of the Committee are Mr. Biren Gabhawala, Ms. Radhika Rajan, Mr. Bharat D Shah and Mr. Manuel B Pardo (up to May 26, 2017). Mr. Jong Ho Lee was appointed as a member of the Audit Committee from May 26, 2017 in place of Mr. Manuel Pardo.

Mr. Biren Gabhawala is the Chairman of the Audit Committee. The Company Secretary is the Secretary to the Committee. At the invitation of the Committee, the Managing Director, Whole-time Director, the Internal Auditor, the CFO, General Counsel and Statutory Auditors attend the Audit Committee Meetings.

During the financial year 2017-18, four (4) Meetings of the Audit Committee were held on May 25, 2017, August 9, 2017, November 14, 2017 and February 2, 2018.The numbers of Meetings attended during the year under review are as under:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. Biren Gabhawala (Chairman)	4	4
Ms. Radhika Rajan	4	3
Mr. Bharat D Shah	4	4
Mr. Manuel B Pardo (up to May 26, 2017)	1	Nil
Mr. Jong Ho Lee (from May 26, 2017)	3	1

NOMINATION AND REMUNERATION COMMITTEE (NRC)

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

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

(b) *Quorum:* Quorum for Meeting of the Committee shall be a minimum of two (2) members provided one (1) of them shall always be an Independent Director.

(c) *Frequency of meetings:* The Committee may meet at such times and at such intervals as it may deem necessary.

(d) *Role:* The Role of the Committee shall include inter-alia the following:

- Formulation of criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board including carrying out evaluation of every Director's performance;
- Devising a policy on Board diversity;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Such other matters as may be prescribed under the Companies Act, 2013, Listing Regulations and by the Board of Directors of the Company from time to time.

(e) *Invitees:* The Committee may invite such executives of the Company and such other persons as it may consider appropriate.

(f) *Secretary to the Committee:* The Company Secretary shall be the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.

The Remuneration Policy for Directors, Key Managerial Personnel and for other employees has been disclosed in the website of the Company at http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary/.

Criteria of selection of Non-Executive Independent Directors

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

i. Qualification, expertise and experience of the Directors in their respective fields;

ii. Personal, Professional or business standing;

iii. Diversity of the Board.

The Diversity of the Board aims to:

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

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

Criteria of selection of Non-Executive and Executive Directors

For the purpose of selection of the Non-Executive and Executive Directors, the incumbent shall possess relevant expertise, experience and leadership qualities required for that position. The NRC will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013.

Criteria of selection of Senior Management personnel (including KMPs)

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

Remuneration policy of the Company

Every year, the Company's Compensation & Benefit (C&B) team works closely with reputed Compensation Consultants to determine the worth of each job by doing a market benchmark study. As a process, the Company conducts job evaluation and job matching process with the help of Compensation Consultant(s) appointed by the organization. The C&B team and the Compensation Consultant (s) work closely first to understand all the roles in the organization and map the roles to their frame work. The Company Benchmarks and compares itself with Total Cash which includes Fixed pay and Variable pay. C& B team creates the comparator basket/peer companies list based on the companies 3M recruit and lose talent. These companies becomes the comparator list to determine the compensation rates. Compensation consultants after finalization of peer companies from 3M India list, go to the shortlisted companies (Peer companies) to understand their roles and map them to their frame work. Post which, they compare the roles and compensation as per the mapping exercise. Upon this exercise, Consultants, based on the mapping provide compensation rates for each level. C & B team based on the market median, draws Market Reference point (MRP). Based on the above guidelines, each level, starting from the entry to the head of the organization the pay range is determined. The determined pay ranges are shared with the Managing Director and Business/ Functional leaders to understand the salary movements and obtain approval on the MRP for the year. The approved MRP is used for the merit increase exercise along with the employee performance rating. The C & B team culls out the Compensation ratio (Distance from the new mid-point) and the proposed increase for each employee and the organization, as a whole. Post completion of this exercise, the increase is discussed with the CFO to find out the affordability and the impact on the Company's Profit and Loss account. Based on the company's objectives and affordability, the overall company increase rates are determined. The calibrated increment value, if any, is taken as the approved increase at a company level. C&B reworks the entire compensation increases by employee- wise based on the available budget. Else, the Company will go as per the increase proposed based on compa ratio, performance rating, salary movements etc. The final employee wise increases are broken into department/ business wise budget for annual Increases. C & B team annually reviews the compensation structure, to ensure that the appropriate mix of fixed and variable pay is considered and also ensures that the compensation structure is in line with the Income tax rules, as applicable.

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

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

The remuneration by way of commission paid to Independent Directors is commensurate with the activities of the Company, the responsibilities of the Independent Directors under the provisions of Listing Regulations and under the Companies Act, 2013, and the responsibilities as Member/Chairman of the Board and Member/Chairman of committee/s of Board and all other relevant factors.

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

As on March 31, 2018, the Nomination and Remuneration Committee of the Company consists of two (2) Non-Executive Independent Directors viz., Mr. Bharat D Shah, Mr. Biren Gabhawala and two (2) Non-Executive Directors viz., Mr. Albert C Wang and Mr. Amit Laroya. Mr. Biren Gabhawala is the Chairman of the Committee. The Company Secretary is the Secretary to the Committee.

During the financial year 2017-18, two (2) Meetings of the Nomination and Remuneration Committee were held on May 25, 2017 and February 2, 2018. The number of Meeting attended during the 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. Biren Gabhawala (Chairman)	2	2
Mr. Bharat D Shah	2	2
Mr. Albert C Wang	2	1
Mr. Amit Laroya	2	1

Remuneration to Directors:

As at the end of financial year 2017-18, the Company has two (2) Executive Directors, Ms. Debarati Sen, Managing Director and Mr. B. V. Shankaranarayana Rao, Whole-time Director.

The Managing and Whole-time Directors of the Company have been appointed on contractual basis and their terms of appointment were fixed by the Board and the appointments pertaining to Ms. Debarati Sen, Managing Director and Mr. B. V. Shankaranarayana Rao, Whole-time Director were approved by the Members at the Annual General Meetings for tenures up to five (5) years and three (3) years & 43 days respectively and by the Central Government also in case of Ms. Debarati Sen, Managing Director.

The elements of the remuneration package of Executive Directors comprise Salaries and Allowances, Perquisites, Company Leased Accommodation, Company Car and driver, Telephone at home, club fees, Gratuity, Personal Accident Insurance and contribution to provident funds and other funds. The contract of employment of Executive Directors is terminable by serving a notice of ninety (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 year ended March 31, 2018:

(a) Executive Directors:

Name and Designation	No. of Shares Held	Salaries & Allowances (Rs.)	Contribution to Provident Fund and Other Funds (Rs.)	Estimated Value of Benefits (Rs.)	Total (Rs.)	Present term expires on
Mr. B.V. Shankaranaryana Rao (Whole-time Director)	Nil	1,83,48,338	7,68,744	5,400	1,91,22,482	May 13, 2020
Ms. Debarati Sen (Managing Director)	Nil	2,11,78,328	37,08,940	2,63,17,260	5,12,04,528	May 31, 2021

(b) Non-Executive Independent Directors:

Name of the Director	No. of Shares Held	Sitting Fees for Board Meetings (paid during 2017-18) (Rs.)	Sitting Fees for Committee Meetings (paid during 2017-18) (Rs.)	Commission (Gross) (Rs.)	Total (Rs.)
Ms. Radhika Rajan	Nil	60,000	1,40,000	15,00,000**	17,00,000
Mr. Biren Gabhawala	Nil	80,000	2,20,000	15,00,000**	18,00,000
Mr. Bharat D Shah	Nil	80,000	2,60,000	15,00,000**	18,40,000

***Remuneration by way of Commission for the financial year 2017-18 will be paid to the Independent Directors after the accounts for the financial year 2017-18 have been adopted and approved by the members at the ensuing AGM.*

The Non-Executive Directors viz., Mr. Albert C Wang, Mr. Amit Laroya, Mr. Ramesh Ramadurai, Mr. Manuel B Pardo (up to May 26, 2017) and Mr. Jong Ho Lee (from May 26, 2017) did not receive Sitting Fees and Commission. None of the Non-Executive Directors has any pecuniary relationship with the Company.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

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

The terms of Reference of the Committee are as under:

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

2. The Committee shall meet every quarter and that quorum for Meeting of the Committee shall be a minimum of two (2) members with the presence of at least one (1) Independent Director.

3. The Company Secretary will be the Secretary of the Committee who shall flag actions and serve as executive support to the Committee.

Composition and details of Stakeholders' Relationship Committee meetings during the financial year:

As on March 31, 2018, the Stakeholders' Relationship Committee of the Company consists of four (4) Directors, of which three (3) are Non-Executive & Independent Directors and one (1) is Executive Director. The Members of the Committee are Mr. Bharat Shah, Ms. Debarati Sen, Mr. Biren Gabhawala and Ms. Radhika Rajan. Mr. Bharat Shah is the Chairman of the Committee. The Company Secretary is the Compliance Officer of the Company.

During the financial year 2017-18, four (4) Meetings of the Stakeholders' Relationship Committee were held on May 26, 2017, August 9, 2017, November 14, 2017 and February 2, 2018 .The attendance of the members at the Stakeholders' Relationship Committee Meeting held during the year are as under:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. Bharat Shah (Chairman)	4	4
Ms. Debarati Sen	4	4
Mr. Biren Gabhawala	4	4
Ms. Radhika Rajan	4	3

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, 2017.	Nil
No. of complaints received during the period April 01, 2017 to March 31, 2018.	23
No. of Shareholders' complaints resolved during the period April 01, 2017 to March 31, 2018.	23
No. of Shareholders' complaints pending as on March 31, 2018.	Nil

The Share Transfer Committee comprises of Ms. Debarati Sen, Managing Director and Mr. B.V. Shankaranarayana Rao, Whole-time Director.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

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

The terms of Reference of the Committee are as under:

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

(b) *Quorum:* Quorum of the CSR Committee shall be minimum of two (2) members provided one (1) of them shall always be an Independent Director.

(c) *Frequency of meetings:* The CSR Committee may meet at such times and at such intervals as it may deem necessary.

(d) *Role:* The Role of the CSR Committee shall include inter-alia the following:

- Formulate and recommend to the Board, a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company from time to time;
- Recommend the amount of expenditure to be incurred on the activities undertaken as specified in Schedule VII of the Companies Act,2013;

- Monitor the Corporate Social Responsibility Policy of the Company from time to time;
- Perform such functions as may be statutorily required by the CSR Committee;
- Other matters as may be assigned by the Board from time to time.

(e) *Invitees:* The CSR Committee may invite such executives of the Company and such other persons as it may consider appropriate.

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

As on March 31, 2018, the CSR Committee of the Company consists of four (4) Directors, of which one (1) each are Non-Executive & Independent Director and Non-Executive Director and two (2) are Executive Directors. The Members of the Committee are Mr. Bharat D Shah, Ms. Debarati Sen, Mr. B.V. Shankaranarayana Rao and Mr. Ramesh Ramadurai. Mr. Bharat D Shah is the Chairman of the CSR Committee.

During the financial year 2017-18, two (2) meetings of the CSR Committee was held on May 26, 2017 and November 14, 2017.The attendance of the members at the CSR Committee Meeting held during the year are as under:

Name of the Committee Members	No. of Meetings held during the year under review	No. of Meetings attended
Mr. Bharat D Shah (Chairman)	2	2
Ms. Debarati Sen	2	2
Mr. B.V. Shankaranarayana Rao	2	2
Mr. Ramesh Ramadurai	2	Nil

INDEPENDENT DIRECTORS' MEETING

During the year under review, the Independent Directors met on February 2, 2018, inter alia, to discuss:

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

All the Independent Directors viz., Mr. Bharat D Shah, Mr. Biren Gabhawala and Ms. Radhika Rajan were present at the Meeting.

PERFORMANCE EVALUATION OF BOARD/COMMITTEE'S /DIRECTORS

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

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

For Board as a whole-

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

For Committees of the Board-

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

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

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

Following additional criteria for Independent Directors were covered:

Independence and independent views and judgment.

Following additional criteria for Chairperson were covered-

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

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

The Head-HR was invited for the Independent Directors (IDs) meeting held on February 2, 2018 for facilitating, summarizing and sharing the results of the evaluation of the performance of Non-Independent Directors and Board as a whole and of the Chairperson of the Company taking into account the views of Executive directors and Non-Executive directors. The Chairperson of the meeting of IDs briefed the Nomination and Remuneration Committee (NRC) of the outcome of their meeting held on February 2, 2018. The NRC evaluated the performance of all the Directors at its meeting held on February 2, 2018. The Chairman of the NRC briefed the Board of the outcome of their meeting and the Board evaluated the performance of the Board as a whole and the Independent Director's (excluding the Director to be evaluated). There were some suggestions from the Independent Directors for further improvement in the effectiveness of the Board. All the suggestions were considered and will be implemented in a phased manner. The Head-HR facilitated by summarizing and sharing the results from the filled in questionnaire for each of the Independent Directors.

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

RISK MANAGEMENT

The Risk Management Policy of the Company is intended to:

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

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

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

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

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

VIGIL MECHANISM / WHISTLE BLOWER POLICY

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

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

The Company prohibits retaliation against anyone who raises a business conduct concern or cooperates in a Company investigation. Complaints made in good faith will not expose the Concerned Party to any sanctions, regardless of whether the underlying facts prove to be correct or result in any corrective action. If a Concerned Party believes that he /she has faced retaliation of any kind, he /she can report it to any of the persons mentioned in the Policy so that the Company can investigate.

Status update on the above Policy is reported to the Audit Committee every quarter and the policy has been disclosed in the website of the Company at http://solutions.3mindia.co.in/wps/portal/3M/en_IN/about-3M/information/corporate/financial-facts/summary/.

SUBSIDIARY COMPANIES

The Company does not have any subsidiaries.

RELATED PARTY TRANSACTIONS

The Company has formulated a Policy on materiality of related party transactions and also on dealing with Related Party Transactions. Prior approvals of all Related Party Transactions (RPTs) are obtained from the Audit Committee. The Audit Committee has granted omnibus approval for RPTs for the estimated transactions for the financial years 2017-18, 2018-19 and 2019-20 to be entered into by the Company after considering all the conditions of the provisions of the Listing Regulations. The Company has obtained the approval of the Shareholders of all the material RPTs for the years 2017-18, 2018-19 and 2019-2020 at the AGM held on August 10, 2017.

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

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

DISCLOSURES

Related Party Transactions:

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

Accounting Treatment:

The Company's Financial Statements for the year ended March 31, 2018 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 2017-18.

General Body Meetings:

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

Date	Meeting	Location	Time
August 4, 2015	AGM	The Grand Ball Room, The Chancery Pavilion 135, Residency Road, Bengaluru - 560 025	11.00 a.m.
August 5, 2016	AGM	Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.
August 10, 2017	AGM	Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001	11.00 a.m.

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

August 4, 2015	Approval of Related party Transactions(RPTs) for the years 2014-15 and 2015-16 with 3M Company, USA
August 5, 2016	Payment of Remuneration by way of Commission to Non-Executive Directors of the Company for five (5) Financial years commencing from the FY April 1, 2016
August 10, 2017	Nil

There are no items requiring to be passed as a special resolution at the ensuing Annual General Meeting (AGM) to be held on August 10, 2018.

There is no business requiring resolution by Postal Ballot at the ensuing Annual General Meeting (AGM) to be held on August 10, 2018.

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

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

Compliance with Mandatory Requirements:

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

Management Discussion and Analysis:

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

Insider Trading:

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated a Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.

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

Means of Communication:

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

Shareholders:

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

Secretarial Audit for Reconciliation of Capital:

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

NON MANDATORY REQUIREMENTS

Chairman's Office:

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

Shareholders' Rights:

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

Audit qualifications:

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

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

General Shareholder information:

Annual General Meeting	August 10, 2018, (Friday) Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001. Time: 11.00 A.M.
Date of Book Closure	August 4, 2018 (Saturday) - August 10, 2018 (Friday) (both days inclusive)
Cutoff date for eligibility for voting	August 3, 2018 (Friday)
Remote e-voting period	August 7, 2018(Tuesday) – August 9, 2018 (Thursday)
Dividend payment date	N. A.
Financial Results calendar (Tentative)	*First week of August, 2018* – *Unaudited Results for the quarter and three months ended June 30, 2018.* *Last week of October, 2018* – *Unaudited Results for the quarter and six months ended September 30, 2018.* *First week of February, 2019* – *Unaudited Results for the quarter and nine months ended December 31, 2018.* *Last week of May, 2019* – *Audited Results for the year ended March 31, 2019.*
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 2018-19.

Annual Custody / Issuer Charges:

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

Registrar & Share Transfer Agents:

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

Karvy Computershare Private Limited
Karvy Selenium Tower-B,
Plot Nos. 31 & 32, Financial District,
Gachibowli, Nanakramguda, Serilingampally,
Hyderabad- 500 032.
Ph: 040-67161524
E-mail: mailmanager@karvy.com, Website: www.karvycomputershare.com , Contact person: Mr. Rajeev Kumar.

