

Annual Report  
2013 - 2014



**solutions**  
greener opportunities...  
Growing in challenging times



**3M**



# Reaching out, forging bonds

bridging diverse markets  
with innovation that touches more lives

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# Market

Possibilities that lie beyond just products, innovation and reaching customers have been the motivation that drives 3M in these demanding times.

# DIVERSITY

# Innov

Securing growth in a challenging business climate meant reaching out to uncharted markets with a confidence that our expertise would make a positive impact. 3M's approach of creating diverse markets is vindicated by the variety of customers we have touched this past year, with solutions relevant to their unique needs – from metal fabrication workers, to healthcare professionals, including home makers. This diverse customer profile has given impetus to fuel our growth in the days ahead.

Our focus on leveraging customer experiences by creating new market categories, solutions that delight and bring out smiles has resulted in a performance that belies market expectations.

# ation

Serving the growing demands of diverse markets needs a special kind of magic – the magic 3M calls Innovation. In this case, uniquely Indian Innovation and localisation brought about by listening to market inputs, technical expertise and our ability to weld together technologies. Armed with patents for technologies developed in India and deep insight into creating solutions for peculiarly Indian needs, today, our Innovation is a power tool that complements growth.

Growth, even during demanding times does not mean compromises. This is where our strong sustainable foundation helped us in identifying areas where we could leverage eco-sensibility to tie into our growth plan. We started at the source, with our manufacturing plants, by adopting measures that helped us conserve and save vital resources and energy. 3M's green branch was even extended to customer experiences, tirelessly bringing light into lives and developing green products that used benchmark Innovation to enable our customers to reduce their car

# Sensibility

While wound care is a well articulated concern in India, preventing wounds and maintaining skin integrity is not and this meant creating a market category by leveraging our strengths in professional education, sales and marketing. The result – 3M has become the first mover in the skin integrity space in the Indian healthcare sector with 3M™ Cavilon™ No Sting Barrier Film, a versatile skin damage protection film. Winning customer confidence through scientific intervention, educating the market, generating evidences and establishing protocols has helped move skin integrity from a latent need to one that demands attention in Indian hospitals.

*Healing touch  
minus the sting*

# Market DIVERSITY

Our promise of a people focused growth is enabled by the unique customer bonds we forge and our relentless pursuit of answers to the needs of diverse markets.

*Steeling the market,  
In style*

3M's "Styling Steel" program used low awareness about the latest finishing techniques to achieve superior finishes on stainless steel as a step to create a product niche. Live demonstrations, operator training sessions and engagement with industry stakeholders, backed by the strong product portfolios like Cubitron™ II, Trizact™ and Scotch-Brite® has resulted in customer process refinement and 3M being accepted as the preferred partner to achieve desired finishes.

Where a new generation drives India forward, we saw a market that demanded healthier, cleaner car interiors. The 3M™ Germkleen treatment for car interiors took the automotive aftermarkets route to market a 'workshop solution' and create a new category in car care. Promising a 99.9% germ-free car interior cleaning, the Germkleen mascot and campaign sure drove away harmful germs. But certainly not customers, who craved a healthy and hygienic drive.

