

3M Science.
Applied to Life.™



Growing.

Bigger, bolder, smarter.

Annual Report
2014 - 2015

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Registered Office:

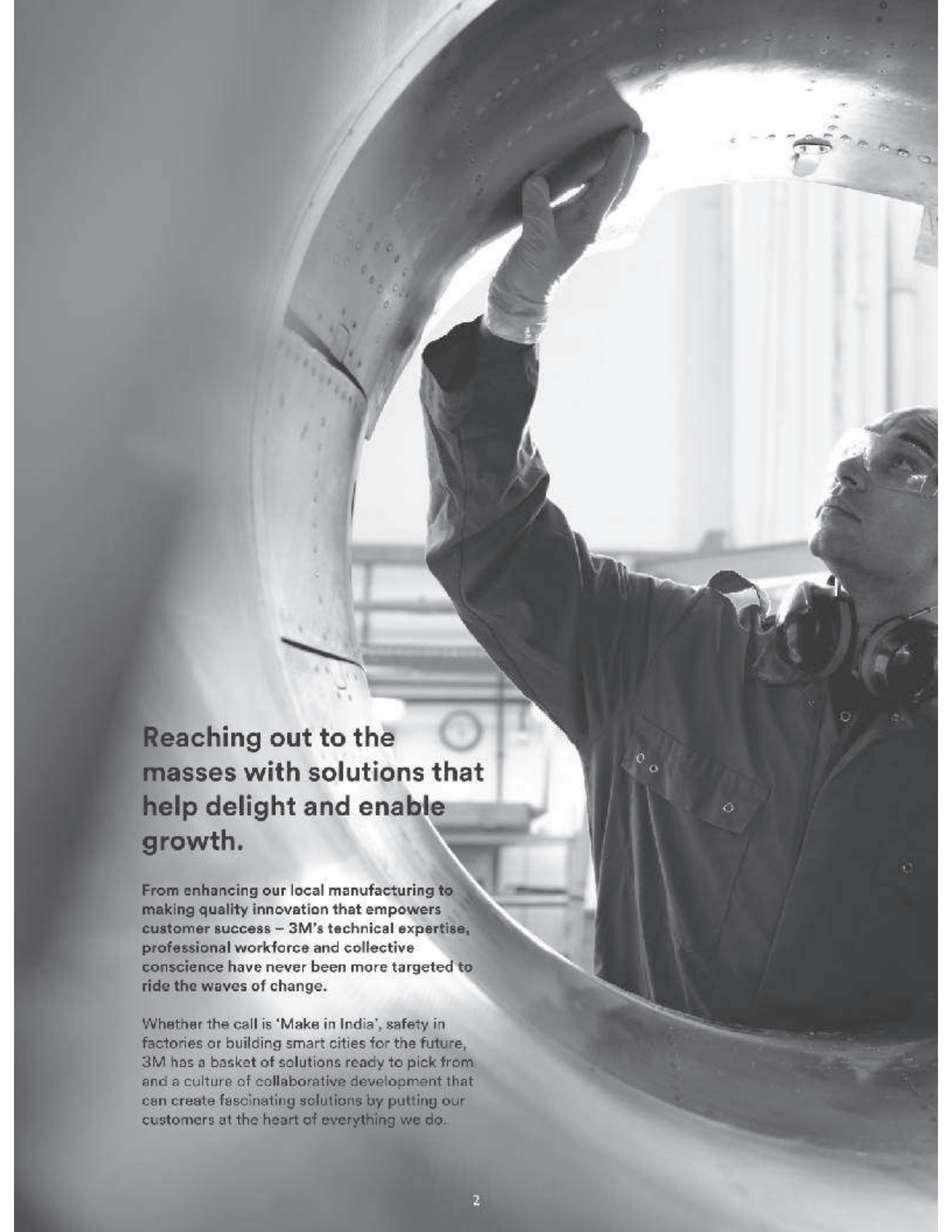
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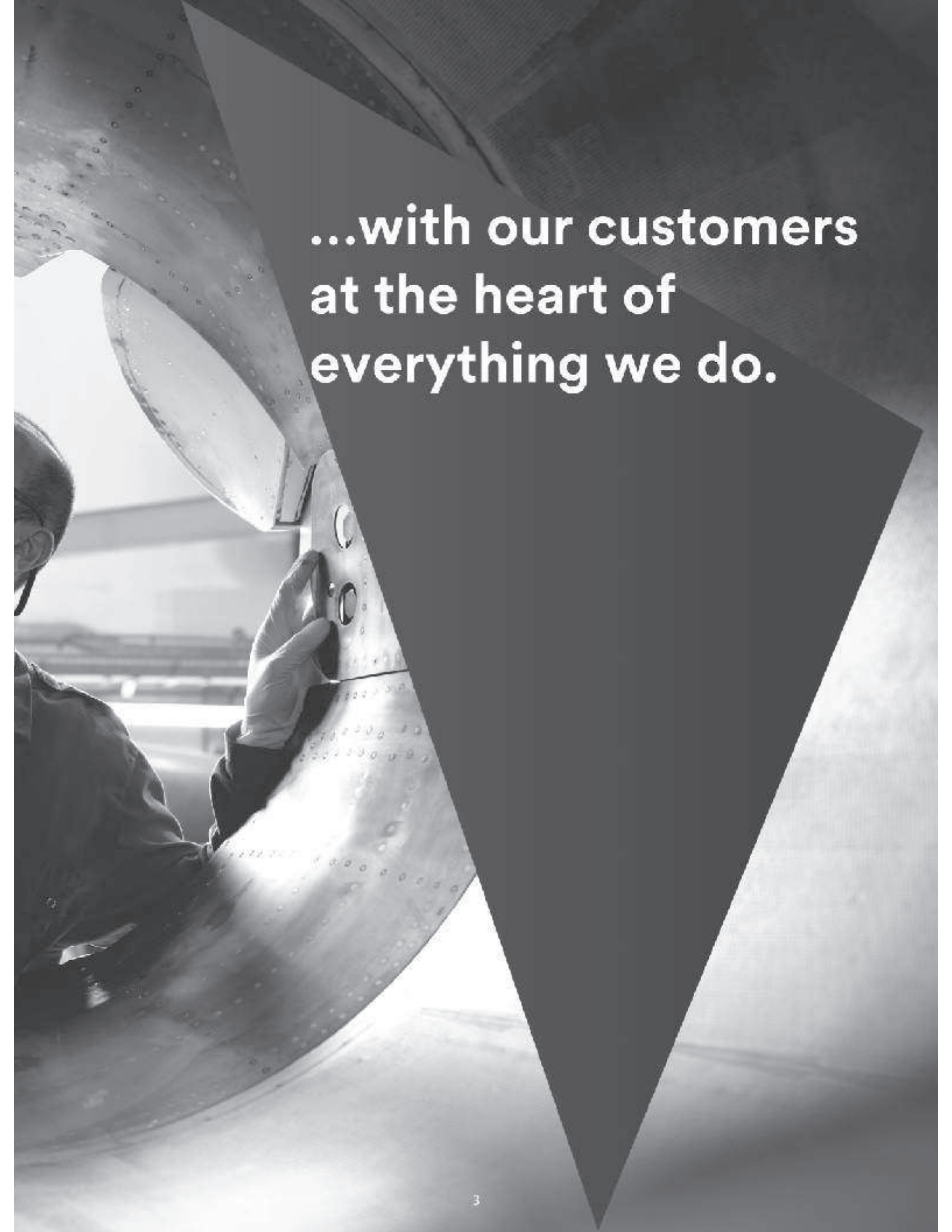
Growing by...
Market insights.
Local Innovation.
Energising people.
Embracing inclusion...