Share Transfer System:

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

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

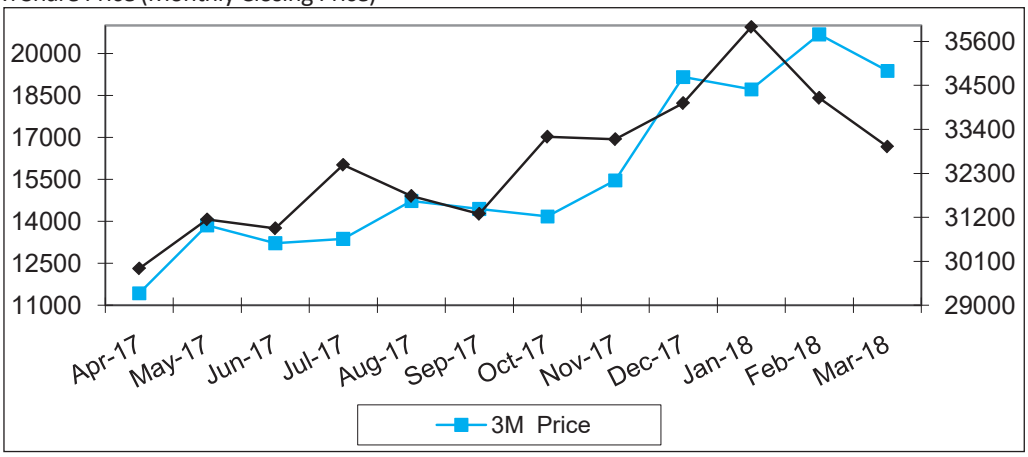
All requests for dematerialization of shares, which are in order, are processed within 21 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Price Data for the year 2017-18:

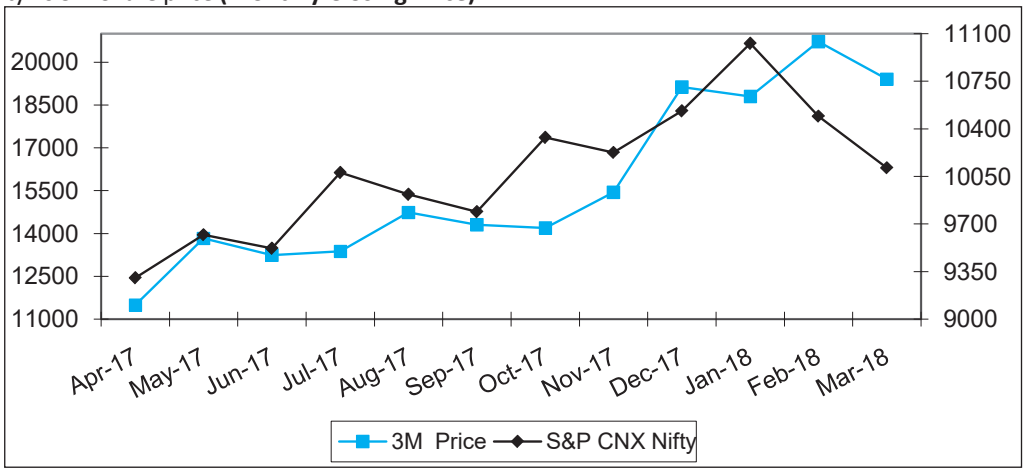
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (Rs.)	Low (Rs.)	No. of shares traded	High (Rs.)	Low (Rs.)	No. of shares traded
April 2017	12,214.70	11,415.00	3,614	12,231.00	11,400.00	25,018
May 2017	14,460.35	11,231.05	17,052	14,490.00	11,265.00	1,21,377
June 2017	14,198.90	13,031.00	15,778	14,999.00	12,920.00	27,490
July 2017	14.045.00	13,197.00	15,645	14,040.00	13,152.00	20,134
August 2017	14,912.20	12,960.00	11,241	14,900.00	12,950.00	35,733
September 2017	14,850.00	14,075.00	6,540	14,780.00	14,000.00	23,844
October 2017	14,699.00	14,017.85	2,535	14,739.10	14,000.10	16,540
November 2017	16,649.80	14,217.55	7,402	16,975.00	14,250.00	37,473
December 2017	20,097.00	15,128.70	10,600	20,100.00	15,100.00	49,417
January 2018	19,980.00	17,599.95	7,274	19,990.00	17,551.00	52,918
February 2018	22,563.95	17,894.95	12,217	22,709.30	17,755.55	90,960
March 2018	21,684.00	18,801.00	4,516	21,670.25	18,750.10	33,008

Stock Performance:

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



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

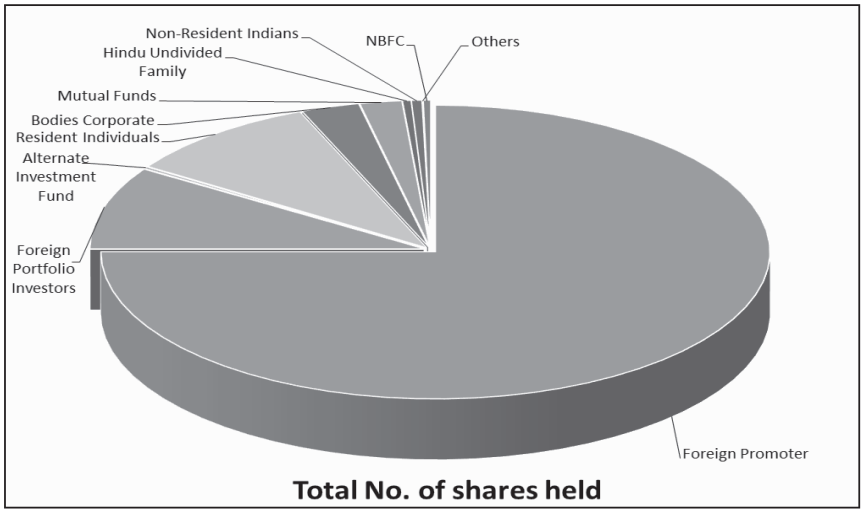


Consolidated Shareholding Pattern as on March 31, 2018:

Category	No. of Members	Total No. of shares held	% to capital
Foreign Promoter*	1	84,48,802	75.00
Foreign Portfolio Investors	46	10,30,753	9.15
Foreign Institutional Investors	2	2,190	0.02
Resident Individuals	16,745	10,68,519	9.49
Bodies Corporates	511	3,17,661	2.82
Mutual Funds	14	2,28,955	2.03
HUF	616	46,844	0.42
Non-Resident Indians	352	28,891	0.26
Non-Resident Indians-Non Repatriable	249	28,679	0.25
Alternate Investment Fund	3	20,488	0.18
NBFC	11	40,008	0.36
Banks	2	1,988	0.01
Trusts	4	372	0.01
Clearing Members	49	840	
Nationalised Banks	1	20	
Insurance Companies	1	60	
Total	**18,607**	**1,12,65,070**	**100.00**

** None of Foreign promoter shares has been pledged as on March 31, 2018*

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, 2018:

Category	No. of Holders	Total Shares	% To Equity
PHYSICAL	1,185	85,782	0.76
N S D L	11,671	1,07,59,022	95.51
C D S L	5,751	4,20,266	3.73
TOTAL	**18,607**	**1,12,65,070**	**100.00**

Top Ten (10) Members of the Company as on March 31, 2018:

Name of the Members	No. of shares held	% to paid-up capital	Category
3M Company, USA	84,48,802	75.00	FPR
Acacia Partners, LP	3,26,032	2.89	FPI
Acacia Institutional Partners, LP	2,43,100	2.16	FPI
Acacia Conservation Fund LP	2,06,400	1.83	FII
Bright Star Investments Private Limited	1,66,700	1.48	LTD
Acacia Banyan Partners	1,26,045	1.12	FPI
IDFC Premier Equity Fund	1,04,808	0.93	MUT
SBI Magnum Balanced Fund	1,00,000	0.89	MUT
Govindlal M Parikh	41,115	0.36	PUB
Infina Finance Private Limited	36,133	0.32	NBF
Total	**97,99,135**	**86.98**	

Distribution of Shareholding as on March 31, 2018:

Range of Shares	No. of Cases	% to total Shareholders	No. of Shares held	Amount (Rs.)	% to Total Shares
1-5000	18,249	98.07	6,28,206	62,82,060	5.57
5001-10000	163	0.88	1,23,583	12,35,830	1.10
10001-20000	90	0.48	1,26,530	12,65,300	1.12
20001-30000	29	0.16	71,870	7,18,700	0.64
30001-40000	18	0.10	63,784	6,37,840	0.57
40001-50000	8	0.04	36,552	3,65,520	0.32
50001-100000	26	0.14	1,83,518	18,35,180	1.63
100001 and above	24	0.13	1,00,31,027	10,03,10,270	89.05
TOTAL	**18,607**	**100.00**	**1,12,65,070**	**11,26,50,700**	**100.00**

Dematerialization of Shares and Liquidity:

99.24% of the total equity capital was held in dematerialised form as on March 31, 2018.

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

Plant Locations:

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

Branch Locations:

1. No.60-61, Udyog Vihar, Phase IV, Gurgaon, Haryana- 122001.
2. Nos.1-10-39 to 44, Gumidelli Towers, 8th Floor, Begumpet, Hyderabad – 500 016.
3. No.636/1, Seshachalam Centre, 11th Floor, Anna Salai, Nandanam, Chennai-600 035.
4. No. 2, Upper Wood Street, Kolkata-700 017.
5. No.1111, 1st Floor, Building 11, Solitaire Corporate Park, Chakala, Andheri, Ghatkopar Link Road, Andheri(East), Mumbai – 400 093.
6. No. 145, Mumbai-Pune Road, Pimpri, Pune – 411 018.

Address for correspondence:

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

Designated e-mail id for redressal of investor complaints: vsrinivasan@mmm.com

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

CEO / CFO CERTIFICATION

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

A. We have reviewed financial statements and the cash flow statement for the year ending March 31, 2018 and that to the best of our knowledge and belief, we state that:

   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. We further state that to the best of our knowledge and belief there are no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

C. We are responsible for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit committee:

1. Significant changes in internal control over financial reporting during the year;
2. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

Yours Faithfully,

	Debarati Sen	**Mamta Janak Gore**
Place : Bengaluru	*Managing Director*	*Chief Financial Officer*
Date : May 22, 2018	DIN: 07521172	PAN: AKIPG9089M

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

	Debarati Sen	**B.V. Shankaranarayana Rao**
Place : Bengaluru	*Managing Director*	*Whole-time Director*
Date : May 30, 2018	DIN: 07521172	DIN: 00044840

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

To
The Members of
3M India Limited
Bangalore

I have examined the compliance of the conditions of Corporate Governance by 3M India Limited for the year ended 31st March, 2018 as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as stipulated in the provisions as specified in Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with Stock Exchanges.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

	Vijayakrishna K.T
	Practising Company Secretary
Place : Bangalore	FCS- 1788
Date : May 30, 2018	CP-980

BUSINESS RESPONSIBILITY REPORT

[Regulation 34(2)(f)]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L31300KA1987PLC013543
2. Name of the Company: 3M INDIA LIMITED
3. Registered address:
   PLOT NOS.48-51, ELECTRONICS CITY, HOSUR ROAD, BANGALORE – 560 100
4. Website: www.3m.com/in
5. E-mail id: vsrinivasan@mmm.com
6. Financial Year reported: 2017-18
7. Sector(s) that the Company is engaged in (industrial activity code-wise):
   3290 – Other manufacturing n.e.c (as per NIC 2008)
8. List three key products/services that the Company manufactures/provides(as in Balance Sheet):
   Abrasive, Fusion bonded epoxy coating, Medical surgical and dental products
9. Total number of locations where business activity is undertaken by the Company
   (a) Number of International Locations (Provide details of major 5): Nil
   (b) Number of National Locations: 3 Plants and 6 Branch Locations across India
10. Markets served by the Company – Local, State, National and International

SECTION B: FINANCIAL DETAILS OF THE COMPANY (as at March 31, 2018)

1. Paid up Capital (INR): 1,126.51 lakhs
2. Total Turnover (INR): 258,039.60 lakhs
3. Total profit after taxes (INR): 31,027.31 Lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%): 1.81%
5. List of activities in which expenditure in 4 above has been incurred:-
   (a) Education
   (b) Social Innovation
   (c) Women Empowerment
   (d) National Calamity
   (e) Sustainability

SECTION C: OTHER DETAILS

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

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

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

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

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

(b) Details of the BR head:

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

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

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

P1 Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

P2 Businesses should provide goods and services that are safe and contribute to sustainability their life cycle

P3 Businesses should promote the wellbeing of all employees

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

P5 Businesses should respect and promote human rights

P6 Businesses should respect, protect and make efforts to restore the environment

P7 Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

P8 Businesses should support inclusive growth and equitable development

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner

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

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

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

$ -ISO 14001, **@**-except for P7

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

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

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

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

3. Governance related to BR

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

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

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

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

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

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   i. No. of complaints received in Ethics point = 15

      No. of complaints resolved = 8 (7 work in progress)

   ii. No. of complaints received from shareholders = 23

      No. of complaints resolved = 23

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

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

   (a) Product Name: Aqua Undercoat

   Product Technical description/ Features/ Benefits:

   Underbody of the vehicle is an area that is exposed to one of the harshest environments considering the Indian road conditions and torrid climate. It is a surface that is exposed to the vagaries of the road conditions and nature, stone chips pound on the under body of the vehicle when the car is in motion and tend to chip and dent the under chassis striping off the protective rust prevention coatings from the surface. This surface then gets exposed to wet roads and the harsh environment and starts corroding. Corrosion can lead to costly repair. The sections of the underbody which needs to be protected includes Under carriage (Excluding Engine, Exhaust system, plastic parts, chassis frames, shock absorbers, hoses and fasteners), Wheel wells & the Fuel tank, if it is of metal body. Thus underbody protective coating is vital to minimize maintenance of vehicle under body, Prevent costly repair due to corrosion or rust & finally protect under chassis parts against road chipping and abrasion. 3M Aqua undercoat is an aqueous base, non-hazardous, chip resistant coating for use on vehicles. It effectively prevents corrosion, adheres well to bare metal, painted and ED coated surfaces. The vehicle can be driven in approx. 40 ~ 60 minutes of post application.

   Key Features:

   - Excellent stone chip, weathering and corrosion resistant
   - High performance
   - Fast drying
   - Excellent sag resistance
   - Easy clean-up with water right after use

   Environmental / Social benefits:

   - Robust underbody coating with enhanced life of coating
   - Aqueous based formulation as compared to solvent based sold in the market.
   - Eliminates personal chemical exposure concerns during application, mild or no odor
   - Ease of application, applicator friendly
   - Spray system cleaning with water, environmental & human friendly

- Easy clean-up with water right after use
- No web or string formation, so less cleanup time and intern less vehicle service time

(b) Product Name: 3M Envision print films 480Cv3 and 48C

Product Technical description/ Features/ Environmental & Sustainability benefits:

- 3M Envision 48C is premium print film more sustainable Non-PVC GREENGUARD Gold certified product. This product is a Versatile "go-to" film helps shops reduce excess inventory by replacing multiple rolls with just one workhorse film. Uses 3M™ Controltac™ Technology for advanced repositionability and 3M™ Comply™ Adhesive for easier, bubble-free application. The applications includes on Buildings & Walls, Displays, Floors & Sidewalks, Illuminated Signs, Other Signs (Opaque Signs), Vehicles & Transportation, Windows & Glass. 48C is certified for low emissions of volatile organic compounds in indoor environments, potentially contributing to LEED credits as a low-emitting material.
- 3M Envision 480 Cv3 is High performance, extruded, non-PVC and phthalate-free film that offers great conformability. Product is pproduced without chlorine, halogens and with 58% less solvents than standard cast films. Applications includes for all types of vehicles, trains, boats, facades, textured wall surfaces.The film can be converted using inkjet printing with select solvent, eco-solvent, UV and latex inks and for screen printing with select solvent and UV inks.

These Film has a Removable adhesive, which resists tearing in cooler temperatures for fast removal. The film is a Non-PVC, phthalate-free film which contains no added chlorine or halogens and is made in part from bio based materials and is manufactured using 60% less solvent.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

   a. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain? Refer point no. 1 above

   b. Reduction during usage by consumers (energy, water) has been achieved since the previous year? Refer point no. 1 above

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

   a. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes, the Company has procedures in place for sustainable sourcing, covering areas such as standardized processes for supplier's audits for EHS compliance including conflict Minerals, Paper and pulp and frugal automation to improve sustainability of materials procured. Manufacturing process are selected and improved year on year to consume less energy and resource. The Company has also reduced the transportation cost over the years through various methods.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

   a. If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company as a policy ensures localization and outsourcing for each of the plants with suppliers who are competitive as well as close to the plants. Localized vendors are preferred, if they meet the quality specifications and EHS Compliance. Technology Investment by suppliers for new products are encouraged by the Company and thereby focusses on increasing the capacity of its suppliers.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

3M has a World class program called "Pollution Prevention Pays "popularly known as "3P program "where every effort is a made right from the design stage to reduce waste. Used oil is recycled through authorized recyclers. Spent solvents are recycled through authorized recycles. Powder residue collected through dust collectors is recycled into product. Close to 38% of waste is recycled and balance waste is disposed through authorized distributors.

Principle 3- Businesses should promote the wellbeing of all employees

1. Please indicate the Total number of employees.

1,363 employees as on March 31, 2018

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.
   729 employees as on March 31, 2018
3. Please indicate the Number of permanent women employees.
   149 women employees as on March 31, 2018
4. Please indicate the Number of permanent employees with disabilities Nil
5. Do you have an employee association that is recognized by management :
   The Company does not have union for the employees
6. What percentage of your permanent employees is members of this recognized employee association? Not Applicable
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?
   (a) Permanent Employees 100%
   (b) Permanent Women Employees 100%
   (c) Casual/Temporary/Contractual Employees 100%
   (d) Employees with Disabilities Nil

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

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

   Yes, the Company works with NGO partners in the following areas to engage with disadvantaged, vulnerable and marginalized stakeholders –

   - Inculcating innovative thinking among underprivileged children through its Mobile Science Lab initiatives in Pune and Bengaluru
   - Supporting women farmers through an entrepreneurship program in rural Karnataka
   - Improving the infrastructure and learning environment in Anganwadis to help children under the age of 6 years be school ready in Kolkata, Bengaluru, Pune, Ahmedabad, Chennai, Delhi, Gurgaon and Mumbai
   - Providing drinking water access to village homes through rooftop rain water harvesting units in Ranjangaon, Pune.

Principle 5 – Businesses should respect and promote human rights

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

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

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

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

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

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

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc. Yes, http://www.3m.com/3M/en_US/sustainability-report/

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

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed? No

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc., Y/N. If yes, please give hyperlink for web page etc.

   Yes, the Company has implemented multiple programs on Energy efficiency and Renewal Energy. Roof top solar plant of 500KWp capacity at Ranjangaon plant is working well and the actions are initiated to set up additional 250KWp roof top solar plant at this facility. The Company has entered into an agreement under open access system to get 75% of power requirement for 3M Electronic city plant through Solar Power.

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

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

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

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

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
   (a) Confederation of Indian Industries (CII)
   (b) American Chamber of Commerce in India(AMCHAM)
   (c) National HRD Network
   (d) Bangalore Chamber of Commerce (BCC)

2. 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

   Yes, on the following broad areas:
   a. Road safety
   b. Industrial safety for factory workers

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

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

   The Company has programmes, inter alia, for providing Education, Social Innovation, Women empowerment and Sustainability.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

   The programmes / projects are implemented through a Charitable Trust, United Way of Bengaluru.

3. Have you done any impact assessment of your initiative?

   The Company is in the process of doing an impact study.

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

   For details, please refer Annual Report on CSR activities section.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Not Applicable

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

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

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

   % age of Customer complaints pending = 2.81% (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

	Debarati Sen	**B.V. Shankaranarayana Rao**
Place : Bengaluru	*Managing Director*	*Whole-time Director*
Date : May 30, 2018	DIN: 07521172	DIN: 00044840

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

1.	The number of permanent employees on the rolls of Company.	1,363 permanent employees as at March 31, 2018
2.	The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2017-18.	***Whole-time Directors:*** 1. Ms. Debarati Sen, Managing Director = 37.95 3. Mr. B.V. Shankaranarayana Rao, Whole-time Director=13.47 ***Independent Directors:*** 1. Mr. Bharat Shah= 1.47 2. Mr. Biren Gabhawala= 1.44 3. Ms. Radhika Rajan = 1.36 Median remuneration of employees=Rs. 12,51,302 for the financial year 2017-18 *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.*
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 2017-18	Managing Director = 2% Whole-time Director = 7.24% Chief Financial Officer (up to December 31, 2017) = 4.1% Chief Financial Officer (from March 1, 2018) = 5.34% Company Secretary = 9.67%
4.	The percentage increase in the median remuneration of employees in the financial year 2017-18.	10.7%
5.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year (2016-17) 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.	FY 2016-17= 11.50% FY 2017-18 = 10.7% 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.
6.	Affirmation that the remuneration is as per the remuneration policy of the Company.	Yes

On behalf of the Board of Directors

Debarati Sen
Managing Director
DIN: 07521172

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

Place : Bengaluru
Date : May 30, 2018

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain Arm's length transactions under third proviso thereto.

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

1. Details of contracts or arrangements or transactions not at arm's length basis - Nil

   (a) Name(s) of the related party and nature of relationship- Nil

   (b) Nature of contracts/arrangements/transactions- Nil

   (c) Duration of the contracts/arrangements/transactions- Nil

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any- Nil

   (e) Justification for entering into such contracts or arrangements or transactions- Nil

   (f) Date(s) of approval by the Board- Nil

   (g) Amount paid as advances, if any: - Nil

   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188- Nil

2. Details of material contracts or arrangement or transactions at Arm's length basis

   (a) Name(s) of the related party and nature of relationship - 3M Company, USA, Holding (Parent) Company of the Company

   (b) Nature of contracts/arrangements/transactions –

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

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

   (c) Duration of the contracts/arrangements/transactions – ongoing, will be continuous year on year.

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any-

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

(Rs. in crores)

Sl No.	Nature of Transactions	Transaction value for the Financial Year 2017-18 (Actuals)
	INCOME	
1.	Income from Contract Research	23.21
2.	Sale of Goods	16.28
3.	Re-charge of expenses received	34.30
4.	Capital Goods (Sale)	0.05
	Total	**73.84**
1.	Purchases of Materials	746.47
2.	Royalty	30.21
3.	Re-charge of expenses paid	4.39
4.	Corporate Management Fee	103.43
	Total	**884.50**

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 2017-18was obtained at the meeting held on May25, 2017 and review of the actual transactions versus the estimated at the meetings held on August 9, 2017, November 14, 2017,February 2, 2018 and May 30, 2018.