*Hygienic cars,  
healthier drives*

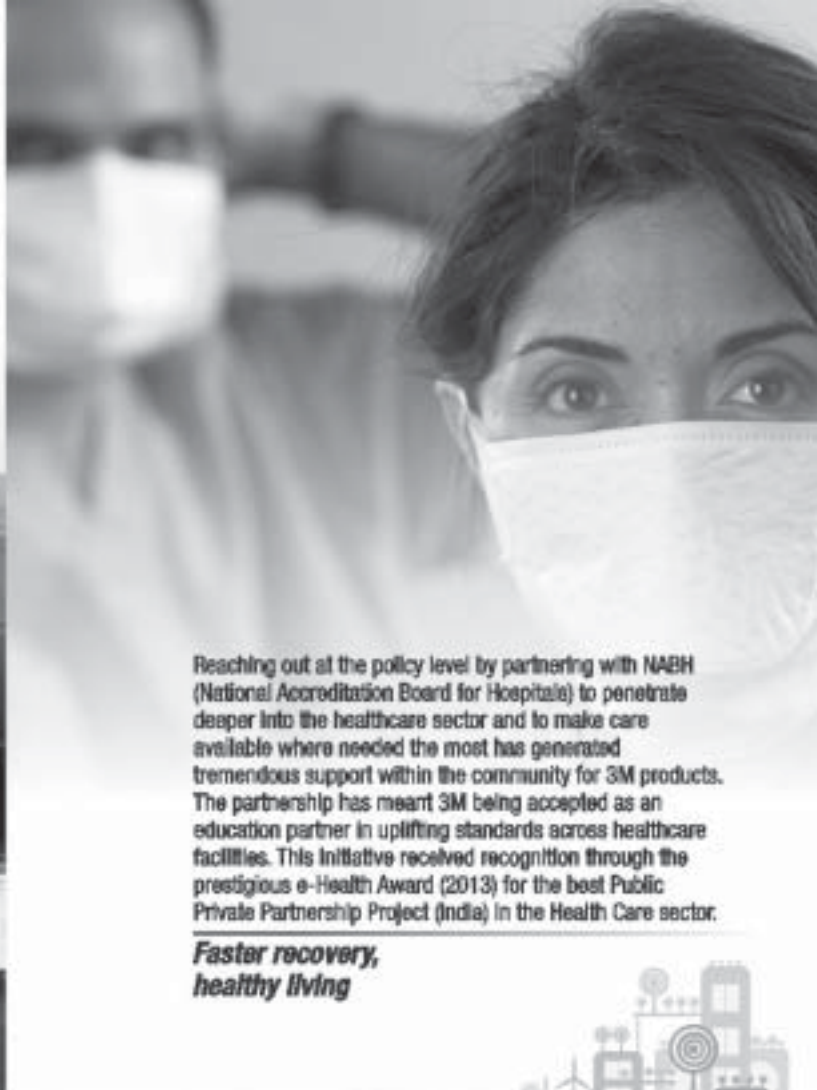
*Stronger bonds,  
in a jiffy*

What do you do in a market that has not seen any product differentiation in over 60 years? Innovate and create new inroads – this is what our research helped us do for the woodworking segment.

Our 3M™ Heavy Duty 20 Spray Adhesive impacted the woodworking market by demonstrating shaving away up to 15% of a carpenter's time required to finish small area bonding jobs. Local language communication created the much needed bonding at the customer level.

Social responsibility motivated us to pro-actively engage with government agencies and contractors to increase road safety through safety and visibility solutions. This partnership has fostered a range of unique end-to-end visibility solutions tailored for Indian road conditions and paved the way for 3M to bag signage contracts for major National Highway projects with a 92% success rate in 2013.

***Safer roads,  
easier motoring***



Reaching out at the policy level by partnering with NABH (National Accreditation Board for Hospitals) to penetrate deeper into the healthcare sector and to make care available where needed the most has generated tremendous support within the community for 3M products. The partnership has meant 3M being accepted as an education partner in uplifting standards across healthcare facilities. This initiative received recognition through the prestigious e-Health Award (2013) for the best Public Private Partnership Project (India) in the Health Care sector.

