

Birla 3M Limited



3M *Innovation*

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.

BOARD OF DIRECTORS

Directors

Shri Yashovardhan Birla	<i>Chairman</i>
Shri Carlos A. Torres	<i>Managing Director</i>
Shri William G. Allen	<i>Director</i>
Shri Thomas P. Spencer	<i>Director</i>
Shri Robert K. Monette	<i>Director</i>
Shri Mark C. Sinnard	<i>Director</i>

Alternate Directors

Shri Brad C. Sweet	<i>(Alternate to Shri Thomas P. Spencer)</i>
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Joint Company Secretary

Shri G. Shanker Prasad

Audit Committee Members

Shri Robert K. Monette
Shri Thomas P. Spencer
Shri William G. Allen
Shri Mark C. Sinnard

Bankers

BNP Paribas
Canara Bank
Citi Bank N. A.
Corporation Bank
Deutsche Bank
Hongkong & Shanghai Banking Corporation Limited
State Bank of India

Auditors

M/s. Lovelock & Lewes, Chartered Accountants

Legal Advisors

Dua Associates
Advocates
130/1, II Floor, Ulsoor Road
Bangalore - 560 042

Share Transfer Agents

Karvy Consultants Limited
51/2, TKN Complex
Opposite National College
Vanivilas Road, Basavanagudi
Bangalore - 560 011
Tel : 080-6621192 / 6621184
Fax : 080-6621129

Investors Queries

B3Minvestorhelpdesk@mmm.com
Website : www.3M.com/in

Message from the Chairman

With the dawn of the new millennium, we entered an era of global markets with products localized to suit customer needs. With a liberal trade regime, the markets will be exposed to newer technologies and wider choices for the consumer. Elimination of cost inefficiencies and improved productivity coupled with increasing value to customers will determine success.

Keeping the market trends in perspective and leveraging 3M's core technological strengths, we have established strong positions for our business by focussing on the value provided to customers. This is reflected in the excellent growth we have achieved in the year 2000.

This success has been possible with better management of costs, improved productivity, local value additions to our products and a continuous focus on satisfying our customers with superior quality, value and service.

I would like to compliment the management and the employees of the Company for all these achievements and for an excellent year.

Yashovardhan Birla
Chairman

Message from the Managing Director

The beginning of the new millennium, year of 2000 has brought in more new challenges to the Company. Our zeal and quest for excellence has once again proved that we can achieve outstanding results and our presence is now considerably stronger with more innovative products and services in the industry.

With our commitment to the Indian market and to enlarge our business synergy, we have acquired a new Company for producing graphics for the growing automotive market. This business has been successfully integrated since the mid year of 2000. At the same time we have had good growth in the Telecom, Automotive, Medical and Commercial Graphics businesses. In addition, we were recognized for our export efforts by the Government and have been awarded the status of “Export House”, which we are proud of!

We will continue to focus on the growth opportunities that we have by leveraging on innovation and technological strengths. We are strongly positioned to utilize opportunities as they emerge with the growing economy. Our diversified portfolio presents various avenues as the various sectors of the economy develop to global standards.

We plan to focus also on process improvement and productivity improvement with some key initiatives. This will have a significant impact on the overall performance of the company.

I would like to acknowledge the excellent organization, various channel partners and business associates that we have and look forward to another year of success.

Carlos A. Torres
Managing Director

REPORT OF THE BOARD OF DIRECTORS

Your Directors have pleasure in presenting their report and the Audited Accounts for the year ended December 31, 2000.

FINANCIAL PERFORMANCE

As you are aware, the Company has changed the accounting year from April – March to January – December which was approved by the Board of Directors of the Company at its meeting held on January 20, 2000. Therefore, the financial results for the year ended December 31, 2000 are not comparable with the previous period, reported for nine months only.

(Rs. lakhs)

	For the year ended December 31, 2000	For nine months ended December 31, 1999
1. Sales including other Income	20,847.05	11,612.67
2. Exports included in the above	3,101.27	1,436.19
3. Total Expenditure	17,960.39	10,284.71
4. Interest	406.44	231.88
5. Gross Profit after Interest but before depreciation and taxation (1-3-4)	2,480.22	1,096.08
6. Depreciation	475.50	269.61
7. Provision for Taxation	929.38	365.61
8. Net Profit before prior period expenditure	1075.34	443.68
9. Prior period expenditure	-	382.78
10. Net Profit	1075.34	78.07

Higher growth was achieved in Telecom, Industrial, Commercial Graphics and Consumer Markets despite difficult conditions persisting for most part of the year due to adverse exchange fluctuations coupled with the sluggish economy. These results are achieved through better management of costs, productivity improvements, continuous value addition to products and services, quality upgradation and strengthening the goodwill of your Company's brands and trademarks.