(f) Amount paid as advances, if any – Nil

On behalf of the Board of Directors

Debarati Sen
Managing Director
DIN: 07521172

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

Place : Bengaluru
Date : May 30, 2018

ANNUAL REPORT ON CSR ACTIVITIES FOR THE YEAR 2017-18

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

Objectives

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

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

***EDUCATIONAL SKILLS*:**

Driving STEM, early Childhood Learning & developing skills among under privileged youth :

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

***COMMUNITY: Develop local change-makers to drive grassroots innovation*:**

3M India Limited contributes to supporting initiatives that help improve lives in communities around areas we operate, in particular,support the empowerment of women through entrepreneurship and leadership development.

SUSTAINABILITY:

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

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

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

Mr. Bharat D Shah	Chairman
Ms. Debarati Sen	Member
Mr. B.V. Shankaranarayana Rao	Member
Mr. Ramesh Ramadurai	Member

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

Average of the last 3 financial years= Rs. 27,896Lakhs

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

Rs. 557.92Lakhs

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

Total amount spent for the financial year = Rs. 560.10Lakhs

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

NA

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity Identified	Sector in which the Project is covered	Projects or Programs: 1. Local area or other 2. Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or Programs Sub heads: 1. Direct expenditure on projects or programs 2. Overheads	Cumulative expenditure up to to the reporting period	Amount spent: Direct or through implementing agency *
1.	Education& Skills	1. Support two (2) Mobile Science Labs that educate 75 schools in two states in India	Anekal, Bengaluru, Karnataka Ranjangaon, Pune, Maharashtra	Allocation: Rs. 2.80 Crores	Rs. 3480400	Rs. 29851710	
		2 Support School Readiness initiative to enhance the holistic development of 6000 children in 60 Anganwadis across 6 cities	Bengaluru , Karnataka, Kolkata, West Bengal, Mumbai and Pune, Maharashtra, Ahmedabad, Gujarat, Delhi & Gurgaon, NCR, Chennai, Tamil Nadu		Rs. 23773750		Through implementing agency – United Way Bengaluru
		3. Support an Incubation Fund program for Young Innovators through a nationwide Innovative challenges	Pan India		Rs. 2147560		
		4. Foundation For Excellence Scholarships for underprivileged Engineering students	Pan India		Rs. 450000		Spent Directly to Christel House
2.	Community	1. Strengthen community based health cadre by providing enhanced skilling and training to 600 women community health workers in Rajasthan	Rajasthan	Rs. 1. 12 Crores	Rs. 5436500	Rs. 9237377	Through implementing agency – United Way Bengaluru
		2. Entrepreneurship program for Rural Women – Year 2 Support	Bengaluru, Karnataka		Rs. 3400877		
		3. Srishti	Ahmedabad, Gujarat		Rs. 400000		Spent Directly to Srishti
3.	Sustainability	1. Rooftop Rainwater Harvesting Installations for 150 homes in villages near Ranjangaons	Pune, Maharashtra	Rs. 1.12 Crores	Rs. 9276734	Rs. 16921053	Through implementing agency – United Way Bengaluru
		2. Lake Rejuvenation activities for Singasandra Bere Lake	Bengaluru, Karnataka		Rs. 2900027		
		3. Water Conservation program "Jalyukt Shivar Abhiyan" in drought-hit villages of Latur District (Nilanga Tahsil)	Latur, Maharashtra		Rs. 4744292		
5.	National Calamity	NIL		Rs. 56 Lakhs	NIL	NIL	
	Total			**Rs. 560.00 lakhs**	**Rs. 560.01 Lakhs**	**Rs. 56010140**	

8. Give details of implementing agency:

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

9. In case the Company has failed to spend the two (2) per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

NA

10. A responsibility statement of the CSR committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company:

The CSR Committee hereby confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policy of the Company.

On behalf of the Board of Directors

	Bharat D Shah	**Debarati Sen**	**B.V. Shankaranarayana Rao**
Place : Bengaluru	*(Chairman CSR Committee)*	*Member*	*Member*
Date : May 30, 2018	DIN: 00136969	DIN: 07521172	DIN: 00044840

ANNEXURE 'G' TO REPORT OF THE BOARD OF DIRECTORS

Information as per Section 197(12) of the Companies Act, 2013, read with the Rule 5(1)(2) & (3) of the Companies (Appointment & Remuneration) Rules, 2014 and forming part of the Report of the Directors for the year ended March 31, 2018.

Sl. No.	Name	Age Yrs	Designation	Remuneration Rs. (Gross)	Qualifications	Date of joining	Date of leaving	Particulars of last employment, Name of the employer and post last held
1	2	3	4	5	6	7	8	9
TOP TEN (10) EMPLOYEES IN TERMS OF REMUNERATION DRAWN DURING THE YEAR								
1	Debarati Sen	50	Managing Director	4,74,95,588	BS/BE in Electronics Engineering, MBA(Mktg & Finance)	1-Jun-16	NA	3M Company, USA, Director, Corporate Sales Operations
2	Mukund P T	53	Head-Industrial Business	2,67,75,073	BE(Mech)	18-Sep-89	NA	Harita Roloform Private Limited, Marketing Manager
3	Lala Chandrashekher Das	52	Head-Health Care Business	1,93,41,110	BE, PGDBM	1-Jul-11	NA	Nobel Biocare India Private limited, Country Manager
4	Ninad Gadgil	47	Head-Marketing Excellence	1,87,66,775	BE,MBA	15-Jun-98	NA	The Paper Products Limited, Deputy Manager
5	Shankaranarayana Rao BV	58	Whole-time Director	1,83,53,738	B.COM, MBA, ICWA (Inter)	16-Apr-90	NA	Mysore Paper Mills limited, Finance Manager
6	Vijay Krishnan V	43	Head- Safety & Graphics Business	1,81,52,059	BE,MBA	2-Aug-04	NA	Grindwell Norton Limited, National Sales Manager
2	Panagiotis (Panos) Goulakos	53	Chief Financial officer	1,79,73,895	BBA, BA, Country Management Certificate, Holland	15-Mar-16	31-Dec-17	3M Poland,Finance Manager & IT
7	Sanjit Satapathy	50	Head - Consumer Business	1,64,65,763	B.Sc, PGDM	4-Nov-98	NA	Funskool(I) Limited, Area Sales Manager
8	Atul Shukla	50	Head-Traffic Safety & Security Business	1,40,99,968	BE, Masters in Marketing Management	19-Aug-96	NA	Color Chem Limited, Marketing Executive
10	Abhijeet Arun Saungikar	54	Vice President-Technical	1,30,90,603	B.Sc	1-Aug-09	NA	Cravatex Limited, Production Supervisor
EMPLOYEES DRAWING A REMUNERATION OF NOT LESS THAN Rs. 1.02 CRORES AND EMPLOYED THROUGHOUT THE YEAR								
1	Jayanand Vasudeorao Kaginalkar	53	Head- Total Supply Chain & Lean Six Sigma	1,29,19,765	BE,PGDM-Operations Management	11-Jul-07	NA	TATA CHKK Springs Limited, General Manager Operations
2	Jerry Daniel	50	Vice President- Eastern Region	1,25,33,479	BE, Diploma in Management	15-Jan-13	NA	Minda Valeo Security Systems Private Limited, Director-Sales & Marketing
EMPLOYEES DRAWING A REMUNERATION OF NOT LESS THAN Rs. 8,50,000 PER MONTH AND EMPLOYED FOR PART OF THE YEAR								
1	Pawan Singhal	55	General Counsel	2,47,87,893	B.Com(Hons)ACMA,FCS,LLB	1-Aug-14	28-Feb-18	AstraZeneca Pharma India Limited, Vice-President-Legal
2	Maclean Raphael	53	Head-Human Resources	55,62,937	Masters in Personnel Management and Industrial Relations	1-Apr-09	22-May-17	Wipro e-Peripherals Limited, Vice-President-HR
3	Anupam Wason	48	Sr. General Manager-Six Sigma	1,23,47,403	BE(Mech)	12-Feb-07	23-Feb-18	Life Long India Limited , Vice-President
4	Mamta Gore	52	Chief Financial officer	15,32,543	CA, Retail Management from IIM	1-Mar-18	NA	3M Gulf, Finance Manager
5	Kris Sridhar	59	Head-Technical	3,72,29,730	Ph.d	1-May-17	NA	3M Company, USA - R & D

Notes:
1. Remuneration includes salary, bonus, allowances, Company's contribution to superannuation funds, medical reimbursements, leave travel assistance, 3M US Stock option payments, value of other perquisites as per Income Tax Rules.
2. No one listed above is related to any of the Directors of the Company and all the above appointments are/were on contractual basis.
3. Other terms and conditions are as per rules of the Company and, where required, according to sanctions from the Government.
4. None of the employees holds shares of the Company.

On behalf of the Board of Directors

Debarati Sen
Managing Director
DIN: 07521172

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

Place : Bengaluru
Date : May 30, 2018

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

1. Your Company has been very conscious of the need for Conservation of Energy. Energy conservation measures have been implemented across all locations.
2. Examples of specific energy conservation projects include:
   - Replacement of conventional lamps by LED lamps.
   - Energy savings through installation of IR sensors for controlling street lights operation.
   - Optimization of air compressor operation by reducing pressure bands.
   - Improvement of efficiency of vacuum pump.
   - Using day light through transparent roofing system where possible.
   - Using correctly rated motors and energy efficient motors.
   - Low cost automation to lower the cycle time of operations to improve productivity and reduce energy consumption
   - Installation of Variable Frequency Drives for Blower's and Pump's Motors.
   - Reducing the idle running and maintaining continuous production runs.
   - Layout changes to consolidate all air conditioning needs under one area.
   - Compressed Air Leakage Audit through Dynamic Noise Discrimination ultrasonic technology to detect and arrest air leakages.
   - HVAC- Water chiller load optimization and AHU Volume Optimization for all the air conditioning.
   - Pump flow Optimization through trimming the impellers.

All these actions across the plants significantly reduced the energy consumption and thereby reducing the carbon foot prints of manufacturing operations. These initiatives have also helped the Company's Ranjangaon Plant to achieve the distinction of being one among the top three energy conservation plants across worldwide 3M locations and there by winning 3M Energy Excellence award. Ranjangaon plant has also won National level appreciation award from CII for the energy conservation `initiatives.

TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

A. RESEARCH & DEVELOPMENT:

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

Industrial Business:

- ❖ Development of Differential tape for Point of purchase application in appliances industry & for cladding applications for elevator market.
- ❖ Launch of locally modified Water Softening solutions for addressing challenges related with hard water - "Point of Entry" products for Indian Homes.

Safety and Graphics:

- ❖ Continued development activities related to Smart Variable messaging signage Systems & comprehensive solutions to integrate into Smart City Management systems.
- ❖ Design & Development of next generation Road furniture products - Flexible median marker, ellipsoidal metal delineator, & Raised Pavement markers to provide increased safety on Indian roads.
- ❖ Development of special coatings for Eyewears and Continued development of various models of personal protection systems for industrial usage such as eyewear, helmets, etc.,

Health Care Business:

- ❖ Products modifications to provide solutions to address unmet needs for infection prevention in critical areas of hospital.
- ❖ Development of Innovative - ready to use dressing products to secure critical tubing in ICUs using special adhesives that are gentle to skin.

Consumer Business:

- ❖ Development of Antibacterial hand pads to address the emerging health and hygiene requirements of Indian consumers - as part of Home Care product solution.
- ❖ Developments of Air Quality improvement product that can be used with Air Conditioners for Indian Homes.

2. Benefits derived as a result of the above Research & Development
   - ❖ New products and applications developed to serve specific needs of the Indian market.
   - ❖ New technologies developed relevant to Indian market needs to aid product development.
   - ❖ Improved system cost solutions for our customers and end users.
   - ❖ Supporting growth of business through solutions for Indian customers.
3. Future plan of action
   - ❖ Build capabilities in technology and product development to serve the needs of Indian customers.
   - ❖ Development of products specific for Indian market, especially in the areas of Corrosion Protection, Automotive, Adhesives and Tapes, Abrasive products for industrial and consumer markets, healthcare products, traffic and personal safety and graphics.
   - ❖ Further localization of manufacturing of products to meet Indian market needs.
4. Expenditure on Research & Development

		(Rs. in Lakhs)
a)	Capital	235.00
b)	Revenue	5,656.60
c)	Total	5,891.60
d)	Total Research & Development expenditure as a percentage of total turnover.	2.25%

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.

2. ***Benefits derived:***

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

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

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

The Company had entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective July 1, 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from July 1, 2006 to June 30, 2009. These payments have been reinstated with effect from July 1, 2009, accordingly the Company has incurred an expenditure of Rs.3,021.06 Lakhs for the financial year 2017-18 (PY: Rs.2,936.09Lakhs).

FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

The Company had entered into a contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective July 1, 2006 for carrying out contract research activities. During the period under review, Company received an amount of Rs. 2,320.80 Lakhs (PY: Rs. 2,295.37 Lakhs) for contract research and Rs. 683.70 Lakhs (PY: Rs. 390.82 Lakhs) for Support Services /Corporate Management Fees.

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

During the period under review, Foreign Exchange Earnings were Rs. 7,731.61 Lakhs (PY: Rs. 7,438.43 Lakhs) and Foreign Exchange Outgo was Rs.101,387.86 Lakhs (PY: Rs. 96,092.44 Lakhs).

On behalf of the Board of Directors

	Debarati Sen	**B.V. Shankaranarayana Rao**
Place : Bengaluru	*Managing Director*	*Whole-time Director*
Date : May 30, 2018	DIN: 07521172	DIN: 00044840

SECRETARIAL AUDIT REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31.03.2018
[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 31.03.2018 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 31.03.2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vii) 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
- 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. For majority of Central Labour Laws the State has introduced Rules [names of each of the Rules is not included here]

(2) Environment Related Acts & Rules:

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

(3) Economic/Commercial Laws & Rules:

i. The Competition Act, 2002
ii. The Indian Contract Act, 1872
iii. The Sales of Goods Act, 1930
iv. The Forward Contracts (Regulation) Act, 1952
v. The Indian Stamp Act, 1899
vi. The Transfer of Property Act, 1882

(4) Other Laws:

i. Explosives Act

ii. Legal Metrology Act

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

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

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

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the Meeting.

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.

(Vijayakrishna K T)
FCS-1788
CP-980

Place : Bangalore
Date : May 30, 2018

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

'Annexure'

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

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

(Vijayakrishna K T)
FCS-1788
CP-980

Place : Bangalore
Date : May 30, 2018

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 onFebruary 9, 2017.This Policy may be reviewed by the Board from time to time. This Policy and all amendments thereto will be updated on the Company's website (www.3m.com/in) and in the Company's Annual Report.

2. Policy

2.1. The Board shall consider appropriate financial and other parameters, as well as relevant internal and external factors, when determining the quantum, if any, of dividend to be paid out by the Company, which may include,but shall not be restricted to, all or some of the following as the Board in its discretion considers relevant:

(a) Revenues and net profits for the relevant financial year and future outlook;
(b) Possible current and future cash flow requirements;
(c) Liquidity needs including working capital requirements;
(d) Capital expenditure plans and requirements, including for expansion, modernization and upgradation of existing operations and infrastructure;
(e) Market expansion plans;
(f) Product expansion plans;
(g) Expenditure on research and development;
(h) Possible organic and inorganic growth opportunities, and other usage of cash;
(i) Leverage levels;
(j) Any restrictions and covenants in agreements with debenture-holders, lenders and others;
(k) Comparative tax efficiency of dividend distribution;
(l) Provisions for unforeseen events and contingencies;
(m) Strategic priorities and objectives;
(n) Macroeconomic conditions, local and international; and
(o) Any other methods of delivering value to shareholders.

2.2. When deliberating on the recommendation of dividend, the Board will seek to balance the benefit to shareholders of the Companywith 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 2.2above, or to change any of the relevant parameters and factors, the changes along with the rationale for the same shall be disclosed in the Company's annual report and on the Company's website (www.3m.com/in).

2.4. Recommendation and declaration of dividend, if any, would be in accordance with the Listing Regulations and the Companies Act, 2013 read with the rules issued thereunder.

2.5. The shareholders of the Company may expect dividend when the Board, on a consideration of such parameters and factors as it considers relevant, is of the view that it would be in the best interests of the Company and its shareholders as a whole to recommend dividend, and the shareholders approve such dividend at the Annual General Meeting. The Board may not recommend dividend where the future outlook, possible future cash flow requirements, growth opportunities, capital expenditure, macroeconomic conditions or other factors, including as mentioned in clause 2.1 above, in the opinion of the Board, do not warrant recommending any dividend.

2.6. The Board's recommendation of dividend would be in the discretion of the Board. Any declaration of dividend pursuant to the Board's recommendation would be subject to the approval of the shareholders at the Annual General Meeting as required by the Companies Act, 2013.

2.7. The Board intends that retained earnings, if any, of the Company shall be used in furtherance of the business objectives and operations of the Company.