***Faster recovery,  
healthy living***

**Creating new  
markets and  
happier customers...**



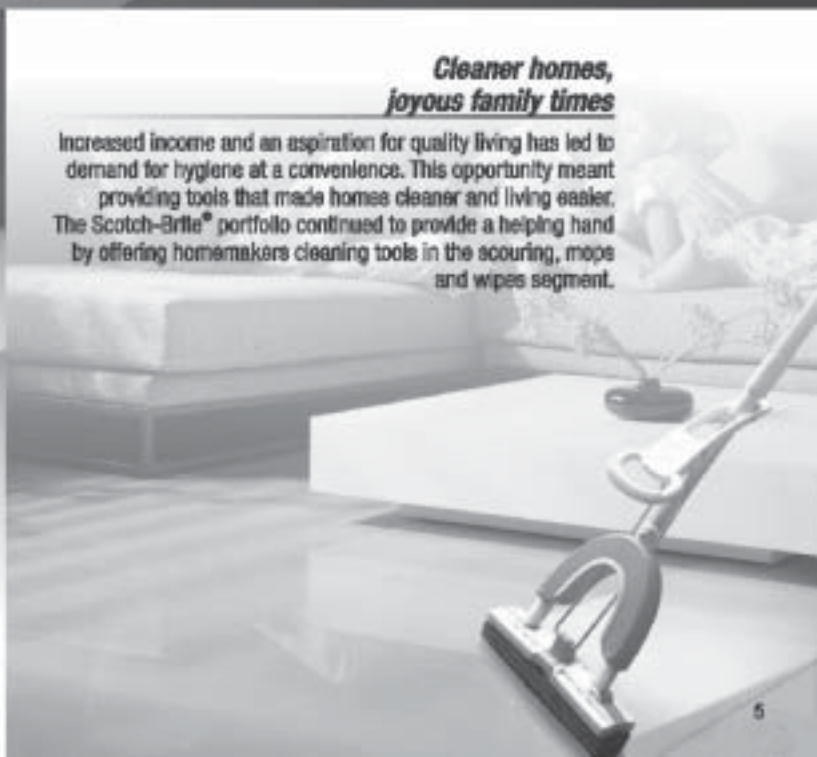
***Increased touch points,  
more eyeball***

The move to showcase 3M as a comprehensive solutions provider and not just a product seller or signage partner, meant partnering with key industry decision makers and bringing to them our entire basket of communication tools. This has resulted in 3M bagging the lucrative premium end of the market and nearly a 50% increase in the reach to brand owners.



***Cleaner homes,  
joyous family times***

Increased income and an aspiration for quality living has led to demand for hygiene at a convenience. This opportunity meant providing tools that made homes cleaner and living easier. The Scotch-Brite® portfolio continued to provide a helping hand by offering homemakers cleaning tools in the scouring, mops and wipes segment.





## Innovation that addresses diverse needs

# Innovation

Using innovation as a tool to tap diverse markets is leveraged by 3M's expertise in blending disparate technologies to create products that have helped create new markets, re-define existing categories and delight customers.

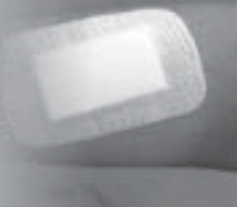
### *Protect to preserve*

A long-term corrosion protection solution for the power and fertilizer industry is being facilitated by the application of ScotchKote™ Surface Tolerant Coatings reducing maintenance and replacement costs of high value assets.



### *A stick in time*

Improved healthcare delivery with a range of specially developed high adhesion dressings that factor in Indian skin types and weather conditions to deliver faster recovery.



### *Silence that pays*

Reducing in-cabin noise without huge weight addition was feasible due to a unique multi-layer, light-weight noise reduction treatment developed by 3M India R&D. A global patent has been applied for this solution that is 35% lighter than conventional offerings.



### *Glassy solution*

An innovative Trizact™- based glass repair polish and finishing solution was developed for an auto glass major. What it helped achieve was an economical and effective way to repair glass, eliminating the need to replace at a high cost and reducing customer rejection by 50%.



### *Weaving markets with non-wovens*

Taking non-woven technology to reach out to vastly different markets - industrial and homes - was made feasible by the localisation process at the Ranjaneon non-woven masker. Non-woven hand pads enabled inroads into the industrial and retail markets while homemakers were delighted when a "thicker" scrub pad - based on customer insight - was launched to counter inferior alternatives.







Water consumption reduced by 62%



Wind power meets 75% of the Bengaluru plant's energy needs



3M™ Tubular Daylighting Devices light up some of our plants

## Greener footprints charting a responsible growth



E-waste collection systems have been introduced at all our plants



Less hazardous chemicals have been introduced in the screen cleaning operations for graphic production at our Bengaluru plant



Treated waste water is used for gardening and as make-up water in chillers and restroom flushes



Plastic waste sent to cement plants for co-processing is partially meeting their energy needs



3M as a green organisation has witnessed consolidation and setting of new standards within the industry for cleaner and sustainable manufacturing practices. Our manufacturing plants have adopted the best-in-class methods to reduce carbon footprint, manage water resources and recycle waste. Other initiatives include partnerships with industry bodies and NGOs to drive across the eco-message.