Reaching out to the masses with solutions that help delight and enable growth.

From enhancing our local manufacturing to making quality innovation that empowers customer success – 3M’s technical expertise, professional workforce and collective conscience have never been more targeted to ride the waves of change.

Whether the call is ‘Make in India’, safety in factories or building smart cities for the future, 3M has a basket of solutions ready to pick from and a culture of collaborative development that can create fascinating solutions by putting our customers at the heart of everything we do.



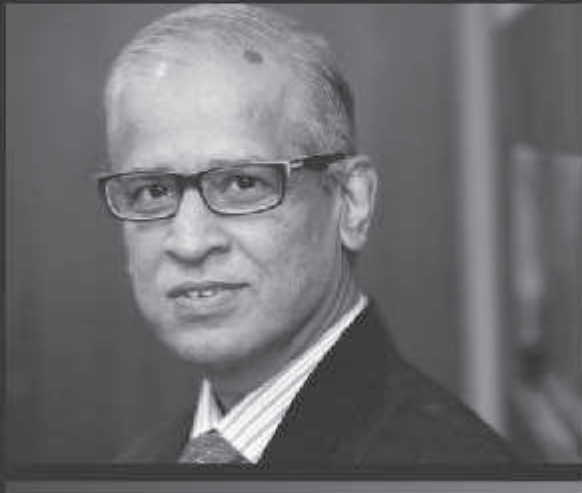
**...with our customers
at the heart of
everything we do.**

Leadership Speak.

B. S. Iyer, Chairman

A positive outlook.