2.8. The Company presently has only one class of shares, being equity shares of face value of INR 10 each.

EXTRACT OF ANNUAL RETURN

As on the financial year ended March 31, 2018

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

FORM NO. MGT – 9

I. REGISTRATION AND OTHER DETAILS:

1. CIN: L31300KA1987PLC013543
2. Registration Date: July 4, 1987
3. Name of the Company: 3M India Limited
4. Category / Sub-Category of the Company: Company having Share Capital
5. Address of the Registered office and contact details:
   Plot No. 48-51, Electronics City, Hosur Road, Bengaluru – 560 100, Ph: 080-3914 3000
6. Whether listed Company: Yes
7. Name, Address and Contact details of Registrar and Transfer Agent, if any:
   Karvy Computershare Private Limited
   Karvy Selenium Tower-B,
   Plot Nos. 31 & 32, Financial District,
   Gachibowli, Nanakramguda,
   Serilingampally,
   Hyderabad- 500 032
   Contact person: Mr. Rajeev Kumar, Ph: 040- 67161524

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of Main Products / Services	NIC Code of the Product/ Service	% to Total Turnover of the Company
Nil	Nil	Nil	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. No.	Name and Address of the Company	CIN/GLN	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	3M Company 3M CENTER, St. PAUL, MN, USA-55144-10000	NA	Holding	75%	2(46) and 2(87)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. **Promoters**									
(1) **Indian**									
(a) Individual/HUF	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) Bodies Corporate	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Any other.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total (A)(1)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
(2) **Foreign**									
(a) NRI-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) Other-Individuals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(c) Bodies Corporate	84,48,802	Nil	84,48,802	75.00	84,48,802	Nil	84,48,802	75.00	Nil
(d) Banks/FI	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Any other.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Sub Total (A)(2)	**84,48,802**	**Nil**	**84,48,802**	**75.00**	**84,48,802**	**Nil**	**84,48,802**	**75.00**	**Nil**
Total Shareholding of Promoters (A)=(A)(1)+(A)(2)	**84,48,802**	**Nil**	**84,48,802**	**75.00**	**84,48,802**	**Nil**	**84,48,802**	**75.00**	**Nil**
B. **Public Shareholding**									
(1) **Institutions**									
(a) Mutual Funds/UTI	2,79,613	440	2,80,053	2.49	2,28,515	440	2,28,955	2.03	(0.46)
(b) Banks/FI	5,790	20	5,810	0.05	1,988	20	2,008	0.02	(0.03)
(c) Central Government	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(d) State Government(s)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(e) Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(f) Insurance Companies	Nil	60	60	0.00	Nil	60	60	0.00	Nil
(g) FIIs	1,271	Nil	1,271	0.01	2,190	Nil	2,190	0.02	0.01
(h) Foreign Venture Capital Funds	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(i) Others(specify) - Foreign Portfolio Investor (Corporate)	10,33,017	Nil	10,33,017	9.17	10,30,753	Nil	10,30,753	9.15	(0.02)
Sub-Total (B)(1)	**13,19,691**	**520**	**13,20,211**	**11.72**	**12,63,446**	**520**	**12,63,966**	**11.22**	**(0.50)**

(2) **Non-Institutions**									
(a) **Bodies Corporate**									
i. Indian	2,82,192	1,780	2,83,972	2.52	3,15,981	1,680	3,17,661	2.82	0.30
ii. Overseas	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(b) **Individuals**									
i. Individual Shareholders holding nominal share capital up to Rs. 1 lakh	9,44,719	87,991	10,32,710	9.17	9,65,666	83,582	10,49,248	9.31	0.14
ii. Individual Shareholders holding nominal share capital in excess of Rs. 1 lakh	93,342	Nil	93,342	0.83	66,115	Nil	66,115	0.59	(0.24)
(c) Others (specify) - *Alternate Investment Fund*	Nil	Nil	Nil	Nil	20,488	Nil	20,488	0.18	0.18
i. Shares held by Pakistan citizens vested with the Custodian of enemy property	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ii. Other Foreign Nationals	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
iii. Foreign Bodies	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
iv. NRI/OCBs	49,771	Nil	49,771	0.44	57,570	Nil	57,570	0.51	0.07
v. Clearing Members/Clearing House	1,349	Nil	1,349	0.01	840	Nil	840	0.01	Nil
vi. Trusts	372	Nil	372	0.00	372	Nil	372	0.00	Nil
vii. Limited Liability Partnerships	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
viii. Foreign Portfolio Investor (Corporate)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
ix. Qualified Foreign Investor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
x. NBFCs Registered with RBI	34,541	Nil	34,541	0.31	40,008	Nil	40,008	0.36	0.05
Sub Total (B)(2)	**14,06,286**	**89,771**	**14,96,057**	**13.28**	**14,67,040**	**85,262**	**15,52,302**	**13.78**	**0.50**
Total Public Shareholding (B)=(B)(1)+(B)(2)	**27,25,977**	**90,291**	**28,16,268**	**25.00**	**27,30,486**	**85,782**	**28,16,268**	**25.00**	**Nil**
C. **Shares held by Custodian for GDRs & ADRs**	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
GRAND TOTAL(A+B+C)	**1,11,74,779**	**90,291**	**1,12,65,070**	**100.00**	**1,11,79,288**	**85,782**	**1,12,65,070**	**100.00**	**Nil**

(ii) Shareholding of Promoters

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

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

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

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

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1.	Acacia Partners, LP	3,30,240	2.93	3,26,032	2.89
2.	Acacia Institutional Partners, LP	2,43,100	2.16	2,43,100	2.16
3.	Acacia Conservation Fund, LP	2,06,400	1.83	2,06,400	1.83
4.	Bright Star Investments Private Limited	1,66,700	1.48	1,66,700	1.48
5.	Acacia Banyan Partners	1,26,045	1.12	1,26,045	1.12
6.	IDFC premier Equity Fund	1,04,866	0.93	1,04,866	0.93
7.	SBI Magnum Balanced Fund	50,000	0.44	1,00,000	0.89
8.	Govindlal M Parikh	41,115	0.36	41,115	0.36
9.	Infina Finance Private Limited	32,562	0.29	36,133	0.32
10.	Wasatch Emerging Markets Small Cap Fund	43,546	0.39	29,938	0.27
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	Decrease in shareholding details – (Market Sale) *Acacia Partners LP* Qty Date 1,500 16.02.2018 740 23.02.2018 1,295 16.03.2018 673 23.03.2018 4,208 *SBI Magnum Balanced fund* Qty Date 685 09.03.2018 685			

		Infina Finance Private Limited Qty Date 680 22.09.2017 1,554 29.12.2017 155 05.01.2018 2,000 16.02.2018 4,389 *Wasatch Emerging Markets Small Cap Fund* Qty Date 5,245 07.04.2017 2,975 05.05.2017 1,434 07.07.2017 1,135 14.07.2017 1,238 11.08.2017 1,581 08.12.2017 13,608 Increase in shareholding details – (Market Purchases) *SBI Magnum Balanced fund* Qty Date 50,685 05.05.2017 50,685 *Infina Finance Private Limited* Qty Date 935 01.09.2017 223 08.09.2017 3,152 29.09.2017 404 10.11.2017 1,820 17.11.2017 4 24.11.2017 491 08.12.2017 276 22.12.2017 155 23.02.2017 500 09.03.2018 7,960

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	• Directors and KMPs -Nil			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	Increase in shareholding details • Directors and KMPs -Nil Decrease in shareholding details • Directors and KMPs -Nil			
	At the End of the year	• Directors and KMPs -Nill			

V. INDEBTEDNESS

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

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Managing Director Debarati Sen (Rs.)	Whole-time Director Shankar Rao (Rs.)	Total Amount (Rs.)
1.	Gross salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	1,29,96,700	1,83,48,338	3,13,45,038
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	2,63,17,260	5,400	2,63,22,660
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission			
	- As a % of profit	Nil	Nil	Nil
	- Others, specify			

5.	Others, Please specify - Restricted Stock Units(RSU's) and Stock Appreciation Rights(SARs) of the Parent Company - Contribution to Provident Fund	 81,81,628 37,08,940	 Nil 7,68,744	 81,81,628 44,77,684
TOTAL (A) (Rs.)		**5,12,04,528**	**1,91,22,482**	**7,03,27,010**
Ceiling as per the Act(Section 197)		The remuneration payable to an individual Managing Director or Whole-time Director shall not exceed 5% of the Net Profits and if there is more than one such Director, remuneration shall not exceed 10% of the net profit to all such Directors taken together. The remuneration paid is well within the prescribed limits.		

B. Remuneration to other Directors:

Particulars of Remuneration	Name of the Directors			Total Amount (Rs.)
	Ms. Radhika Rajan	Mr. Biren Gabhawala	Mr. Bharat D Shah	
Independent Directors				
Fee for attending Board / Committee meetings	2,00,000	3,00,000	3,40,000	8,40,000
Commission for the year FY 2015-16 (to be paid in the FY 2016-17)	15,00,000	15,00,000	15,00,000	45,00,000
Others, please specify	Nil	Nil	Nil	Nil
Total (1) (Rs.)	**17,00,000**	**18,00,000**	**18,40,000**	**53,40,000**

Particulars of Remuneration	Name of the Directors					Total Amount (Rs.)
	Mr. Albert C Wang	Mr. Jong Ho Lee (from May 26, 2017)	Mr. Amit Laroya	Mr. Ramesh Ramadurai	Mr. Manuel B Pardo (up to May 26, 2017)	
Other Non-Executive Directors						
Fee for attending Board / Committee meetings	Nil	Nil	Nil	Nil	Nil	Nil
Commission for the year 2017-18 (to be paid in 2018-19)	Nil	Nil	Nil	Nil	Nil	Nil
Others, please specify	Nil	Nil	Nil	Nil	Nil	Nil
Total (2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total (B) = (1+2) (Rs.)						**53,40,000**
Ceiling as per the Act (Section 197)	The remuneration payable to all Non-Executive Directors and Independent Directors shall not exceed 1% of the Net Profits of the Company. The remuneration paid is well within the prescribed limits.					
Total (A+B) (Rs.)						**7,56,67,010**
Overall ceiling as per the Act (Section 197)	The total managerial remuneration payable to its Directors, including Managing Director and Whole-time Director and its Manager in respect of any financial year shall not exceed 11% of the Net Profits of the Company. The remuneration paid is well within the overall limits.					

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

Sl. No.	Particulars of Remuneration	Chief Financial Officer (upto Dec. 31 2017) Rs.	Company Secretary Rs.	Chief Financial Officer (From Mar. 1 2018) Rs.
1.	Gross Salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	 90,13,828 89,60,067 Nil	 43,41,173 1,000 Nil	 15,32,543 Nil Nil
2.	Stock Option	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil
4.	Commission - as % of profit - others, specify	Nil	Nil	Nil
5.	Others, please specify- - Restricted Stock Units(RSU's) and Stock Appreciation Rights(SARs) of the Parent Company - Contribution to Provident Fund	 Nil 17,69,190	 Nil 1,86,792	 Nil 1,20,846
	Total (C)	**1,97,43,085**	**45,28,965**	**16,53,389**

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

Debarati Sen
Managing Director
DIN: 07521172

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

Place : Bengaluru
Date : May 30, 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of 3M India Limited

Report on the Audit of the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of 3M India Limited("the Company"), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss,the Statement of Changes in Equity, the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs, profit/loss 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 (IndAS) prescribed 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 the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We are also responsible to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify the opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting

principles generally accepted in India of the state of affairs of the Company as at 31 March 2018, its profit and other comprehensive income, its changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act,we give in *"Annexure A"*, a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss,the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;

   (e) On the basis of the written representations received from the directors as on 31 March 2018, taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in *"Annexure B"*;

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer notes 35 and 37 to the Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company; and

      iv. The disclosures in the Ind AS 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 since they do not pertain to the financial year ended 31 March 2018.

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For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022
Amit Somani
Partner
Membership Number: 060154

Place : Bangalore
Date : May 30, 2018

ANNEXURE – A TO THE AUDITOR'S REPORT

With reference to the Annexure A referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report to the Members of the Company on the Ind AS financial statements for the year ended 31 March 2018, 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 (including immovable properties under lease arrangements) which are included in property, plant and equipment are held in the name of the Company. Also refer explanatory note (a) of Note (4) to the Ind AS financial statements.

(ii) The inventory, except goods-in-transit and stocks lying with third parties has been physically verified by the Management during the year. In our opinion, the frequency of such physical verification is reasonable. The discrepancies noticed on physical verification between the physical stock and the book records were not material 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 the Act. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, there are no loans, investments, guarantees and security given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company.

(v) According to information and explanations given to us, the Company has not accepted any deposits from the public in accordance with the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under section 148(1) of the Act in respect of products manufactured and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Goods and Services tax, Duty of customs, Duty of excise, Value added tax, Cess and any other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, Goods and Services tax,Duty of customs, Duty of excise, Value added tax, Cess and any other material statutory dues were in arrears as at 31 March 2018 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 2018 which have not been deposited by the Company on account of disputes are mentioned in Appendix-1.

(viii) In our opinion and according to the information and explanations given to us, the Company did not have any loans or borrowings to 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.

(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 ad explanations given to us, in our opinion the Company is not a Nidhi Company as prescribed under Section 406 of the Act. Accordingly, para 3(xii) of the Order is not applicable.

(xiii) According, to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with Section 177 and 188 of the Act, where applicable, and details of all transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or issued fully or partly convertible debentures during the year. Accordingly, para 3(xiii) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, para 3(xv) of the Order is not applicable.

(xvi) According to the information and explanations given to us and in our opinion the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022
Amit Somani
Partner
Membership Number: 060154

Place : Bangalore
Date : May 30, 2018

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

Statute / Nature of dues	Demand amount (Rs. in lakhs)	Payment under protest	Net amount (Rs. in lakhs)	Period to which it pertains	Forum where the dispute is pending
Income tax	8,364.37	1,319.78	7,044.59	2010-2015	Commissioner of Income Tax (Appeals)
	1,795.05	569.32	1,225.73	2006-2014	Income Tax appellate tribunal
Sales tax/ Value added tax / Central Sales tax	11,473.81	565.52	10,908.29	2005-2015	Appellate Authority up to Commissioner's level
	2,848.59	1,494.22	1,354.36	2006-2013	Sales Tax appellate tribunal
Excise (including service tax)	75.46	-	75.46	2010-2014	Commissioner- Appeals
	1,861.55	117.26	1,744.29	2006-2015	Customs, Excise and service tax appellate tribunal
Custom duty	1,961.51	-	1,961.51	2005-2010	Customs, Excise and service tax appellate tribunal
	16,387.03	577.01	15,810.02	2011-2014	Directorate of Revenue Intelligence

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

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

We have audited the internal financial controls over financial reporting of 3M India Limited("the Company") as of 31 March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

(i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by ICAI.

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022
Amit Somani
Partner
Membership Number: 060154

Place : Bangalore
Date : May 30, 2018

(Rs. in lakhs)

	As at	Note	31 March 2018	31 March 2017
I.	**Assets**			
(1)	**Non-current assets**			
	(a) Property, plant and equipment	4	28,491.27	31,467.13
	(b) Capital work-in-progress	4	575.17	242.69
	(c) Intangible assets	5	31.17	49.29
	(d) Financial assets			
	(i) Loans	7	1,204.26	1,323.18
	(e) Deferred tax assets (net)	36	1,134.80	779.53
	(f) Income tax assets (net)	36	4,330.16	3,582.96
	(g) Other non-current assets	9	3,581.09	2,989.81
	Total non-current assets		**39,347.92**	**40,434.59**
(2)	**Current assets**			
	(a) Inventories	10	34,728.93	33,177.80
	(b) Financial assets			
	(i) Trade receivables	6	52,963.65	40,791.66
	(ii) Cash and cash equivalents	11	78,931.24	74,415.90
	(iii) Loans	7	195.99	72.54
	(iv) Other financial assets	8	4,114.09	1,780.58
	(c) Other current assets	9	3,253.43	2,479.86
	Total current assets		**174,187.33**	**152,718.34**
	Total assets		**213,535.25**	**193,152.93**
II.	**Equity and liabilities**			
	Equity			
	(a) Equity share capital	12	1,126.51	1,126.51
	(b) Other equity	13	152,540.21	121,512.90
	Total equity		**153,666.72**	**122,639.41**
	Liabilities			
(1)	**Non-current liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	14	487.74	461.99
	(b) Provisions	15	2,167.35	2,190.64
	Total non-current liabilities		**2,655.09**	**2,652.63**
(2)	**Current liabilities**			
	(a) Financial liabilities			
	(i) Trade payables	16	32,079.95	39,983.76
	(ii) Other financial liabilities	17	14,579.10	15,716.49
	(b) Other current liabilities	18	2,465.35	3,128.44
	(c) Provisions	15	6,220.72	5,733.28
	(d) Current tax liabilities (net)	36	1,868.32	3,298.92
	Total current liabilities		**57,213.44**	**67,860.89**
	Total liabilities		**59,868.53**	**70,513.52**
	Total equity and liabilities		**213,535.25**	**193,152.93**
	Significant accounting policies	3		

See accompanying notes to financial statements
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022
Amit Somani
Partner
Membership No: 060154
Place: Bangalore
Date: May 30, 2018

Place: Bangalore
Date: May 30, 2018

For and on behalf of the Board of Directors

Debarati Sen
Managing Director
[DIN: 07521172]

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

Mamta Gore
Chief Financial Officer
[PAN: AKIPG9089M]

V. Srinivasan
Company Secretary
[ACS – 16430]

(Rs. in lakhs)

For the year ended	Note	31 March 2018	31 March 2017
Revenue from operations	19	258,039.60	245,784.93
Other income	20	4,361.54	4,946.63
Total income		**262,401.14**	**250,731.56**
Expenses			
Cost of materials consumed	21	81,163.29	68,120.20
Excise duty		2,425.88	9,487.28
Purchases of stock-in-trade	22	53,970.94	64,543.12
Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	(1,999.10)	(872.37)
Employee benefits expense	24	32,407.88	28,003.04
Finance costs	25	194.07	227.19
Depreciation and amortisation expense	4, 5	4,180.32	4,674.74
Other expenses	26	42,089.56	39,626.40
Total expenses		**214,432.84**	**213,809.60**
Profit before tax		**47,968.30**	**36,921.96**
Tax expense:			
(i) Current tax	36	17,256.13	12,788.65
(ii) Deferred tax	36	(341.39)	57.57
		16,914.74	**12,846.22**
Profit for the year		**31,053.56**	**24,075.74**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of net defined benefit liability / asset		(40.13)	(373.49)
Income tax relating to items that will not be reclassified subsequently to profit or loss		13.88	129.26
Other comprehensive income, net of tax		**(26.25)**	**(244.23)**
Total comprehensive income for the year		**31,027.31**	**23,831.51**
Earnings per share (Nominal value of Rs. 10 each)	28		
- Basic (in Rs.)		275.66	213.72
- Diluted (in Rs.)		275.66	213.72
Weighted average number of equity shares used in computing earnings per share:			
- Basic		1,12,65,070	1,12,65,070
- Diluted		1,12,65,070	1,12,65,070
Significant accounting policies	3		

See accompanying notes to financial statements
As per our report of even date attached

For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022
Amit Somani
Partner
Membership No: 060154
Place: Bangalore
Date: May 30, 2018

Place: Bangalore
Date: May 30, 2018

For and on behalf of the Board of Directors

Debarati Sen
Managing Director
[DIN: 07521172]

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

Mamta Gore
Chief Financial Officer
[PAN: AKIPG9089M]

V. Srinivasan
Company Secretary
[ACS – 16430]

(Rs. in lakhs)

Particulars	Equity share capital	Other equity					Total equity attributable to equity holders of the Company
		Reserves and surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings	Equity instruments through OCI	Other Items of OCI	
Balance as at 1 April 2016	**1,126.51**	**949.90**	**32.25**	**96,758.83**	**-**	**(59.59)**	**98,807.89**
Changes in equity for the year ended 31 March 2017							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	-	(244.23)	(244.23)
Profit for the year	-	-	-	24,075.74	-	-	24,075.74
Balance as at 31 March 2017	**1,126.51**	**949.90**	**32.25**	**120,834.57**	**-**	**(303.82)**	**122,639.41**

Particulars	Equity share capital	Other equity					Total equity attributable to equity holders of the Company
		Reserves and surplus			Other comprehensive income		
		Securities premium	General Reserve	Retained earnings	Equity instruments through OCI	Other Items of OCI	
Balance as at 1 April 2017	**1,126.51**	**949.90**	**32.25**	**120,834.57**	**-**	**(303.82)**	**122,639.41**
Changes in equity for the year ended 31 March 2018							
Remeasurement of the net defined benefit liability / asset, net of tax effect	-	-	-	-	-	(26.25)	(26.25)
Profit for the year	-	-	-	31,053.56	-	-	31,053.56
Balance as at 31 March 2018	**1,126.51**	**949.90**	**32.25**	**151,888.13**	**-**	**(330.07)**	**153,666.72**

See accompanying notes to financial statements
As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amit Somani
Partner
Membership No: 060154
Place: Bangalore
Date: May 30, 2018

For and on behalf of the Board of Directors

Debarati Sen
Managing Director
[DIN: 07521172]

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

Mamta Gore
Chief Financial Officer
[PAN: AKIPG9089M]

V. Srinivasan
Company Secretary
[ACS – 16430]

Place: Bangalore
Date: May 30, 2018

(Rs. in lakhs)

For the year ended	31 March 2018	31 March 2017
Cash flow from operating activities		
Profit before tax	47,968.30	36,921.96
Adjustments for:		
Depreciation and amortisation expense	4,180.32	4,674.74
Provision for doubtful debts created / (written back)	744.99	(734.33)
Provision for doubtful advances and deposits (net of write back)	-	36.12
Liabilities no longer required written back, net	(534.39)	-
Unrealised net (gain) / loss on foreign currency transactions and translation	(7.29)	(605.29)
Loss on disposal of property, plant and equipment	8.91	6.65
Interest income	(3,585.56)	(2,651.54)
Finance costs	194.07	227.19
	48,969.35	**37,875.50**
Movements in working capital:		
Increase / (decrease) in trade payables	(7,362.13)	18,019.91
Increase / (decrease) in provisions	424.02	421.94
Increase / (decrease) in other financial liabilities and other liabilities	(1,795.30)	5,043.40
(Increase) / decrease in trade receivables	(12,916.98)	(8,208.49)
(Increase) / decrease in inventories	(1,551.13)	(3,939.92)
(Increase) / decrease in loans, other financial assets, other current and non current assets	(3,391.90)	(583.62)
Cash generated from operations activities	**22,375.93**	**48,628.72**
Income tax paid (net of refund)	(19,433.93)	(12,136.21)
Net cash from operating activities (A)	**2,942.00**	**36,492.51**
Cash flow from investing activities		
Purchase of property, plant and equipment and intangible assets	(1,576.08)	(1,401.35)
Proceeds from sale of property, plant and equipment	113.35	14.02
Interest received	3,262.18	2,588.18
Net cash from investing activities (B)	**1,799.45**	**1,200.85**

(Rs. in lakhs)

For the year ended	31 March 2018	31 March 2017
Cash flow from financing activities		
Repayment of finance lease obligation	(32.03)	(137.77)
Interest paid	(194.08)	(227.19)
Net cash used in financing activities (C)	**(226.11)**	**(364.96)**
Net increase/ (decrease) in cash and cash equivalents (A+B+C)	**4,515.34**	37,328.40
Cash and cash equivalents at the beginning of the year	74,415.90	37,087.50
Cash and cash equivalents at the end of the year	**78,931.24**	**74,415.90**
Cash and cash equivalents comprise of (refer note 11):		
Balances with banks:		
- in current accounts	18,931.24	15,415.90
- deposits accounts (original maturity of less than three months)	60,000.00	59,000.00
	78,931.24	**74,415.90**

Significant accounting policies (Refer Note 3)

See accompanying notes to financial statements
As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amit Somani
Partner
Membership No: 060154
Place: Bangalore
Date: May 30, 2018

For and on behalf of the Board of Directors

Debarati Sen
Managing Director
[DIN: 07521172]

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Whole-time Director
[DIN – 00044840]

Mamta Gore
Chief Financial Officer
[PAN: AKIPG9089M]

V. Srinivasan
Company Secretary
[ACS – 16430]

Place: Bangalore
Date: May 30, 2018

1. Reporting entity

3M India Limited ('the Company') is a subsidiary of 3M Company, USA. The Company manages its operations in five operating segments: Industrial, Health Care, Safety and Graphics, Consumer and Energy. In India, the Company has manufacturing facilities at Ahmedabad, Bangalore, Pune and has a R&D Center in Bangalore. 3M India's five business segments bring together common or related 3M technologies that enhance the development of innovative products and services and provide efficient sharing of business resources. The Company is a public limited Company domiciled in India with its registered office situated at Plot Nos. 48-51, Electronic City, Hosur Road, Bengaluru - 560 100 and is listed on the BSE Ltd 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 30 May 2018.