Leading the positive impact are our green solutions that cater to an emerging breed of customers increasingly demanding cleaner ways to live by.

### **Preserving life, conserving water**



The need to improve cleanliness and hygiene while conserving precious resources, in this case, water, has resulted in a product for 3M called 3M™ Avagard™ waterless surgical hand scrub.

This product destroys over 99% of microbes within 15 seconds of application delivering clean hands to the surgeon prior to surgery which helps prevent healthcare associated infections while eliminating the use of large quantities of water typically used for pre-surgical hand scrubbing in hospitals.



### **Breathe safer as you drive**



Driving a greener future is the Mechanical Solutions Portfolio for the Automotive sector.

Engineered with less than 2% Volatile Organic Compounds, this environmentally safe range has found wide acceptance in the market and approvals by major OEMs.



### **Stronger, cleaner bonds**



Caring for the end-user meant innovation that resulted in a phthalate-free White Adhesive using nano technology for the wood working market.

This product reduces adverse health impact and delivers heat and water resistant bonds.



# Chairman's Message

We are at the threshold of witnessing a time of change with the new Central Government committing to bring India's economic growth back on track, restore investor confidence and address the long-term policy inaction that had paralysed decision-making in this country. During the most part of 2013, India struggled with the pressures of the external environment, inflation concerns and the sharp depreciation of the rupee, ending the current fiscal year with a GDP growth rate of 4.7 percent. Recent World Bank estimates put India's GDP growth forecast for 2014 at 5.5 percent. There is huge expectation from the new Government to stabilise the economy with reforms, restart the investment cycle and revive growth in the manufacturing sector.

Under such macro-economic conditions, your Company has reported a healthy performance of 11.2 percent top line growth, adopting a cautious approach for most of the year, mindful of the volatility of the external environment. The operating margin was at 7.42 percent compared to 7.64 percent for the last year as a result of higher input costs combined with higher depreciation, interest and the performance of the rupee. During the year, the Company also rationalised its product mix as well as its manpower in order to control cost and stabilise its expanded capacity. You would have also observed that your Company also kept its capital expenditure at a minimum level and utilised the cash accrual to reduce a part of its bank borrowing.

Your Company has also seen a change in top leadership with Mr. Amit Laroya taking over as the new Managing Director of 3M India Limited. Mr. Laroya has been in service with 3M for more than 24 years in various India leadership and Global leadership and strategic roles. Your Company will continue to stay focused on the strategy to deliver long term sustainable productivity-led profitable growth under his able leadership.

I am very pleased to share that during the period 2013-14, your Company stayed true to its commitment of building the local manufacturing pipeline with the commissioning of its strategic manufacturing processes as well as establishing infrastructure to develop future leaders in the organization. Your Company was also able to penetrate into new market opportunities

building manufacturing and research & development infrastructure. I hand over the responsibility to Mr. B.S. Iyer and wish him the very best in providing direction and vision for your Company's future growth. I congratulate the entire 3M India team on delivering a consistent performance despite the prevailing macro-economic situation and wish the team continues to pursue the path of

excellence in taking your Company through to the next phase of growth.

**D. J. Balaji Rao**  
Chairman



witnessing  
a time of **CH  
AN  
GE**

while also getting recognition from customers and 3M Corporate alike for excellence in domain expertise, customer service, marketing, sustainability, manufacturing excellence and quality.

This would be the last time I would be presiding as the Chairman of the Company at the ensuing AGM since I would be laying down my office at the conclusion of this meeting. As I come to the close of my tenure as Chairman, I am grateful for the opportunity given to me to guide and help the 3M India Leadership team through your Company's organic growth over the last six years. I am extremely proud to have been able to support your Company's journey in steadily gaining a strong foothold across diverse markets and