Improving economic environment.



India is witnessing an encouraging economic environment since the new leadership took over at the Centre. The Government's commitment to usher in a growth oriented

I would like to congratulate the employees of 3M India who have contributed to your Company's excellent performance during the FY 2014-15. Good potential for volume growth without sacrificing profitability augurs well for the coming years.

industrial policy to give a boost to India's economic development as well as re-establish India's rightful place at the global stage has brought about an overall positive outlook. Today, India's GDP is expected to touch a growth rate of 7.8% (source: Economic Survey of India) in the year ending March 2016, up from an estimated 7.4% (source: Economic Survey of India) growth in 2014-15, a clear improvement from the sub 5% performance during the FY 2013-14.

I am also happy to inform that your Company has embarked on its journey to give back to the community with a strong empathy driven approach that involves employees across the organization. In line with the core brand philosophy of innovation, 3M has identified three strategic pillars for its CSR work in India namely Education, Social Innovation and Women Empowerment.

The steady improvement in our economic environment has reflected in the overall performance of your Company which registered an annual turnover growth of 5.25% accompanied by a substantial increase in profitability by 152% over the previous year. The operating margin for the current year was at 11.7% compared to 7.4% for the last year. Productivity-led growth was the main theme driving the initiatives of your Company in the year under review. 3M India's performance was marked by a shift in focus to high margin products with high profitability, the realignment of internal initiatives and businesses, the building of winning product portfolios, an improvement of sales and R&D productivity and an overall sharper execution discipline across the company.

As I complete a year of my tenure as the non-executive Chairman of your Company, I'm grateful for the opportunity to guide the 3M India leadership on its productivity-led growth path. I congratulate the entire 3M India team for delivering a superlative performance and wish them great success in their pursuit of excellence and in their journey to the next phase of growth.

The Government's national initiatives such as "Make in India" launched to boost manufacturing offers huge opportunities to grow in businesses such as industrial, automotive aftermarket and abrasives. Expanding geographical reach by focusing on customers in tier 2 and 3 cities has been driving your Company's key businesses such as safety and graphics and healthcare. Portfolios such as personal safety products were able to grow by capitalizing on the need for the small & medium industry to establish better safety standards in factories. Local manufacturing of our dressings and liquids portfolio at our medical factory in Ranjangaon enabled our health care business to address the needs of large and small hospitals in tier 2 and 3 cities and towns. Your Company is also leveraging current ecommerce platforms to make available products as diverse as cleaning tools and do-it-yourself car care products. In all these examples of success, your Company continues to draw from the strength of the 3M brand that promises to deliver quality and innovation to address diverse customer needs.



Amit Laroya, Managing Director

Productivity. Driving Growth.

Towards a bigger, bolder, smarter future.

We live in a constantly changing and challenging economic environment and confronting this reality has encouraged us to adapt and find smarter ways to sustain and grow our business.

During the year under review, 3M India underwent a process of realignment with a focus on increasing its profitability. The measures and initiatives we put in place helped the company achieve a turnaround especially with respect to our profits. I'd like to share our growth story by highlighting a few themes that have not only determined our success but also put in place a cultural change in the way we will operate as a company going forward.

Driving a productivity-led growth mindset

The company made concerted efforts to prioritize products by shifting to higher margin portfolios and exiting certain product lines which were no longer aligned to the goals of the company. The prioritization theme was also extended to the geographical areas we would sell to, our people resources, internal initiatives and the assets of the company to ensure that they were working towards reducing costs and raising the overall profitability of the company. We were able to see the results of some of the initiatives we had put in place such as centralizing our customer facing operations into the Business Services Group and the strengthening of our Lean Six Sigma organization to drive operational excellence and execution discipline.

New business models and products to expand our relevance to our customers

Our business groups were able to adapt to the dynamic market environment and craft new business models to sell to our customers. For instance, our reflective product portfolio in conspicuity tapes achieved huge sales as we responded to the Government's mandate to equip

vehicles with retro-reflective tapes. Similarly, our product portfolios in personal safety and industrial retail businesses were able to capture the untapped potential of the small and medium industry by helping raise safety and manufacturing standards with the 3M brand of innovation. The company continued to invest in building its innovation expertise and introduced solutions such as daylighting tubular guidance systems for facilities, coatings for water pipelines, noise reduction for vehicles and new cleaning tools for homes.

Creating a new aspiration for the Company

To energize our workforce, we undertook a significant initiative to drive a mindset for growth in the organization over the next 5 years. Through a nationwide collaboration, the voices of our employees were collated to articulate a bold aspiration – to become a Bigger, Bolder, Smarter Company that inspires every 3Mer to place the customer at the heart of everything we do. This will offer direction to our 5 year strategic objective of driving volume growth by expanding our relevance to our end customers while keeping an eye on productivity.