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

B. Functional & presentation currency

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

C. Basis of measurement

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

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

D. Use of estimates and judgments

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

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

Judgments

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

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

- Note 27 - lease classification;

Assumptions and estimation uncertainties

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

- Note 4 and 5 - useful life of property, plant and equipment and intangible assets;
- Note 6 to 8 and 39 - impairment of financial assets;
- Note 31 - measurement of defined benefit obligations: key actuarial assumptions;
- Note 35 - recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; and

- Note 36 - recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used.

E. Measurement of fair values

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

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

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

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

When measuring the fair value of an asset or a liability, 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 30 - share-based payment arrangements and
- Note 39 - financial instruments

3. Significant accounting policies

(a) Financial instruments

i. Recognition and initial measurement

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

ii. Classification and subsequent measurement

Financial assets

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

Financial assets carried at amortised cost

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

Financial assets at fair value through other comprehensive income

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

Financial assets at fair value through profit or loss

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

Financial liabilities

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

iii. Derecognition of financial instruments

Financial assets

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

Financial liabilities

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

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

iv. Offsetting

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

(b) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment, are measured at cost, which includes 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 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 whichever is lower. Assets acquired under finance leases are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Freehold land is not depreciated.

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

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

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

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

(c) Intangible assets

Internally generated : Research and development

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

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

Others

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

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

Asset	**Useful life**
Computer software	3 years

(d) Impairment

(i) Financial assets

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

(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.

(e) Inventories

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

Finished goods and work-in-progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

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

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

(f) Foreign currency transactions

Transactions in foreign currencies are initially recorded by the Company at their functional currency spot rates at the date 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. Translation differences on non-monetary financial assets measured at fair value at the reporting date, such as equities classified as FVTOCI are included in other comprehensive income, net of taxes.

(g) Revenue recognition

Sales are recognised when significant risks and rewards of ownership in the goods are transferred to the buyer and are recorded net of sales returns, trade discount, rebates, Goods and Services Tax and sales tax collected. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing effective control over, or managerial involvement with, the goods, and the amount of revenue can be measured reliably.

Income from services rendered is booked based on agreements/ arrangements with concerned parties net of service tax and Goods and Services Tax.

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

Other income

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

(h) Employee benefits

Defined contribution plans

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

Provident fund

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

Superannuation

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

Defined benefit plans

Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The Company has an Employees Gratuity Fund where the investments are administered by a Fund Manager. The Company accounts for the liability of Gratuity Benefits payable in future based on an independent actuarial valuation (using the Projected Unit Credit method). Actuarial losses/ gains are recognised in 'Other Comprehensive Income' in the year in which they arise.

Compensated absences

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

(i) Share-based payments

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

(j) Income taxes

i. Current tax

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

ii. Deferred tax

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and

their carrying amount in financial statements, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profits or loss at the time of the transaction.

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

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

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

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.

(k) Borrowing costs

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

(l) Provisions and contingent liabilities

i. General

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

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

ii. Contingent liabilities

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

iii. Onerous contracts

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

(m) Leases

i. Finance leases

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

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

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

ii. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(n) Segment reporting

Operating segments

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

(o) Cash and cash equivalents

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

(p) Earnings per share

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

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

(q) Cash flow statement

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

(r) Standards issued but not yet effective

Amendment to Ind AS 115, Revenue from Contracts with Customers

Ind AS 115, establishes a comprehensive framework for determining whether, how much and when revenue should be recognised. It replaces existing revenue recognition guidance, including Ind AS 18 Revenue, Ind AS 11 Construction Contracts and Guidance Note on Accounting for Real Estate Transactions.

Ind AS 115 is effective for annual periods beginning on or after 1 April 2018 and will be applied accordingly. The core principle of Ind AS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company has completed an initial assessment of the potential impact of the adoption of Ind AS 115 on accounting policies followed in its financial statements. The quantitative impact of adoption of Ind AS 115 on the financial statements in the period of initial application is expected to be not material.

Sales of goods

For the sale of goods, revenue is currently recognised when related risks and rewards of ownership are transferred. Revenue is recognised at this point provided that the revenue and costs can be measured reliably, the recovery of the consideration is probable and there is no continuing management involvement with the goods.

Under Ind AS 115, revenue will be recognised when a customer obtains control of the goods.

Under Ind AS 115, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which the Company is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognised for these contracts and presented separately in the balance sheet.

Transition

The Company plans to apply Ind AS 115 using the cumulative effect method, with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 April 2018) in retained earnings and NCI. As a result, the Company will not present relevant individual line items appearing under comparative period presentation.

Ind AS 21, The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the earlier of the date of initial recognition of the non-monetary prepayment asset or deferred income liability and the date that the related item is recognised in the financial statements. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. The amendment will come into force from 1 April 2018. The Company is evaluating the impact of this amendment on its financial statements.

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

(Rs. in lakhs)

Particulars	Freehold land	Buildings	Plant and machinery	Furniture & fixtures	Office equipment	Data processing equipment	Vehicles	Leasehold improve-ments	Leased Assets				Total
									Leasehold land Note (a)	Data processing equipment	Leasehold improve-ments	Vehicles	
Gross Block Value													
Deemed cost as at 1 April 2016	227.95	**15,163.84**	**19,549.33**	**1,282.24**	**678.22**	**58.26**	**2.87**	**606.03**	**387.17**	**1,033.87**	**31.84**	**696.52**	**39,718.15**
Additions	-	55.54	625.35	14.35	16.22	-	-	-	-	311.33	-	225.97	1,248.76
Disposals	-	-	(21.61)	(0.37)	(0.30)	-	-	-	-	(82.96)	-	(214.20)	(319.44)
Balance at 31 March 2017	**227.95**	**15,219.38**	**20,153.07**	**1,296.22**	**694.14**	**58.26**	**2.87**	**606.03**	**387.17**	**1,262.24**	**31.84**	**708.30**	**40,647.47**
Additions	-	-	633.97	13.07	58.07	-	-	-	-	435.79	-	158.61	1,299.52
Disposals	-	(0.06)	(90.36)	(0.15)	(2.59)	-	-	-	-	(472.06)	(31.84)	(256.32)	(853.38)
Balance at 31 March 2018	**227.95**	**15,219.32**	**20,696.68**	**1,309.14**	**749.62**	**58.26**	**2.87**	**606.03**	**387.17**	**1,225.97**	**-**	**610.59**	**41,093.61**
Accumulated depreciation													
Balance at 1 April 2016	-	631.37	2,615.76	190.64	308.53	58.25	1.63	315.96	5.04	401.24	31.84	284.51	4,844.77
Depreciation for the year	-	642.48	2,636.17	214.44	231.65	-	0.78	251.80	2.78	399.25	-	255.00	4,634.35
Disposals	-	-	(15.90)	(0.27)	-	-	-	-	-	(82.97)	-	(199.64)	(298.78)
Balance at 31 March 2017	-	**1,273.85**	**5,236.03**	**404.81**	**540.18**	**58.25**	**2.41**	**567.76**	**7.82**	**717.52**	**31.84**	**339.87**	**9,180.34**
Depreciation for the year	-	635.24	2,593.66	207.83	127.74	-	0.45	37.38	5.04	370.85	-	174.91	4,153.10
Disposals	-	(0.01)	(29.63)	(0.09)	(2.59)	-	-	-	-	(472.06)	(31.84)	(194.89)	(731.11)
Balance at 31 March 2018	-	**1,909.08**	**7,800.06**	**612.55**	**665.33**	**58.25**	**2.86**	**605.14**	**12.86**	**616.31**	**-**	**319.89**	**12,602.33**
Carrying value (net)													
As at 31 March 2017	**227.95**	**13,945.53**	**14,917.04**	**891.41**	**153.96**	**-**	**0.46**	**38.27**	**379.35**	**544.72**	**-**	**368.42**	**31,467.13**
As at 31 March 2018	**227.95**	**13,310.24**	**12,896.61**	**696.59**	**84.29**	**-**	**-**	**0.89**	**374.31**	**609.66**	**-**	**290.69**	**28,491.27**
Capital work-in-progress													
As at 31 March 2017													**242.69**
As at 31 March 2018													**575.17**

Note:

(a) Leasehold land represents amounts paid to Maharashtra Industrial Development Corporation (MIDC) for land including premium, paid towards fulfillment of compliance of certain conditions as mentioned in the agreement. The Company is in the process of registration of the lease agreement. In this regard, the Company had received a demand of Rs. 181.77 Lakhs from MIDC in the financial year 2011-12. The said demand is with respect to the differential premium for seeking change of Company's name from Birla 3M Limited to 3M India Limited in the records of MIDC. The Company had filed a Civil writ petition in the High Court at Mumbai ("the Court"). The Court vide an Order dated 5 February 2015 granted interim relief to the Company by inter-alia directing MIDC to effect the change of name in its records subject to certain conditions mentioned in the order. A formal transfer order is awaited from MIDC.

(b) Also refer to note 14, 17, 27(a)

5 Intangible assets

(Rs. in lakhs)

Particulars	Computer Software
Balance at 1 April 2016	96.42
Additions	41.32
Balance at 31 March 2017	**137.74**
Balance at 1 April 2017	137.74
Additions	9.10
Balance at 31 March 2018	**146.84**
Accumulated amortisation	
Balance at 31 March 2016	**48.06**
Amortisation for the year	40.39
Balance at 31 March 2017	**88.45**
Amortisation for the year	27.22
Balance at 31 March 2018	**115.67**
Carrying value (net)	
As at 31 March 2017	**49.29**
As at 31 March 2018	**31.17**

6 Trade receivables

(Rs. in lakhs)

As at	31 March 2018	31 March 2017
Secured, considered good*	976.54	1,173.67
Unsecured, considered good	51,987.11	39,617.99
Unsecured, considered doubtful	3,012.81	2,267.82
	55,976.46	**43,059.48**
Allowance for doubtful debts	(3,012.81)	(2,267.82)
	(3,012.81)	**(2,267.82)**
Net trade receivables	**52,963.65**	**40,791.66**
Total trade receivables from related parties (also refer note 32)	461.55	471.10
Loss allowance	-	-
Net trade receivables	**461.55**	**471.10**

*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 39.

7 Loans

(Rs. in lakhs)

As at	31 March 2018	31 March 2017
Non - current		
Unsecured, considered good		
Security deposits	1,183.85	1,305.09
Loans to employees	20.41	18.09
Unsecured, considered doubtful		
Security deposits	67.51	67.51
Less : Allowance for doubtful security deposits	(67.51)	(67.51)
	1,204.26	**1,323.18**
Current		
Unsecured, considered good		
Security deposits	136.42	10.06
Loans to employees	59.57	62.48
	195.99	**72.54**
	1,400.25	**1,395.72**

8 Other financial assets

(Rs. in lakhs)

As at	31 March 2018	31 March 2017
Current		
Unsecured, considered good		
Unbilled revenue	1,039.07	813.71
Interest accrued but not due	600.97	277.59
Others receivables from related parties (refer note 32)	2,452.57	689.28
Others receivables	21.48	-
	4,114.09	**1,780.58**

9 Other assets

(Rs. in lakhs)

As at	31 March 2018	31 March 2017
Non current		
Capital advances	28.55	40.95
Advances other than capital advances		
Security deposits*		
Unsecured, considered good	3,552.54	2,948.86
Unsecured, considered doubtful	179.72	340.93
Less: Allowance for doubtful advances	(179.72)	(340.93)
	3,581.09	**2,989.81**
Current		
Prepayments	662.41	630.06
Statutory advances		
Unsecured, considered good	1,865.22	1,604.29
Unsecured, considered doubtful	796.40	522.13
Less : Allowance for doubtful receivables	(554.04)	(522.13)
Advance for supply of goods	483.44	245.51
	3,253.43	**2,479.86**
	6,834.52	**5,469.67**

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

10 Inventories*

(Rs. in lakhs)

As at	31 March 2018	31 March 2017
Raw materials [Including in - transit Rs. 3,708.83 lakhs (2017: Rs. 4,874.60 lakhs)]	9,942.23	9,742.39
Packing materials	570.29	435.83
Work-in-progress	1,388.41	1,053.95
Finished goods	12,546.57	7,466.85
Stock-in-trade [Including in - transit Rs. 4,871.33 lakhs (2017: Rs. 3,255.30 lakhs)]	10,281.43	14,478.78
	34,728.93	**33,177.80**

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

The write down of inventories to net realisable value during the year amounted to Rs. 188.92 lakhs (31 March 2017 : Rs 220.20 lakhs). The provision estimated by the management for obsolete stock during the year amounted to Rs. 770.32 lakhs (31 March 2017 : Rs. 725.34 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 2018	31 March 2017
Balances with banks		
- In current accounts	18,931.24	15,415.90
- Deposit accounts (original maturity of less than three months)	60,000.00	59,000.00
	78,931.24	**74,415.90**

12 Share capital

(Rs in lakhs except for number of shares)

As at	31 March 2018	31 March 2017
Authorised :		
Equity shares	1,126.51	1,126.51
[11,265,070 equity shares of Rs. 10/- each (31 March 2017 : 11,265,070 equity shares of Rs. 10/- each)]		
	1,126.51	**1,126.51**
Issued, subscribed and paid up:		
Equity shares fully paid up	1,126.51	1,126.51
[11,265,070 equity shares of Rs. 10/- each (31 March 2017 : 11,265,070 equity shares of Rs. 10/- each)]		
	1,126.51	**1,126.51**

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

	31 March 2018		31 March 2017	
	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	**1,12,65,070**	**1,126.51**	**1,12,65,070**	**1,126.51**

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

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

(c) Shares held by holding Company

	31 March 2018		31 March 2017	
	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 2018		31 March 2017	
	Number of shares	% holding	Number of shares	% holding
3M Company, USA (Holding Company)	84,48,802	75%	84,48,802	75%

13 Other equity

(Rs. in lakhs)

As at	31 March 2018	31 March 2017
Securities premium reserve	949.90	949.90
General reserve	32.25	32.25
Remeasurment of defined benefit plans, net of tax effect	(330.07)	(303.82)
Retained earnings	151,888.13	120,834.57
	152,540.21	**121,512.90**

Securities premium reserve

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

14 Borrowings

(Rs. in lakhs)

As at	31 March 2018	31 March 2017
Secured		
Long term maturities of finance lease obligations (refer note (a) below)	487.74	461.99
	487.74	**461.99**

Note: (a) Rate of interest for finance lease obligations ranges from 3.40% to 13.90% per annum. Finance lease obligations are secured by hypothecation of assets underlying the leases. Finance lease obligations are payable on monthly / quarterly payment of equated monthly installments beginning from the month subsequent to taking the lease. Period of maturity for the lease obligations of vehicles is 4 years and for equipments it ranges from 3 years to 5 years. Also refer note 27(a).

15 Provisions

(Rs. in lakhs)

As at	31 March 2018		31 March 2017	
	Current	Non current	Current	Non current
Provision for employee benefits				
Gratuity (refer note 31(b))	-	1,577.80	-	1,552.87
Compensated absences	55.07	429.62	57.92	473.32
Others (refer note 37)				
Provision for warranty	12.20	69.43	159.42	73.98
Provision for asset retirement obligation	-	90.50	-	90.47
Sales tax, service tax and other issues	2,048.15	-	1,627.30	-
Provision for credit notes and sales return	4,105.30	-	3,888.64	-
	6,220.72	**2,167.35**	**5,733.28**	**2,190.64**

16 Trade payables

(Rs. in lakhs)

As at	31 March 2018	31 March 2017
Total outstanding dues to micro and small enterprises (Refer note (a) below)	1,241.18	260.90
Total outstanding dues to creditors other than micro and small enterprises*	30,838.77	39,722.86
	32,079.95	**39,983.76**

Note (a)

1.	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
	- Principal	1,241.18	260.90
	- Interest	23.64	4.83
2.	The amount of interest paid by the Company in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 alongwith the amount of the payment made to the supplier beyond the appointed date during the year		
	- Interest	-	-
	- Principal	1,176.60	259.88
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	23.64	4.83
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.	87.77	64.13

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

* Includes due to related party (refer note 32)

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 39.

17 Other financial liabilities

(Rs. in lakhs)

As at	31 March 2018	31 March 2017
Current maturities of finance lease obligations (refer note 14 (a))	458.43	516.21
Deposits from customers	990.64	1,387.75
Creditors for capital goods	111.92	59.30
Payroll related liabilities	5,553.17	4,484.67
Intercompany payables (refer note 32)	1,317.91	3,480.93
Accrued expenses	5,902.59	5,674.12
Other payables	244.44	113.51
	14,579.10	**15,716.49**

18 Other current liabilities

(Rs. in lakhs)

As at	31 March 2018	31 March 2017
Advance from customers	563.57	557.88
Statutory liabilities (VAT, TDS, PF etc)	1,901.78	2,570.56
	2,465.35	**3,128.44**

19 Revenue from operations

(Rs. in lakhs)

For the year ended	31 March 2018	31 March 2017
Sale of products		
Finished goods	137,521.76	126,177.99
Traded goods	117,419.78	116,832.74
Sale of services*	3,004.50	2,686.19
Other Operating Revenue		
Income from duty drawback	-	31.67
Scrap sales	93.56	56.34
	258,039.60	**245,784.93**

* Sale of services includes income from contract research Rs. 2,320.80 lakhs (31 March 2017 : Rs. 2,295.37 lakhs) (refer note 29 (c)) and management support service fee of Rs. 683.70 lakhs (31 March 2017: Rs 390.82 lakhs).

