





NOTICE

The 10th Annual General Meeting of the Members of the Company will be held at the Hotel Taj Residency, Bangalore, on 19th September 1997 at 3.00 p.m. to transact the following business:

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited accounts for the year ended 31st march 1997, together with the reports of the Directors' and Auditors' thereon.
2. To appoint the Auditors and fix their remuneration.

SPECIAL BUSINESS :

3. To appoint Directors pursuant to Article 110 of the Articles of Association of the Company.
4. To consider and if thought fit, to pass with or without modification as an ordinary resolution, the following :
"RESOLVED THAT the Company hereby approves the remuneration of Shri. Walt F. Scheela in his capacity as whole time Director from 24.2.96 to 31.3.96 & as the Company's Managing Director for a period of five years commencing from 1st April 1996 at Rupees Five Lakhs per month".

NOTES :

1. A member entitled to attend and vote is entitled to appoint a proxy and vote instead of him and the proxy need not be a member of the Company. Proxies should reach the registered office of the Company before 3.00 p.m. on 17.9.1997.
2. The Register of Members and the Share Transfer books of the Company will remain closed from 19th August to 19th September 1997.
3. Any change in the address may please be intimated to the Company's Share Transfer Agents namely, Karvy Consultants Limited, Girija Towers, 145/9, 6th A-C Main, 30th Cross, Jayanagar IV Block, Bangalore - 560 011.
4. The Explanatory Statement pursuant to Section 173 is annexed.

By Order of the Board

Joint Secretary

Place : Bangalore

Date : 10th August 1997

EXPLANATORY STATEMENT u/s 173 (2) OF THE COMPANIES ACT, 1956.**Item No. 3**

Under Article 110 of the Articles of Association of the Company, the Directors other than the non-retiring directors and alternate directors are required to be appointed once in every 3 years, according to the principle of proportionate presentation as provided in Section 265 of the Companies Act, 1956. The non-retiring Directors are Shri. Walt F. Scheela and Shri. Yashovardhan Birla.

The remaining Directors, Shri. M.N. Mehta, Shri. V. N. Nadkarni, Shri. Ron Harber, Shri. Tony Gastaldo, Shri. U. S. Sethia & Shri. Tom Spencer retire at this Annual General Meeting.

Shri. M. N. Mehta, Shri. V. N. Nadkarni, Shri. Ron Harber, Shri. Tony Gastaldo, Shri. U. S. Sethia and Shri. Tom Spencer are eligible for re-appointment. Notices under Section 257 of the Companies Act, 1956 in connection with the re-appointment of these Directors have been received by the Company.

Item No. 4

During the year the Company has received the approval of the Central Government through their letter dated 1.5.97 for the appointment of Shri. Walt F. Scheela as Wholetime Director from 24.02.1996 to 31.03.1996 and as Managing Director of the Company for a period not exceeding five years with effect from 1.4.96 at a total remuneration of Rupees Five Lakhs per month. The Central Government has also approved the same remuneration as the minimum remuneration payable in any year for the aforesaid period.

Approval of the Members is now sought for the remuneration payable to Shri. Walt F. Scheela, as mentioned above.

By Order of the Board

Joint Secretary

Place : Bangalore

Date : 10th August 1997

Registered Office :

Birla 3M Limited
48 - 51, Electronic City
Hosur Road
Bangalore - 561 229.



VISION AND VALUES

VISION :

TO BE THE MOST INNOVATIVE ENTERPRISE
AND THE PREFERRED SUPPLIER.

VALUES :

SATISFY CUSTOMERS WITH SUPERIOR QUALITY, VALUE AND SERVICE.

PROVIDE INVESTORS AN ATTRACTIVE RETURN THROUGH SUSTAINED QUALITY GROWTH.

RESPECT OUR SOCIAL AND PHYSICAL ENVIRONMENT.

BE A COMPANY EMPLOYEES ARE PROUD TO BE A PART OF.

MESSAGE FROM THE CHAIRMAN

Last year I had indicated that one of the unique strengths of your Company is the range and diversity of its product range. In spite of a relatively sluggish economy and tight financial conditions we continue to make progress. Our company registered a growth of 24% in sales though there was a general slowdown in industrial growth. We are continuing to enlarge our presence in various spheres of human activity in the country.



Continued progress is being made in increasing our penetration in the Industrial, Architectural and Sign Graphics, Health Care and Office Markets. Every year we see new opportunities opening up as the Indian economy joins the world order. This happy combination of growth and consolidation augurs well for the future of your Company.

A Company with the diversity and range of products and markets such as ours will need continued investments in resources, skills and training to keep our competitive edge in the market place. We continue to make investments in people, training and IT upgradation. We have procured 25 acres of land near Pune for our future manufacturing projects and activities. In addition we are placing increased emphasis in strengthening our supply chain efficiencies. These will be absolute core competence necessities as India begins to head towards the 21st century.

I wish to place on record the contributions of the management, staff and all employees of the Organization for the Company's results.

The coming years will see your Company growing from strength to strength!

YASHOVARDHAN BIRLA
CHAIRMAN

MESSAGE FROM THE MANAGING DIRECTOR

In 1996-97, Birla 3M experienced strong growth in our businesses. Despite the economic slowdown in the industrial markets, minimal growth in infrastructure projects and tight liquidity, many of our businesses experienced rapid growth.