In addition, your Company's Exports grew substantially during the year. We are pleased to inform that your Company has been accorded 'Export House' status. It is your Company's objective to continue to make a significant contribution to the economy of the Country.

EXPANDING BUSINESS

It is your Company's strategic intent to leverage the core competencies residing in its various businesses to enlarge new avenues for growth and as a prudent business practice and constant endeavour to tap the growing automotive market, during the past year, your Company acquired the business of Autostripping India Private Limited.

This acquisition develops and produces graphics for two wheelers and we are pleased to inform you that your Company has taken charge of this unit on June 12, 2000. This business has been successfully integrated.

CORPORATE GOVERNANCE

Audit Committee

As part of Corporate Governance, the Company has formed an Audit Committee to provide assurance to the Board on the adequacy of internal control systems and financial disclosures. The present terms of reference of the Audit Committee envisage a much larger role than that mentioned in the Companies Act (Amendment), 2000.

Composition

The Audit Committee presently comprises of three non-executive Directors. The names of the members of the Audit Committee, including its Chairman, are provided elsewhere in the report and accounts.

COMPANY LAW BOARD

Your Company has obtained the necessary exemption from the Company Law Board from disclosing quantitative details for the year ended December 31, 2000.

PERSONNEL

The Board wishes to place on record its appreciation to all employees in the Company, for their sustained efforts and immense contributions to the high level of performance and growth that your Company has achieved during the year.

Information as per Section 217 (2A) 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 (2A) of the Companies Act, 1956. 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.

DIRECTORS

Mr. Joseph A. Giordano was appointed a non-Executive Director of the Company on 26.4.1999. In view of his relocation to Europe for a larger role, he has tendered his resignation from the Board of Directors of your Company. Consequently, he would cease to be a Director effective March 15, 2001. Mr. Mark Sinnard has consented to act as a Director in his position. Mr. William Allen, has been inducted to the Board as an additional Director effective March 15, 2001.

The Board places on record its appreciation of the valuable services rendered by Mr. Joseph A. Giordano.

DEPOSITORY SYSTEM

The Company's shares are available for trading in the depository systems of both the National Securities Depository Limited and the Central Depository Services (India) Limited.

As on December 31, 2000, a total of 1,277,508 shares of the Company, which forms 11.3% of the share capital of the Company stands dematerialised.

PARTICULARS OF STOCK EXCHANGE

The Company's shares are listed in the following Stock Exchanges:

- The Bangalore Stock Exchange Limited, Bangalore
- The Stock Exchange, Mumbai
- The Delhi Stock Exchange Association Limited, New Delhi
- The Calcutta Stock Exchange Association Limited, Calcutta
- The Stock Exchange, Ahmedabad

The Company has paid annual listing fees of all the above mentioned Stock Exchanges.

PARTICULARS OF CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Report required to be made pursuant to Clause (e) of Sub-section (1) of Section 217 of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988 and forming part of the Director's Report is given in Annexure B of this report.

AUDITORS

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

ACKNOWLEDGEMENT

The Board acknowledges the support given by bankers, customers and suppliers of the Company and looks forward for their continued assistance.

On behalf of the Board of Directors

**Carlos A. Torres
Managing Director**

Place : Mumbai
Date : March 15, 2001

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ANNEXURE 'B'

Additional information to be furnished u/s 217 (1)(e) of the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

1. Conservation of Energy

Not applicable to this Company.

2. Technology Absorption and Research & Development

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|---|---|
| 1. Specific areas in which Research & Development carried out by the Company | Development of new products based on Adhesive Technology, Polymer Processing Technology, Mechanical Engineering Technology, Telecom Machinery, etc. |
| 2. Benefits derived as a result of the above Research & Development | Increased revenues in coming years. |
| 3. Future plan of action | Introducing new technologies, product improvement and customization. |
| 4. Expenditure on Research & Development
(Rs. in lakhs) | |
| a) Capital | Rs. 16.93 |
| b) Recurring | Rs. 239.78 |
| c) Total | Rs. 256.71 |
| d) Total Research & Development expenditure as a percentage of total turnover | 1.23 % |

3. Foreign Exchange Earning or Outgo

During the year, the Foreign Exchange earned was Rs.2874.77 lakhs and Foreign Exchange used was Rs.6297.91 lakhs.



Place : Mumbai
Date : March 15, 2001

Carlos A. Torres
Managing Director