20 Other income

(Rs. in lakhs)

For the year ended	31 March 2018	31 March 2017
Interest income from financial assets carried at amortised cost	3,585.56	2,651.54
Liabilities no longer required written back, net	534.39	-
Provision for doubtful debt written back	-	734.33
Exchange gain on foreign currency transactions, net*	241.59	1,560.76
	4,361.54	**4,946.63**

* Includes unrealised gain amounting to Rs. 7.29 lakhs (31 March 2017: Rs. 594.63 lakhs)

21 Cost of materials consumed

(Rs. in lakhs)

For the year ended	31 March 2018	31 March 2017
Inventory of materials at the beginning of the year	10,178.22	7,287.60
Add: Purchases	81,497.59	71,010.82
Less: Inventory of materials at the end of the year	(10,512.52)	(10,178.22)
	81,163.29	**68,120.20**

22 Purchases of stock-in-trade

(Rs. in lakhs)

For the year ended	31 March 2018	31 March 2017
Abrasive	6,683.00	7,858.03
Fusion bonded epoxy coating	2,921.37	410.84
Medical surgical and dental products	4,591.21	15,846.57
Self adhesive films	16,567.73	18,582.32
Others	23,207.63	21,845.36
	53,970.94	**64,543.12**

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

(Rs. in lakhs)

For the year ended	31 March 2018	31 March 2017
Opening inventory		
- Finished goods	7,466.85	7,973.72
- Stock-in-trade	14,478.78	13,010.68
- Work-in-progress	1,053.95	965.89
	22,999.58	**21,950.29**
Closing inventory		
- Finished goods	12,546.57	7,466.85
- Stock-in-trade	10,281.43	14,478.78
- Work-in-progress	1,388.41	1,053.95
	24,216.41	**22,999.58**
(Increase) / decrease in inventory	**(1,216.83)**	**(1,049.29)**
Less : Excise duty on opening stock of finished goods	(782.27)	(605.34)
Add : Excise duty on closing stock of finished goods	-	782.26
Increase/ (decrease) in excise duty	**(782.27)**	**176.92**
	(1,999.10)	**(872.37)**

24 Employee benefits expense

(Rs. in lakhs)

For the year ended	31 March 2018	31 March 2017
Salaries, wages and bonus	25,764.63	23,002.11
Contribution to provident and other funds (refer note 31)	1,882.14	1,594.77
Share based payment expenses (refer note 30)	2,795.19	1,391.25
Staff welfare expenses	1,965.92	2,014.91
	32,407.88	**28,003.04**

25 Finance costs

(Rs. in lakhs)

For the year ended	31 March 2018	31 March 2017
Finance costs on finance lease obligations	73.13	93.67
Interest expense on financial liability measured at amortised cost	32.82	36.36
Interest on shortfall of advance tax	88.12	97.16
	194.07	**227.19**

26 Other expenses

(Rs. in lakhs)

For the year ended	31 March 2018	31 March 2017
Consumption of stores and spares	620.93	571.04
Power and fuel*	1,476.90	1,269.82
Water charges*	32.15	36.07
Rent (refer note 27(b))*	1,906.62	1,885.47
Repairs and maintenance		
- Plant and machinery	678.64	576.90
- Building*	448.28	390.63
- Others *	199.12	235.85
Insurance	244.31	196.36
Rates and taxes	420.64	745.07
Communication expenses *	230.01	320.01
Travel and conveyance	2,947.35	2,772.60
Legal and professional charges (refer note (a) below)	1,155.81	903.14
Selling, distribution and advertisement expenses	6,853.51	6,844.99
Warranty (refer note 15)	-	70.41
Commission	516.40	464.50
Freight outward	5,495.73	5,085.74
Royalty (refer note 29 (a))	3,078.73	3,273.92
Corporate management fees (refer note 29 (b)(i))	10,519.56	10,110.41
Directors' sitting fees	0.12	7.80
Provision for doubtful debts (net of write back)	744.99	-
Provision for doubtful advances and deposits (net of write back)	-	36.12
Expenditure towards corporate social responsibility activities (refer note 34)	564.51	346.59
Loss on sale of fixed assets (net)	8.91	6.65
Miscellaneous expenses	3,946.34	3,476.31
	42,089.56	**39,626.40**

* Net of recoveries amounting to Rs. 191.68 lakhs (31 March 2017: Rs. 191.68 lakhs) and including payment of Rs. 2.13 lakh (31 March 2017: Rs. 58.23 lakhs) from / to 3M Electro & Communication India Private Limited, a subsidiary of 3M Company, USA.

(a) Payment to auditors #

	31 March 2018	31 March 2017
As auditors:		
Audit fee	62.50	60.79
Tax audit fee	7.00	5.77
In other capacity:		
Other services (certification fees)	-	1.23
Reimbursement of out-of-pocket expenses	-	3.03
Total	**69.50**	**70.82**

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

27 (a) Finance lease obligations

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

(Rs. in lakhs)

	31 March 2018			31 March 2017		
	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments	Future minimum lease payments (MLP)	Interest element of MLP	Present value of minimum lease payments
Within less than one year	498.99	40.56	458.43	566.04	49.84	516.21
Between one and five years	516.75	29.01	487.74	489.62	27.62	461.99
After more than five years	-	-	-	-	-	-
	1,015.74	**69.57**	**946.17**	**1,055.66**	**77.46**	**978.20**

27 (b) Operating leases

A. Leases as lessee

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

i. Future minimum lease payments

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

	31 March 2018	31 March 2017
Payable in less than one year	1,599.86	1,849.71
Payable between one and five years	2,412.17	4,263.23
Payable after more than five years	-	-
	4,012.03	**6,112.94**

ii. Amounts recognised in profit or loss

	31 March 2018	31 March 2017
Lease expenses – minimum lease payments	1,906.62	1,885.47
	1,906.62	**1,885.47**

28 Earnings per share

(Rs. in lakhs except for number of shares)

For the year ended	31 March 2018	31 March 2017
Net profit attributable to equity shareholders	31,053.56	24,075.74
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.)	275.66	213.72
Diluted earnings per share (Rs.)	275.66	213.72

29 Inter Company agreements and arrangements

a) *Intellectual property agreement* – The Company has entered into Intellectual Property agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for the payment of license fees in the form of royalties. Payments were waived off for a period of 3 years effective from 1 July 2006 to 30 June 2009. These payments have been reinstated with effect from 1 July 2009. The Intellectual Property Agreement with 3M Innovative Properties Company and 3M Company, USA has been revised effective 1 July 2013. Accordingly, the

Company has incurred an expenditure of Rs. 3,078.73 lakhs for the year ended 31 March 2018 (31 March 2017: Rs. 3,273.92 lakhs) .

b)(i) *Support services/ corporate management fees* - The Company has entered into support services agreement with 3M Company, USA (having expertise in establishing, operating and managing international business and incurring costs in developing, manufacturing, marketing and selling a diverse portfolio of products) with effect from 1 April 2009. The Company is charged with comprehensive support services charges by 3M Company USA for the services received from all the 3M group companies in the areas of Laboratory, Technical assistance and Manufacturing, Selling and Marketing, Strategic and Managerial, Information Technology, Routine Administration and Foreign Services Employees Expenses. This agreement supersedes the agreement entered by the Company with 3M Asia Pacific Pte Limited dated 1 January 2003 which was terminated on 31 March 2009.

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

The Company has incurred the following expenditure:

(Rs in lakhs)

	31 March 2018	31 March 2017
- Laboratory and technical assistance manufacturing services	887.57	856.08
- Selling and marketing services	5,224.68	4,819.79
- Information technology services	2,845.22	2,609.10
- Other managerial services	1,562.09	1,825.44
	10,519.56	**10,110.41**
- Foreign services employees expense are included in employee costs amounting to	438.55	311.21

The Company has accrued an amount of Rs. 2,948.75 lakhs (31 March 2017 : Rs. 2,484.46 lakhs) in respect of estimated liability for the above services during period 1 January 2018 to 31 March 2018, the actual liability would be ascertained by December 2018.

(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 charged Rs. 1,476.51 lakhs (31 March 2017 : Rs. 1,193.17 lakhs).

c) *Contract research agreement* – The Company has entered into contract research agreement with 3M Innovative Properties Company and 3M Company, USA effective 1 July 2006 for carrying out contract research activities. During the year, Company has recognized an income of Rs. 2,320.80 lakhs (31 March 2017 : Rs. 2,295.37 lakhs).

30 Employee stock option plan

A. Description of share based payment arrangements

i) Share purchase plan (equity-settled)

3M Company, USA, the parent Company has offered 'General Employees Stock Purchase Plan' to all the employees of the Company, under which the employees of the Company are eligible to purchase the shares of 3M Company, USA at 85% of the market price of the share. Under the plan, the Company deducts the amount from the monthly salary of the employees and remits the amount to 3M Company, USA. In accordance with the plan, the Company during the year has deducted for remittance a sum of Rs. 262.13 lakhs (2017: Rs. 178.96 lakhs) and cumulatively amounting to Rs. 993.10 lakhs (2017: Rs. 730.97 lakhs) from the salary of the employees who have opted for the plan. As of the year end a sum of Rs. 30.88 lakhs (2017: Rs. 19.35 lakhs) is pending remittance to the holding Company and the same is included under 'Other financial liabilities' (refer note 17).

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

3M Company, USA has established 3M Company Long Term Incentive Plan (LTIP). As a part of the plan, Executive Directors and Senior Executives of the Company are eligible to acquire shares of 3M Company, USA via stock options, stock appreciation rights (SARs), restricted stock units (RSUs) and performance shares. The eligible employees are granted stock options / stock

appreciation rights (SARs) / restricted stock units (RSUs) which will vest with the employees over a period of 3 years from the date of the grant and they can exercise the stock option within a stipulated period mentioned in the plan. Exercise price of SARs and RSUs will be Nil.

B. Measurement of fair values

The Company measures compensation expense for stock appreciation rights (SARs) at their fair value determined using Black - Scholes Model and restricted stock units (RSUs) based on fair market value of shares of 3M Company, USA on the date of the grant.

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

	31 March 2018	31 March 2017
Fair value (in $)	36.23	29.11
Share price (in $)	233.63	175.76
Expected volatility (%)	21.04%	17.30%
Expected life (years)	6.54 years	6.52 years
Expected dividends (%)	2.44%	2.51%
Risk free interest rate (%)	2.66%	1.37%

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

C. Reconciliation of outstanding share options

The activity in the cash-settled share based payment transactions during the year ended 31 March 2018 is set out below:

	31 March 2018		31 March 2017	
	Shares arising out of options	Weighted average exercise price (Rs.)	Shares arising out of options	Weighted average exercise price (Rs.)
Stock appreciation right				
Outstanding at the beginning	80,289	-	66,020	-
Granted	9,824	-	20,247	-
Forfeited and expired	-	-	-	-
Exercised	16,357	-	5,978	-
Outstanding at the end	**73,756**	-	**80,289**	**-**
Exercisable at the end	57,208		58,455	
Restricted stock unit				
Outstanding at the beginning	9,134	-	11,711	-
Granted	1,745	-	2,369	-
Forfeited and expired	-	-	-	-
Exercised	3,621	-	4,946	-
Outstanding at the end	**7,258**	-	**9,134**	**-**
Exercisable at the end	4,887		4,975	

D. Expense recognised in Statement of profit and loss

An amount of Rs. 2,795.19 lakhs (31 March 2017: Rs. 1,391.25 lakhs) has been debited to the Statement of profit and loss for the year and included under Employee benefits expense.

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

31 Employee benefits

(a) Defined contribution plan

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

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

(Rs. in lakhs)

Benefits (contribution to)	31 March 2018	31 March 2017
Provident fund	1,276.93	1,095.36
Superannuation fund	116.17	121.01
Employee State Insurance Corporation	4.18	2.40
	1,397.28	**1,218.77**

(b) Defined benefit plan

The Company provides for gratuity, a defined benefit plan (the Gratuity Plan), to its employees. The Gratuity Plan provides a lump sum payment to vested employees, at retirement or termination of employment, of an amount based on the respective employee's last drawn salary and years of employment with the Company. The Company contributes all ascertained liabilities towards gratuity to the 3M India Limited Employees Gratuity Fund Trust. Trustees administer contributions made to the trust. As of 31 March 2018 and 31 March 2017, the plan assets have been primarily invested in insurer managed funds.

(Rs. in lakhs)

A.	Reconciliation of opening and closing balances of the present value of the defined benefit obligation	31 March 2018	31 March 2017
	Obligation at the beginning of the year	3,506.28	2,697.24
	Current service cost	373.06	308.58
	Interest cost	245.95	207.78
	Actuarial loss / (gains) - experience	231.09	205.90
	Actuarial loss / (gains) - financial assumptions	(144.30)	220.98
	Benefits paid	(344.87)	(134.20)
	Obligation at the end of the year	**3,867.21**	**3,506.28**

B.	Reconciliation of opening and closing balances of the fair value of plan assets	31 March 2018	31 March 2017
	Plan assets at the beginning of the year	1,953.41	1,793.86
	Interest income on plan assets	134.15	140.36
	Contribution by the Company	500.06	100.00
	Remeasurements- Return on plan assets excluding amounts included in interest income	46.66	53.39
	Benefits paid	(344.87)	(134.20)
	Plan assets at the end of the year	**2,289.41**	**1,953.41**

C.	Reconciliation of present value of defined benefit obligation and the fair value of plan assets to the assets and liabilities recognized in the Balance Sheet	31 March 2018	31 March 2017
	Present value of obligation at the end of the year	3,867.21	3,506.28
	Fair value of plan assets at the end of the year	2,289.41	1,953.41
	Liability / (net asset) recognised in balance sheet	**1,577.80**	**1,552.87**

D.	Expenses recognized in the Statement of profit and loss	31 March 2018	31 March 2017
	Current service cost	373.06	308.58
	Interest cost	245.95	207.78
	Interest income on plan assets	(134.15)	(140.36)
		484.86	**376.00**

E.	Remeasurements recognized in Other comprehensive income	31 March 2018	31 March 2017
	Actuarial losses / (gains) on defined benefit obligation	86.79	426.88
	Actuarial losses / (gains) on plan assets	(46.66)	(53.39)
		40.13	**373.49**

F.	Investment details of plan assets	31 March 2018	31 March 2017
	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)	2.81%	0.41%
	Fund balance with Insurance companies	97.19%	99.59%
		100.00%	**100.00%**

G.	Assumptions	31 March 2018	31 March 2017
	Discount rate (per annum)	7.60%	7.20%
	Rate of escalation in salary (per annum)	6.00%	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	15.00%	15.00%
	31-34 years	10.00%	10.00%
	35-44 years	5.00%	5.00%
	45-50 years	3.00%	3.00%
	51-54 years	2.00%	2.00%
	55-60 years	1.00%	1.00%

(Rs. in lakhs)

H.	Sensitivity analysis	31 March 2018	31 March 2017
	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	(326.14)	(308.99)
	Effect on defined benefit obligation due to 1% decrease in discount rate	377.50	358.68
B.	Salary escalation rate		
	Effect on defined benefit obligation due to 1% increase in Salary escalation rate	380.01	359.61
	Effect on defined benefit obligation due to 1% decrease in Salary escalation rate	(333.81)	(315.16)

(Rs. in lakhs)

I.	Maturity profile of defined benefit obligation	Amounts
1.	March 31, 2019	210.00
2.	March 31, 2020	239.14
3.	March 31, 2021	391.96
4.	March 31, 2022	406.75
5.	March 31, 2023	481.89
6.	March 31, 2024 to March 31, 2028	2,718.54

Notes :

1. 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.
2. 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.
3. As per the best estimate of the management, contribution of Rs. Nil (31 March 2017 : Rs. Nil) is expected to be paid to the plans during the year ending 31 March 2018.

32 Related party transaction

Names of related parties and nature of relationship:

i) Holding company	3M Company, USA	
ii) Fellow subsidiaries	3M China Limited	3M Lanka Private Limited
	3M Thailand Limited	Dyneon B.V.
	3M France S.A.S.	3M Belgium S.A./N.V.
	3M Gulf Limited	3M Mexico, S.A. de C.V.
	3M Electro & Communication India Private Ltd	Cogent Systems, Inc.
	3M Asia Pacific Pte. Ltd	3M Singapore Pte. Ltd.
	P.T. 3M Indonesia	3M Material Technology(Hefei) Co Limited
	3M APAC RDC Pte Limited	Sumitomo 3M Limited
	3M Argentina S.A.C.I.F.I.A.	3M Film Construction(Shanghai) Co Limited
	3M Australia Pty. Limited	3M Taiwan Limited
	3M Canada Company	3M Technologies (S) Pte Ltd
	3M Do Brasil Limitada	3M Philippines, Inc.
	3M EMEA, GmbH	3M Health Care Sales Limited
	3M Espana, S.A.	3M Pakistan Private Limited

3M Hong Kong Limited
3M Innovation Singapore Pte Limited
3M Italia S.P.A.
3M Japan Ltd
3M Malaysia Sdn. Bhn.
3M Nederland Holding B.V.
3M Svenska AB
3M Sanayi AS Ticaret
3M Oesterreich GmbH
3M Korea Limited
3M Korea Health & Safety Ltd
3M Korea High Tech, Korea
3M United Kingdom PLC
3M Deutschland GmbH
3M ESPE Dental AG
EMFI SAS
3M Innovation Properties Company
Dyneon GmbH
3M Unitek Corporation
3M International Trading (TJ) Co., Limited
3M Material Tech(Guangzhou) Co., Limited
3M Wroclaw SP. Z O.O.
Biotrace Limited
3M Sweden
Wendt Boart S.A
3M Saudi Arabia
3M Cogent Systems (Shenzhen) Inc.
3M Health Care Ltd, Japan
3M Japan Products Ltd.
3M International Trading (Shanghai) Co., Ltd
3M New Zealand
3M Panama S.A
3M Speciality Materials
3M Traffic Manufacturing (Shanghai) Co. Ltd.
3M Rapphold Winterthur
3M Vietnam Limited
3M Turkey
3M Hellas Limited
3M Kenya Ltd.
3M CN Shenzhen
3M Germany Hilden GmbH
3M Industrial Tapes Ltd.
3M Innovation (Thailand) Co. Ltd.
3M International Trading (Shanghai) Co. Ltd.
3M LATIN AMERICA
3M Turkiye
3M UK Holdings Limited
3M Wendt GmbH
3M Winterthur Technologies AG
3M Touch System Singapore PTE
3M South Africa (Pty) Ltd

iii) Key management personnel

Executive Directors
Amit Laroya (Resigned effective 31 May 2016 as Managing Director)
Debarati Sen (Appointed effective 1 June 2016 as Managing Director)
B V Shankaranarayana Rao (Whole- time Director)

Non-executive Directors
Amit Laroya (Non-executive Director effective 1 June 2016)
Bharat D. Shah
Biren Gabhawala
Radhika Rajan (Appointed effective 27 May 2016)
Albert C. Wang
Sadhana Kaul (Resigned effective 27 May 2016)
Ramesh Ramadurai
Manuel B. Pardo

Others
Mamta Gore (Appointed effective 01 March 2018 as Chief Financial Officer)
Panagiotis Goulakos (Resigned effective 31 December 2017 as Chief Financial Officer)
V. Srinivasan (Company Secretary)

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

(Rs. in lakhs)