This growth was driven by new products, focus on new markets and our continued attention to customer satisfaction. Additionally, we continued to make investments in our infrastructure, manufacturing and information systems as well as our employees. Our employees are the real strength of Birla 3M. We have made significant achievements as a result of their hard work, dedication, loyalty and innovation.

During the past year, we have expanded and diversified our portfolio of products and markets. Also, we have successfully strengthened our organization by adhering to sound business fundamentals and ethical business practices.

We continue to be bullish about the business opportunities in India. We look forward to strong growth in the future.



Walt Scheela

WALT SCHEELA
MANAGING DIRECTOR

BOARD OF DIRECTORS**A. DIRECTORS**

SHRI YASHOVARDHAN BIRLA (CHAIRMAN)
SHRI WALT F SCHEELA (MANAGING DIRECTOR)
SHRI V N NADKARNI
SHRI M N MEHTA
SHRI U S SETHIA
DR ANTONIO GASTALDO
SHRI R G HARBER
SHRI TOM SPENCER

B. ALTERNATE DIRECTORS

SHRI TAK KANEKO (ALTERNATE TO DR. ANTONIO GASTALDO)
SHRI R J SCHERWIN (ALTERNATE TO SHRI R. G. HARBER)
SMT CLAUDIA ROSE (ALTERNATE TO SHRI TOM SPENCER)

JOINT COMPANY SECRETARY Shri V Sundararaman

BANKERS

Canara Bank
 Citi Bank N. A.
 Corporation Bank
 Deutsche bank
 Hongkong & Shanghai Banking Corporation Limited
 State Bank of India
 Societe Generale

AUDITORS

M/s. Lovelock & Lewes
 Chartered Accountants

LEGAL ADVISORS

M/s. Crawford Bayley & Co.
 State Bank Buildings
 N.G.N. Vaidya Marg
 Mumbai - 400 023

REGISTERED OFFICE

Plot No. 48-51, Electronic City
 Hosur Road
 Bangalore - 561 229

SHARE TRANSFER AGENTS

Karvy Consultants Limited
 Girija Towers
 145/9, 6th A-C Main
 30th Cross,
 Jayanagar, IV Block
 Bangalore - 560 011

REPORT OF THE BOARD OF DIRECTORS

Your Directors have pleasure in presenting their Report and the Audited Accounts for the year ended 31st March 1997.

Financial Performance

	<i>(Rs. Million)</i>	
	1996 - 97	1995 - 96
1. Sales including other Income	879.06	707.33
2. Exports included in the above	116.58	44.83
3. Total Expenditure	802.50	626.31
4. Interest	10.67	9.19
5. Gross Profit after Interest but before depreciation and taxation (1-3-4)	65.89	71.83
6. Depreciation	12.58	9.77
7. Provision for Taxation	24.90	32.50
8. Net Profit	28.41	29.56

Reserves : The Company has made a Debenture Redemption Reserve of Rs.4.6 Million.

The Sales of the Company registered a growth of 24 % to Rs.866.50 Million in 96 - 97 from Rs.698.06 Million in 1995 - 96. Despite the general slowdown in the industrial growth, the Company could achieve considerable increase in sales in Abrasives, Commercial Graphics, Insulation, Medical, Surgical and Visual Systems during the year.

Exports during the year registered 160 % growth. The Company expects good growth in Exports during the next financial year also.

During the year, the Company could establish new markets in Dental, Personal Safety products and customised Post-it notes. New products introduced include, Privacy Filters, Scotchlite and LCD Panels.

The Company has acquired Land at Pune for the proposed manufacturing facilities for Scotch-brite, Post-it and Nomad products and has been working on the implementation of the projects at a rapid speed.

PARTICULARS REQUIRED TO BE FURNISHED U/S 217 OF THE COMPANIES ACT, 1956.**A) Particulars of Employees**

Information as per Section 217 (2-A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975, forms part of this report as Annexure A. However, as permitted by Law, the Report and Accounts are being sent to all shareholders of the Company without the statement of particulars of employees under Section 217 (2-A) of the Companies Act. Any Shareholder interested in obtaining a copy of this said statement may request for a copy by writing to the Managing Director at the Registered Office of the Company.

B) Information regarding Conservation of Energy, Research and Development, Technology Absorption and Foreign Exchange Earnings and Outgo.

This information is given in Annexure B.

MANAGERIAL REMUNERATION

The Company has obtained Central Government's approval for the minimum remuneration payable to Mr. Walt F. Scheela, to the extent of Rs.5 lakhs p.m. from 24.2.96 and is seeking approval of the Shareholders in the Annual General Meeting.

DIRECTORS

During the year, Mr. Mike Borovsky & Mr. Tom Boardman resigned from the Board. Mr. Tak Kaneko and Ms. Claudia Rose were appointed as Alternate Directors in their place.

AUDITORS

M/s. Lovelock & Lewes, Auditors of the Company retire at this Annual General Meeting. They are eligible for re-appointment.

ACKNOWLEDGEMENT

The Directors record their appreciation to the assistance received from the IFCI, the Company's bankers, customers, suppliers and employees of the Company.

On behalf of the Board of Directors

Place : Mumbai
Date : June 24, 1997

Yashovardhan Birla
Chairman