Name of related party	Relationship	31 March 2018	31 March 2017
Trade payables			
3M Company, USA	Holding company	6,765.71	13,165.16
3M APAC RDC Pte Limited	Fellow subsidiary	1,841.21	2,346.87
3M Argentina S.A.C.I.F.I.A.	Fellow subsidiary	-	49.24
3M Australia Pty. Limited	Fellow subsidiary	0.31	0.17
3M Belgium S.A./N.V.	Fellow subsidiary	-	5.46
3M Canada Company	Fellow subsidiary	339.86	638.63
3M China Limited	Fellow subsidiary	665.84	708.25
3M Do Brazil Limitada	Fellow subsidiary	145.41	49.89
3M EMEA, GmbH	Fellow subsidiary	2,535.12	3,916.13
3M Espana, S.A.	Fellow subsidiary	-	12.52
3M Espe Dental Ag	Fellow subsidiary	-	37.72
3M France S.A.S.	Fellow subsidiary	365.82	235.36
3M Germany Hilden GmbH	Fellow subsidiary	-	50.61
3M Gulf Limited	Fellow subsidiary	21.10	-
3M Health Care Ltd, Japan	Fellow subsidiary	-	2,929.17
3M Hong Kong Limited	Fellow subsidiary	32.07	2.82
3M Hellas Limited	Fellow subsidiary	151.59	-
3M Innovation Singapore Pte Limited	Fellow subsidiary	-	3,338.63
3M International Trading (Shanghai) Co. Ltd.	Fellow subsidiary	-	10.94
3M Italia S.P.A.	Fellow subsidiary	22.11	31.51
3M Korea	Fellow subsidiary	856.78	644.51
3M Korea Health & Safety Ltd	Fellow subsidiary	118.92	284.76
3M Korea High Tech Ltd, Korea	Fellow subsidiary	200.63	229.35
3M Malaysia Sdn. Bhn.	Fellow subsidiary	-	7.29
3M Material Tech(Guangzhou) Co., Limited	Fellow subsidiary	14.30	14.30
3M New Zealand	Fellow subsidiary	-	0.25
3M Panama S.A	Fellow subsidiary	11.23	36.95
3M Philippines, Inc.	Fellow subsidiary	3.12	-
3M Sanayi As Ticaret	Fellow subsidiary	-	1.04
3M Singapore Pte. Ltd.	Fellow subsidiary	5,949.84	1,480.24
3M Speciality Materials (Shanghai) Co. Ltd.	Fellow subsidiary	-	10.92
3M Svenska AB	Fellow subsidiary	-	0.70
3M Taiwan Limited	Fellow subsidiary	1.88	27.94
3M Thailand Limited	Fellow subsidiary	7.14	216.16
3M United Kingdom Plc	Fellow subsidiary	-	2.27
3M Unitek Corporation	Fellow subsidiary	72.77	95.37
3M Wroclaw Sp. Z O.O.	Fellow subsidiary	9.27	107.47
Dyneon GmbH	Fellow subsidiary	14.53	30.08
Emfi Sas	Fellow subsidiary	-	128.46
Sumitomo 3M Limited	Fellow subsidiary	2,364.97	-
P.T. 3M Indonesia	Fellow subsidiary	0.02	2.18
		22,511.55	**30,849.32**

(Rs. in lakhs)

Name of related party	Relationship	31 March 2018	31 March 2017
Other payables			
3M Company, USA	Holding company	1,215.98	3,362.48
3M Electro & Communication India Private Limited	Fellow subsidiary	1.16	23.67
3M Gulf Limited	Fellow subsidiary	-	27.39
3M Singapore Pte. Ltd.	Fellow subsidiary	100.77	67.39
		1,317.91	**3,480.93**
Trade receivables			
3M Company, USA	Holding company	84.44	53.99
3M China Limited	Fellow subsidiary	0.83	14.00
3M Electro & Communication India Private Limited	Fellow subsidiary	1.17	2.11
3M EMEA, GmbH	Fellow subsidiary	34.57	80.01
3M Hong Kong Limited	Fellow subsidiary	8.29	2.06
3M Italia S.P.A.	Fellow subsidiary	43.98	64.98
3M Korea Limited	Fellow subsidiary	51.68	0.79
3M Lanka Private Limited	Fellow subsidiary	68.58	63.66
3M Malaysia Sdn. Bhn.	Fellow subsidiary	-	160.63
3M Pakistan Private Limited	Fellow subsidiary	27.28	16.82
3M Philippines, Inc.	Fellow subsidiary	9.31	-
3M Singapore PTE Ltd	Fellow subsidiary	5.46	-
3M Speciality Materials (Shanghai) Co. Ltd.	Fellow subsidiary	7.73	7.72
3M Sanayi As Ticaret	Fellow subsidiary	20.42	-
3M Taiwan Limited	Fellow subsidiary	0.30	-
3M Thailand Limited	Fellow subsidiary	76.43	-
3M Vietnam Limited	Fellow subsidiary	11.30	-
P.T. 3M Indonesia	Fellow subsidiary	6.74	1.18
Sumitomo 3M Limited	Fellow subsidiary	3.04	3.15
		461.55	**471.10**
Other receivables			
3M China Limited	Fellow subsidiary	516.40	260.38
3M Kenya Ltd.	Fellow subsidiary	12.20	48.25
3M Korea Limited	Fellow subsidiary	492.34	161.23
3M Innovation Singapore Pte Ltd	Fellow subsidiary	78.31	-
3M Thailand Limited	Fellow subsidiary	26.53	16.63
3M Lanka Private Limited	Fellow subsidiary	130.21	-

(Rs. in lakhs)

Name of related party	Relationship	31 March 2018	31 March 2017
P.T. 3M Indonesia	Fellow subsidiary	292.64	202.79
3M Speciality Materials (Shanghai) Co. Ltd.	Fellow subsidiary	22.94	-
3M United Kingdom Plc	Fellow subsidiary	9.39	-
3M France S.A.S.	Fellow subsidiary	96.68	-
3M Belgium S.A/N.V	Fellow subsidiary	18.82	-
3M Argentina S.A.C.I.F.I.A.	Fellow subsidiary	710.85	-
3M Cogent Systems (Shenzhen) Inc.	Fellow subsidiary	10.65	-
3M APAC RDC Pte Limited	Fellow subsidiary	0.04	-
3M International Trading (Shanghai) Co. Ltd.	Fellow subsidiary	31.34	-
3M Traffic Manufacturing (Shanghai) Co. Ltd.	Fellow subsidiary	3.23	-
		2,452.57	**689.28**

Name of related party	Relationship	31 March 2018	31 March 2017
Remuneration paid to Key management personnel #			
Debarati Sen	Managing Director	474.96	335.80
Amit Laroya	Managing Director / Non-executive Director	-	88.99
B V Shankaranarayana Rao	Whole-time Director	183.53	179.57
Mamta Gore	Chief Financial Officer	15.33	-
Panagiotis Goulakos	Chief Financial Officer	179.74	220.79
V. Srinivasan	Company Secretary	43.42	39.02
		896.98	**864.17**

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

Name of related party	Relationship	31 March 2018	31 March 2017
Sitting fees and commission paid to Key management personnel			
Bharat D. Shah	Non-executive and Independent Director	18.40	18.40
Biren Gabhawala	Non-executive and Independent Director	18.00	18.00
Radhika Rajan	Non-executive and Independent Director	17.00	14.10
		53.40	**50.50**

(Rs. in lakhs)

Name of related party	Relationship	31 March 2018	31 March 2017
Sales of products (net of returns)			
3M Company, USA	Holding company	320.66	238.60
3M Gulf Limited	Fellow subsidiary	92.93	1,303.52
3M Thailand Limited	Fellow subsidiary	304.66	231.76
3M Malaysia Sdn Bhd	Fellow subsidiary	311.77	184.75
3M Korea Limited	Fellow subsidiary	69.86	182.87
P.T. 3M Indonesia	Fellow subsidiary	50.13	163.38
3M Italia S.P.A	Fellow subsidiary	127.25	155.27
3M EMEA, GmbH	Fellow subsidiary	13.97	99.24
3M Pakistan Private Limited	Fellow subsidiary	61.83	91.56
3M Lanka Private Limited	Fellow subsidiary	42.98	84.69
3M Belgium S.A/N.V	Fellow subsidiary	-	43.96
3M Material Technology (Hefei) Co Limited	Fellow subsidiary	-	35.81
3M China Limited	Fellow subsidiary	30.41	28.13
3M Electro & Communication India Private Limited	Fellow subsidiary	70.83	17.71
3M Hong kong Limited	Fellow subsidiary	12.88	12.34
3M Flim Construction (Shanghai) Co Limited	Fellow subsidiary	-	7.73
3M Japan Ltd	Fellow subsidiary	-	7.50
3M Technologies (S) Pte Ltd	Fellow subsidiary	-	5.80
3M Svenska AB	Fellow subsidiary	-	4.97
3M Taiwan Limited	Fellow subsidiary	0.30	3.71
3M Philippines, Inc	Fellow subsidiary	25.56	2.37
3M Australia Pty. Limited	Fellow subsidiary	9.32	1.76
3M Vietnam Limited	Fellow subsidiary	10.09	1.29
3M APAC RDC Pte Limited	Fellow subsidiary	-	0.55
3M Turkey	Fellow subsidiary	-	0.17
3M Sanay AS Ticaret	Fellow subsidiary	20.52	-
3M Singapore Pte. Ltd.	Fellow subsidiary	10.53	-
3M Mexico, S.A. de C.V.	Fellow subsidiary	1.74	-
Sumitomo 3M Limited	Fellow subsidiary	8.12	-
3M Saudi Arabia	Fellow subsidiary	31.39	-
3M South Africa (Pty) Ltd	Fellow subsidiary	0.19	-
		1,627.92	**2,909.43**
Income from contract research			
3M Company, USA	Holding company	2,320.80	2,295.37
		2,320.80	**2,295.37**

(Rs. in lakhs)

Name of related party	Relationship	31 March 2018	31 March 2017
Income from management support services			
3M Company, USA	Holding company	553.49	390.82
3M Lanka Private Limited	Fellow subsidiary	130.21	-
		683.70	**390.82**
Recharges/ reimbursement of expenses received			
3M Company, USA	Holding company	1,096.11	555.24
P.T. 3M Indonesia	Fellow subsidiary	390.72	68.23
3M Korea Limited	Fellow subsidiary	476.11	343.24
3M Singapore PTE Ltd	Fellow subsidiary	165.38	163.18
3M Flim Construction (Shanghai) Co Limited	Fellow subsidiary	390.68	299.40
3M Thailand Limited	Fellow subsidiary	23.22	24.74
3M Kenya Ltd.	Fellow subsidiary	12.07	243.51
3M Electro & Communication India Private Limited	Fellow subsidiary	191.69	191.68
		2,745.98	**1,889.22**
Sale of capital goods			
3M Svenska AB	Fellow subsidiary	4.73	-
		4.73	**-**
Purchase of materials (net of returns)			
3M Company, USA	Holding company	30,457.89	32,598.80
3M APAC RDC Pte Limited	Fellow subsidiary	6,444.44	8,099.54
3M Australia Pty. Limited	Fellow subsidiary	-	4.86
3M Belgium S.A./N.V.	Fellow subsidiary	10.85	16.26
3M Canada Company	Fellow subsidiary	405.56	842.88
3M China Limited	Fellow subsidiary	800.20	675.03
3M CN Shenzhen	Fellow subsidiary	1.63	222.42
3M Deutschland GmbH	Fellow subsidiary	-	1,220.69
3M Do Brasil Limitada	Fellow subsidiary	236.91	366.54
3M EMEA, GmbH	Fellow subsidiary	3,334.14	859.36
3M Espana, S.A.	Fellow subsidiary	105.10	99.21
3M ESPE Dental AG	Fellow subsidiary	601.26	1,223.59
3M Film Construction(Shanghai) Co Limited	Fellow subsidiary	-	11.12
3M France S.A.S.	Fellow subsidiary	806.64	134.39
3M Germany Hilden GmbH	Fellow subsidiary	-	423.88
3M Hong Kong Limited	Fellow subsidiary	8.71	19.42
3M Industrial Tapes Ltd.	Fellow subsidiary	-	10.99
3M Innovation (Thailand) Co. Ltd.	Fellow subsidiary	0.76	0.73
3M Innovation Singapore Pte Limited	Fellow subsidiary	15,580.58	13,149.78
3M International Trading (Shanghai) Co. Ltd.	Fellow subsidiary	-	33.09
3M International Trading (TJ) Co., Limited	Fellow subsidiary	-	127.15

(Rs. in lakhs)

Name of related party	Relationship	31 March 2018	31 March 2017
3M Italia S.P.A.	Fellow subsidiary	45.59	66.67
3M Japan Ltd	Fellow subsidiary	-	292.27
3M Korea Health & Safety Ltd	Fellow subsidiary	577.09	797.50
3M Korea High Tech Ltd, Korea	Fellow subsidiary	-	653.37
3M Korea Limited	Fellow subsidiary	2,090.18	1,701.64
3M LATIN AMERICA	Fellow subsidiary	-	212.22
3M Malaysia Sdn. Bhn.	Fellow subsidiary	-	14.79
3M Material Tech(Guangzhou) Co., Limited	Fellow subsidiary	0.14	-
3M New Zealand	Fellow subsidiary	-	0.25
3M Panama S.A	Fellow subsidiary	18.53	55.52
3M Philippines, Inc.	Fellow subsidiary	3.38	1.68
3M Speciality Materials (Shanghai) Co. Ltd.	Fellow subsidiary	357.43	152.38
3M Svenska AB	Fellow subsidiary	-	464.52
3M Taiwan Limited	Fellow subsidiary	13.20	100.70
3M Thailand Limited	Fellow subsidiary	209.32	344.23
3M Turkiye	Fellow subsidiary	-	1.07
3M UK Holdings Limited	Fellow subsidiary	1,539.64	-
3M United Kingdom PLC	Fellow subsidiary	10.92	1,556.33
3M Unitek Corporation	Fellow subsidiary	230.49	630.52
3M Wendt GmbH	Fellow subsidiary	131.00	11.04
3M Winterthur Technologies AG	Fellow subsidiary	336.07	294.28
3M Wroclaw SP. Z O.O.	Fellow subsidiary	203.30	130.44
Dyneon B.V.	Fellow subsidiary	23.05	13.97
Dyneon GmbH	Fellow subsidiary	1,395.48	824.00
3M International Trading (Shanghai) Co., Ltd	Fellow subsidiary	108.98	-
3M Korea High Tech, Korea	Fellow subsidiary	550.34	-
3M Singapore Pte. Ltd.	Fellow subsidiary	1.30	-
3M Technologies (S) Pte Ltd	Fellow subsidiary	25.46	-
3M Touch System Singapore PTE	Fellow subsidiary	4.08	-
Wendt Boart S.A	Fellow subsidiary	0.34	-
3M Sweden	Fellow subsidiary	553.97	-
EMFI SAS	Fellow subsidiary	-	801.18
P.T. 3M Indonesia	Fellow subsidiary	10.29	8.58
Sumitomo 3M Limited	Fellow subsidiary	7,412.55	8,508.81
		74,646.79	**77,777.69**
Corporate management fees (excluding ineligible portion of service tax)			
3M Company, USA	Holding company	10,311.42	9,442.73
3M Hong Kong Limited	Fellow subsidiary	32.07	113.75
		10,343.49	**9,556.48**

(Rs. in lakhs)

Name of related party	Relationship	31 March 2018	31 March 2017
Royalty (excluding ineligible portion of service tax)			
3M Company, USA	Holding company	3,021.06	2,936.09
		3,021.06	**2,936.09**
Recharges of expenses paid			
3M Company, USA	Holding company	339.37	94.02
3M Hellas Limited	Fellow subsidiary	99.18	217.19
3M Electro & Communication India Private Limited	Fellow subsidiary	-	58.23
		438.55	**369.44**

33 Segment Reporting

A. Basis for segmentation

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

The Company operates mainly to the needs of domestic market and export turnover is not significant in context of total turnover. Accordingly, there are no reportable geographical segments. The Company has five reportable segments, as described below. For each of the segments, the Company's Managing Director reviews internal management reports on at least a quarterly basis.

Segment revenue, results, assets and liabilities figures include the respective amounts identifiable to each of the segments. Other unallocable income net off unallocable expenditure are towards common services to the segments which are not directly identifiable to the individual segments as well as those at a corporate level which relate to the Company as a whole.

The following summary describes the products included in each of the Company's reportable segment:

Reportable segments	Products
Industrial	Major products under this segment include vinyl, polyester, foil and specialty industrial tapes and adhesives: Scotch Masking Tape, Scotch Filament Tape and Scotch Packaging Tape, Functional and Decorative Graphics, Abrasion-Resistant Films, Masking Tapes and Other Specialty Materials.
Health care	Major products include medical and surgical supplies, medical devices, skin & wound care and infection prevention products & solutions, drug delivery systems, dental and orthodontic products and food safety products.
Safety and Graphics	Major product under this segment include personal protection products, brand & asset protection solutions, border control products, passive fire protection products for industries and commercial establishments, track and trace products, cleaning and hygiene products for the hospitality industry. Graphics business consists of four divisional subsets- the Traffic Safety Systems Division (TSSD), the Commercial Graphics Division (CGD), the Architectural Markets Division (AMD) and the Mobile Interactive Solutions Division (MISD). TSSD products include retro reflective traffic signs for highways and cities, pavement marking and vehicle registration products and services. CGD portfolio includes products like films, inks and digital signage products. AMD products includes wall and glass cladding products coupled with architectural interior services and environmental graphics for home and office spaces. MISD products include projection systems, computer and ATM-screen privacy filters and brightness enhancement films for television, avionics and automotive displays.
Consumer	Consumer and Office business includes products such as Scotch brand, addressing the Home & Office tapes, Adhesives, Packaging protection platforms, Post-it brand with a product range of Note Pads, Dispensers, Flagging solution, Labels and Scotchguard brand addressing the stain protection market.
Energy	Energy business includes products such as Fusion Bonded Epoxy coatings, Sun films and renewable energy.

B. Information about reportable segments

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

(Rs. in lakhs)

	31 March 2018	31 March 2017
Segment revenue (revenue from operations)		
a) Industrial	107,493.27	105,884.24
b) Health Care	40,062.92	37,259.60
c) Safety and Graphics	66,091.17	61,535.74
d) Consumer	27,286.70	24,868.53
e) Energy	15,477.61	13,373.80
f) Others *	1,627.93	2,863.02
Total revenue	**258,039.60**	**245,784.93**
*** Includes exports sales**	**1,627.93**	**2,863.02**
Segment results		
a) Industrial	19,917.21	15,120.59
b) Health Care	7,779.21	5,204.54
c) Safety and Graphics	8,507.45	4,916.22
d) Consumer	4,796.84	3,506.91
e) Energy	2,354.96	2,538.48
f) Others	445.16	915.78
Total segment results	43,800.83	32,202.52
Add: Other un-allocable income net off un-allocable expenditure	4,167.47	4,719.44
Profit before tax	47,968.30	36,921.96
Tax expense	16,914.74	12,846.22
Profit after tax	**31,053.56**	**24,075.74**
Segment assets		
a) Industrial	47,016.35	42,634.05
b) Health Care	19,352.14	17,961.36
c) Safety and Graphics	30,293.45	26,609.01
d) Consumer	11,883.36	9,630.98
e) Energy	7,597.92	5,496.14
f) Unallocated corporate assets	97,392.03	90,821.39
Total assets	**213,535.25**	**193,152.93**
Segment liability		
a) Industrial	15,282.91	17,571.94
b) Health Care	4,760.40	5,979.18
c) Safety and Graphics	9,704.24	11,157.54
d) Consumer	2,364.87	2,694.56
e) Energy	2,723.35	2,505.19
f) Unallocated corporate liabilities	25,032.76	30,605.11
Total liabilities	**59,868.53**	**70,513.52**
Capital expenditure		
a) Industrial	569.45	650.39
b) Health Care	174.37	33.39
c) Safety and Graphics	159.42	9.09
d) Consumer	193.91	61.58
e) Energy	79.80	16.98
f) Unallocated capital expenditure	464.15	640.59
Total capital expenditure	**1,641.10**	**1,412.02**

(Rs. in lakhs)

		31 March 2018	31 March 2017
Depreciation and amortisation expenses			
a)	Industrial	1,573.01	2,852.14
b)	Health Care	734.62	418.99
c)	Safety and Graphics	486.58	82.03
d)	Consumer	574.16	88.11
e)	Energy	337.90	282.24
f)	Unallocated depreciation / amortisation expenses	474.05	951.23
Total depreciation / amortisation expenses		**4,180.32**	**4,674.74**
Non cash expenses other than depreciation and amortisation expense			
a)	Industrial	-	-
b)	Health Care	-	-
c)	Safety and Graphics	-	-
d)	Consumer	-	-
e)	Energy	-	-
f)	Unallocated non cash expenses	744.99	36.12
Total non cash expenses		**744.99**	**36.12**

Segment revenue, results, assets and liabilities figures include the respective amounts identifiable to each of the segments. Other un-allocable income net off un-allocable expenditure are towards common services to the segments which are not directly identifiable to the individual segments as well as those at a corporate level which relate to the Company as a whole.

34 Corporate social responsibility

During the year, the amount required to be spent on corporate social responsibility activities amounted to Rs. 557.92 lakhs (31 March 2017: Rs. 361.08 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 2018	31 March 2017
(i) Amount spent other than for construction / acquisition of any asset	564.51	346.59
(ii) Amount not spent	-	14.49
Total	**564.51**	**361.08**

35 Contingent liabilities and commitments:

(Rs. in lakhs)

As at		31 March 2018	31 March 2017
a)	Guarantees:		
	-Issued by Company's bankers	2,196.94	1,830.47
b)	Claims against the Company not acknowledged as debts:		
	- Income tax demand (including interest) (refer note (i) below)	9,351.26	5,726.92
	- Custom duty demands (refer note (ii) and (iii) below)	18,348.54	9,969.00
	- Sales tax matters (refer note (iv) below)	6,363.17	12,788.12
	- Service tax matters (refer note (v) below)	782.15	544.47
	- Central excise duty matters (refer note (vi) below)	1,128.30	1,128.30
c)	Bills discounted	109.97	-

Notes:

(i) Income tax matters mainly relate to inter-Company 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 8th 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 8th December 2011 to 7th February 2014. The Company has received an order in original on 1st October 2017 from Additional Director General – DRI (Adjudication), Mumbai confirming the demand raised in show cause notice to the tune of Rs.7,693.52 lakhs along with penalty equivalent to the duty and additional penalty of Rs.1,000 lakhs and interest. The Company has filed an appeal against this order with CESTAT, Mumbai after making payment of mandatory deposit of Rs.577 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 2005-06 to 2013-14. These cases are with respect to the applicable rate of tax for various products and matters pertaining to declaration forms.

(v) Service tax matters relates to cases with respect to manner of apportionment of credit availed by the Company without registering as an Input service distributor.

(vi) Excise matters relates to penalty for allegedly dealing in goods liable to confiscation under Rule 26 of the Central Excise Act.

Capital commitments	31 March 2018	31 March 2017
Estimated value of contracts in capital account remaining to be executed	365.81	175.44

During the year ended 31 March 2018 no material foreseeable loss (previous year: nil) was incurred for any long-term contract including derivative contracts.

36 Tax expenses

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

	31 March 2018	31 March 2017
Current tax	17,256.13	12,788.65
Deferred tax expense / (income) related to:		
Origination and reversal of temporary differences	(341.39)	57.57
Tax expense for the year	**16,914.74**	**12,846.22**

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

	31 March 2018		31 March 2017	
Profit before tax		47,968.30		36,921.96
Less: Exceptional items, net		-		-
Profit before tax and exceptional items		**47,968.30**		**36,921.96**
Tax at statutory income tax rate 34.61% (31 March 2017 - 34.61%)	**34.61%**	**16,601.83**	**34.61%**	**12,777.95**
Tax effects of amounts which are not deductible / (taxable) in calculating taxable income:				
Non-deductible expenses	0.91%	438.64	0.24%	90.25
Income taxable at a lower rate	0.00%	-	-0.01%	(2.97)
Others	-0.26%	(125.73)	-0.05%	(19.01)
Income tax expense	**35.26%**	**16,914.74**	**34.79%**	**12,846.22**

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

Particulars	Deferred tax assets		Deferred tax liabilities		Deferred tax, net	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Property, plant and equipment	-	-	2,087.37	2,206.27	2,087.37	2,206.27
Employee benefits expense	888.93	834.52	-	-	(888.93)	(834.52)
Provisions	2,333.24	2,093.01	-	-	(2,333.24)	(2,093.01)
Other items	-	58.27	-	-	-	(58.27)
	3,222.17	**2,985.80**	**2,087.37**	**2,206.27**	**(1,134.80)**	**(779.53)**

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

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

(Rs. in lakhs)

Particulars	Balance as at 1 April 2017	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	Others	Balance as at 31 March 2018
Property, plant and equipment	2,206.27	(118.90)	-	-	-	2,087.37
Employee benefits expense	(834.52)	(40.53)	(13.88)	-	-	(888.93)
Provisions	(2,093.01)	(240.23)	-	-	-	(2,333.24)
Other items	(58.27)	58.27	-	-	-	-
	(779.53)	**(341.39)**	**(13.88)**	**-**	**-**	**(1,134.80)**

(e) Details of income tax assets and income tax liabilities *(Rs. in lakhs)*

	31 March 2018	31 March 2017
Income tax assets (net)	4,330.16	3,582.96
Current tax liabilities (net)	(1,868.32)	(3,298.92)
Net current income tax asset/ (liability) at the end of the year	**2,461.84**	**284.04**

(f) The gross movement in the current income tax asset / (liability) *(Rs. in lakhs)*

	31 March 2018	31 March 2017
Net current income tax asset / (liability) at the beginning of the year	284.04	807.22
Income tax paid	19,433.93	12,136.21
Current income tax expense	(17,256.13)	(12,788.65)
Income tax on the other comprehensive income	-	129.26
Net current income tax asset/ (liability) at the end of the year	**2,461.84**	**284.04**

37 Provision movement

(Rs. in lakhs)

	1 April 2017	Addition	Utilisation/ reversals	31 March 2018
a) Warranty	233.40	-	151.77	81.63
b) Asset retirement obligation	90.47	0.03	-	90.50
c) Sales tax, service tax and other issues	1,627.30	420.85	-	2,048.15
d) Credit notes and sales return	3,888.64	216.66	-	4,105.30
	5,839.81	**637.54**	**151.77**	**6,325.58**

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

38 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 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 2018 and 31 March 2017 was as follows:

(Rs. in lakhs)

Particulars	31 March 2018	31 March 2017	31 March 2016	1 April 2015
Debt	946.17	978.20	1,115.97	1,430.99
Total equity	153,666.72	122,639.41	98,807.90	79,391.33
Debt to total equity ratio	0.62%	0.80%	1.13%	1.80%

39 Financial Instruments - Fair values and risk management

A. Accounting classification and fair values

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

(Rs. in lakhs)

		Carrying amount				
	Note	Mandatorily at FVTPL - others	FVOCI- debt instruments	FVOCI- equity instruments	Other financial assets - amortised	Total carrying amount
31 March 2018						
Financial assets not measured at fair value						
Trade receivables	6	-	-	-	52,963.65	52,963.65
Loans to employees	7	-	-	-	79.99	79.99
Security deposits	7	-	-	-	1,320.27	1,320.27
Other financial assets	8	-	-	-	4,114.09	4,114.09
Cash and cash equivalents	11	-	-	-	78,931.24	78,931.24
		-	-	-	**137,409.24**	**137,409.24**
Financial liabilities not measured at fair value						
Finance lease obligation	14, 17	-	-	-	946.17	946.17
Trade payables	16	-	-	-	32,079.95	32,079.95
Other financial liabilities	17	-	-	-	14,120.67	14,120.67
					47,146.79	**47,146.79**
31 March 2017						
Financial assets not measured at fair value						
Trade receivables	6	-	-	-	40,791.66	40,791.66
Loans to employees	7	-	-	-	80.57	80.57
Security deposits	7	-	-	-	1,382.65	1,382.65
Other financial assets	8	-	-	-	1,780.59	1,780.59
Cash and cash equivalents	11	-	-	-	74,415.90	74,415.90
		-	-	-	**118,451.37**	**118,451.37**
Financial liabilities not measured at fair value						
Finance lease obligation	14, 17	-	-	-	978.20	978.20
Trade payables	16	-	-	-	39,983.76	39,983.76
Other financial liabilities	17	-	-	-	15,200.28	15,200.28
					56,162.24	**56,162.24**

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

B. Financial Risk Management

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

- Credit risk
- Liquidity risk
- Market risk

i. Risk management framework

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

ii. Credit risk

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

(a) *Financial assets that are not credit impaired*

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

(b) *Financial assets that are credit impaired*

Trade receivables

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

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

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

(Rs. in lakhs)

	Carrying amount	
	31 March 2018	31 March 2017
India	55,514.91	42,588.38
Other regions	461.55	471.10
	55,976.46	**43,059.48**

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

(Rs. in lakhs)

	Carrying amount	
	31 March 2018	31 March 2017
Distributors	31,004.37	22,509.30
Other	24,972.09	20,550.18
	55,976.46	**43,059.48**

Expected credit loss assessment for the Company as 31 March 2017 and 2018.

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

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

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward looking information.

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Out of the total trade receivables of Rs. 55,976.46 lakhs (31 March 2017: 43,059.48 lakhs), the exposure considered for expected credit loss is Rs. 54,538.37 lakhs (31 March 2017 :Rs. 41,414.71). The balance which is not considered for impairment pertains to intercompany receivables and secured debtors.

The following table provides information about the exposure to credit risk and expected credit loss for trade and other receivables:

(Rs. in lakhs)

	Gross carrying amount	Weighted average loss rate	Loss allowance
31 March 2018			
Current (not past due)	45,804.07	1.62%	741.62
0-90 days	5,745.68	6.19%	355.87
91-180 days	1,237.74	21.09%	261.04
181-270 days	193.83	62.30%	120.76
271-360 days	392.07	94.00%	368.55
> 360 days	1,164.98	100.00%	1,164.97
	54,538.37		**3,012.81**
31 March 2017			
Current (not past due)	36,430.14	2.63%	956.77
0-90 days	3,544.85	8.22%	291.34
91-180 days	494.41	29.72%	146.92
181-270 days	182.96	68.11%	124.61
271-360 days	351.99	95.97%	337.83
> 360 days	410.36	100.00%	410.35
	41,414.71		**2,267.82**

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 2018	31 March 2017
Balance as at 1 April	2,267.82	4,577.42
Impairment loss recognised / (reversed) / (write off)	744.99	(2,309.60)
Balance as at 31 March	**3,012.81**	**2,267.82**

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the contractual maturities of significant financial liabilities -

(Rs. in lakhs)

Particulars	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
31 March 2018					
Non-derivative financial liabilities					
Finance lease obligations	458.43	296.43	191.31	-	946.17
Trade and other payables	46,200.62	-	-	-	46,200.62
	46,659.05	**296.43**	**191.31**	**-**	**47,146.79**
31 March 2017					
Non-derivative financial liabilities					
Finance lease obligations	516.21	301.15	160.84	-	978.20
Trade and other payables	55,184.04	-	-	-	55,184.04
	55,700.25	**301.15**	**160.84**	**-**	**56,162.24**

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk. Thus, the exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Exposure to currency risk

The summary quantitative data about the Company's exposure to currency risk as reported to the management is as follows.

(Rs in lakhs)

	31 March 2018			31 March 2017		
	USD	EURO	Others	USD	EURO	Others
Trade and other payables	18,812.07	3,146.66	2,833.05	23,882.41	5,064.77	7,293.80
Trade and other receivables	2,912.95	-	-	1,158.27	-	-
Net exposure in respect of recognised assets and liabilities	**15,899.12**	**3,146.66**	**2,833.05**	**22,724.14**	**5,064.77**	**7,293.80**

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
31 March 2018				
USD (for 1% movement)	158.99	(158.99)	103.90	(103.90)
EURO (for 1% movement)	31.47	(31.47)	20.56	(20.56)
Others (for 1% movement)	28.33	(28.33)	18.51	(18.51)
	218.79	**(218.79)**	**142.97**	**(142.97)**
31 March 2017				
USD (for 1% movement)	227.24	(227.24)	148.50	(148.50)
EURO (for 1% movement)	50.65	(50.65)	33.10	(33.10)
Others (for 1% movement)	72.94	(72.94)	47.67	(47.67)
	350.83	**(350.83)**	**229.27**	**(229.27)**

40 Research and development expenses

(Rs. in lakhs)

For the year ended	31 March 2018	31 March 2017
Capital expenditure	235.00	251.74
Revenue expenditure	5,656.60	4,710.64
	5,891.60	**4,962.38**

As per our report of even date attached
For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Amit Somani
Partner
Membership No: 060154
Place: Bangalore
Date: May 30, 2018

For and on behalf of the Board of Directors

Debarati Sen
Managing Director
[DIN: 07521172]

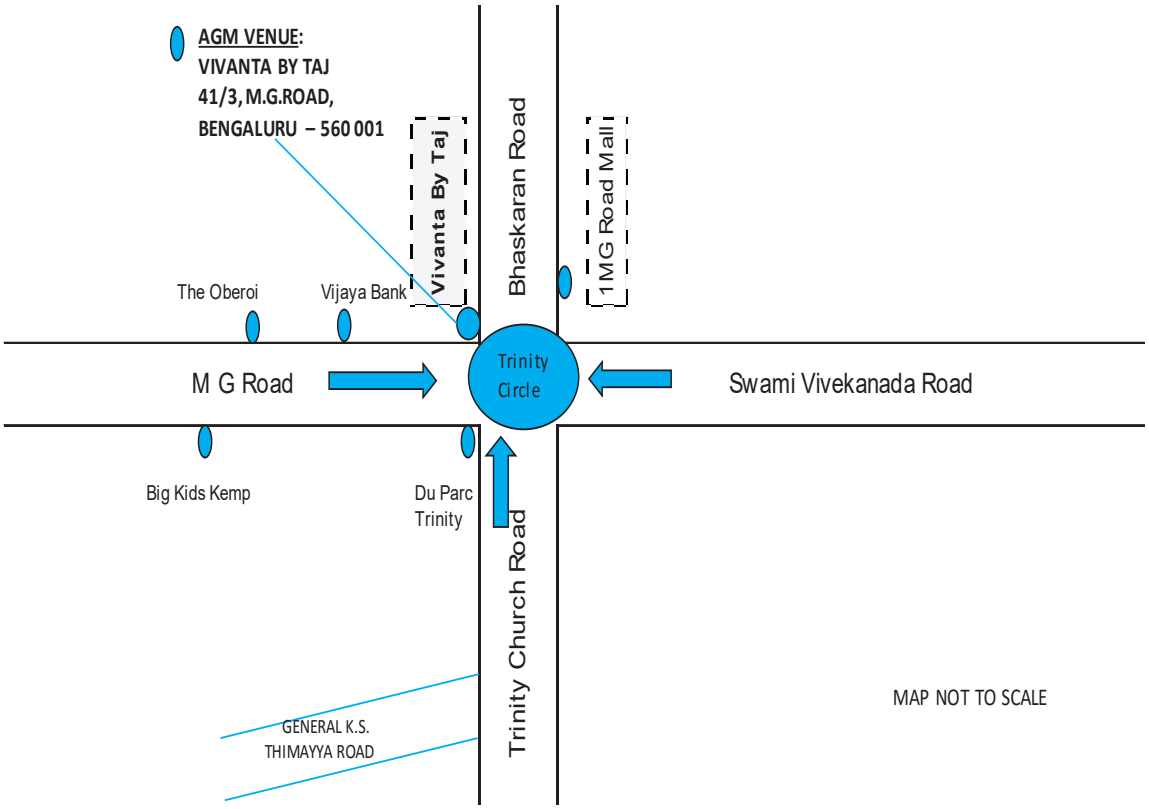
B V Shankaranarayana Rao
Whole-time Director
[DIN – 00044840]

Mamta Gore
Chief Financial Officer
[PAN: AKIPG9089M]

V. Srinivasan
Company Secretary
[ACS – 16430]

Place: Bangalore
Date: May 30, 2018

ROUTE MAP TO THE VENUE OF THE ANNUAL GENERAL MEETING OF THE COMPANY TO BE HELD ON FRIDAY, AUGUST 10, 2018 AT TRINITY HALL, VIVANTA BY TAJ, 41/3, M.G. ROAD, BENGALURU – 560 001.



ATTENDANCE SLIP

(To be presented at the entrance)

3M INDIA LIMITED

CIN: L31300KA1987PLC013543

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

Phone: 080-22231414, Fax: 080-2223 1450 email id: vsrinivasan@mmm.com, website: www.3m.com/in

31st ANNUAL GENERAL MEETING ON FRIDAY, AUGUST 10, 2018 AT 11.00 A.M. at Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001.

I/We hereby record my / our presence at the 31st Annual General Meeting of the Company on Friday, August 10, 2018 at Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001 at 11.00 A.M.

.....	.....	.....
Member's Folio/DPID-Client ID No.	Member's/ Proxy's name in Block Letters	Member's/ Proxy's Signature

Note:

1. Sign this attendance slip and hand it over at the attendance verification counter at the entrance of the meeting Hall.
2. Bodies corporate, whether a Company or not, who are members, may attend through their authorized representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorization should be deposited with the Company.
3. In case of shares held in demat/electronic form, the signature of the Beneficial Owner is liable for verification with the record furnished to the Company by NSDL/CDS.
4. Electronic copy of the Annual Report for 2017-18 and Notice of the Annual General Meeting (AGM) along with attendance slip and proxy form is being sent to all the members whose email address is registered with the Company/ Depository Participant unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
5. Physical copy of the Annual Report for 2017-18 and Notice of the AGM along with the attendance slip and proxy form is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

The electronic voting particulars are set out below:

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

Please refer Notice for instructions on remote e voting.

E-voting facility is available during the following voting period

Commencement of remote e-voting	End of remote E-voting
Tuesday, August 7, 2018 (from 9.00 am)	Thursday, August 9, 2018 (up to 5.00 PM)

PROXY FORM

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31st ANNUAL GENERAL MEETING ON FRIDAY, AUGUST 10, 2018 AT 11.00 A.M. at Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001.

Name of the member(s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP/ID:

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

(1) Name:_____ Address:_____

E-mail id:_____ Signature:_____ or failing him;

(2) Name:_____ Address:_____

E-mail id:_____ Signature:_____ or failing him;

(3) Name:_____ Address:_____

E-mail id:_____ Signature:_____ or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 31st Annual General Meeting of the Company, to be held on August 10 , 2018, Friday at 11.00 A.M. at Trinity Hall, Vivanta by Taj, 41/3, M.G. Road, Bengaluru – 560 001 and at any adjournment thereof in respect of such Resolutions as are indicated below:

Resolution No.	Resolutions	Optional*	
		For	Against
	ORDINARY BUSINESS		
1	Adoption of financial statements for the financial year ended March 31, 2018.		
2.	Re-appointment of Mr. Albert C Wang (DIN: 05234667), who retires by rotation.		
	SPECIAL BUSINESS		
3.	Ratification of remuneration payable to Messrs. Rao, Murthy & Associates, Cost Auditors for the financial year 2018-19.		

Signed this..... day of..... 2018

Affix Revenue Stamp

Signature of shareholder .....

Signature of Proxy holder(s) .....

Note :

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office/ Corporate Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 31st Annual General Meeting.
3*. It is optional to put a 'X' in the appropriate column against the resolutions indicated in the Box. if you leave the 'For' or 'Against' column blank against any or all Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission

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3M India Limited

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www.3M.com/in

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