Harnessing new opportunities for growth

The new pro-growth policies of the Government such as the "100 Smart Cities" initiative and the growing ecommerce revolution we are witnessing in India today, offer tremendous opportunities for us to look at bigger, bolder and smarter opportunities for our products and solutions. For instance, we were able to establish relationships with most of the big players in the ecommerce space to sell our consumer and retail range of products to ensure availability across the country. The "100 Smart Cities" initiative has prompted us to set up an internal task force to identify smart solutions from our diverse product portfolio that can make city life more comfortable and manageable.

Driving a culture of excellence, diversity, inclusion and empathy

The company also introduced new initiatives to create a workplace with a strong performance culture that inspires courageous leadership. Our Women's Leadership Forum launched in the FY 2013-14, took significant strides in bringing about a culture of diversity and inclusion with gender friendly policies and the strengthening of leadership skills among women in the organization. 3M India also launched its Corporate Social Responsibility (CSR) initiative under the brand name of Embrace to enable employees to contribute to the community. Our CSR initiative was developed around the three strategic pillars of Education, Social Innovation and Women Empowerment and through our initiatives we hope to ignite minds to take on new possibilities.

To conclude, I'd like to congratulate and thank the employees of 3M India for their stellar performance during the year under review, which also included accolades and recognition from our customers, peers and our global 3M parent company.

I would also like to thank our numerous customers, vendors and suppliers who continue to contribute and be partners in our success.

I'd like to thank our Chairman, Mr. B. S Iyer, for his leadership and guidance in taking the company forward.

I look forward to leading your Company to the next phase of growth with a re-invigorated team.

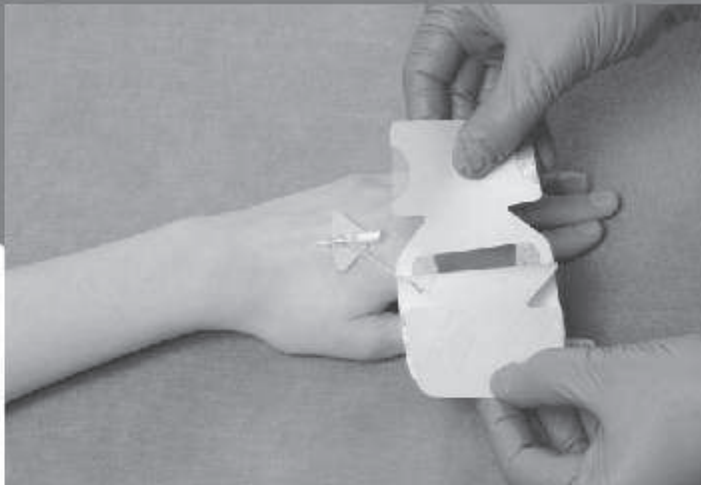
Thank you.

Growing by market insights.

Decoding the market pulse by creating targeted solutions in the key areas of retail, construction, infrastructure, healthcare and manufacturing through portfolio prioritisation has been the key to converting emerging challenges and market driven trends to tangible growth.

3M's deep insight into skill based manufacturing and upcoming government mandates has paved the way for smarter opportunities towards growth.

Healthcare Taking healthcare to the masses.



Growing a healthier nation meant digging deep into the healthcare system to promote patient safety and infection control practices at levels where it is needed most. Improving patient outcomes by providing better hygiene through our local products to primary, secondary and tertiary care centers and nursing homes has effectively enhanced patient safety and directed doctor and nursing time to key patient needs in growing towns and cities.

Car Care

Enabling the shift to a new culture, the D-I-Y way.



Enabling the massive mind set and cultural shift from driving down to the garage around the corner for everyday car care, was more than just re-engineering our institutional solutions for the key aesthetic areas of cleanliness and looks. It required 3M's home-grown insight to tap into the emotional quotient of the pride of car ownership. Our reach has been enhanced by using e-commerce platforms to engage aspiring customers in Tier 2 and 3 towns with products like car shampoos, waxes and polishes.

Industrial

A big basket catering to small needs.

A fragmented, skill-based Small & Medium Enterprise (SME) market made 3M improvise and tap in to the big opportunity at the bottom with industrial retail. This new business model reaches out with a huge basket of solutions to the woodworking, paint and wall finish, collision repair, two-wheeler repair and maintenance and metal fabrication segments among others. Smaller pack offerings, wide product range and localised availability have been enabling these aspiring enterprises to upgrade their processes, increase productivity and profit.

Manufacturing

Enhancing personal safety and health in Indian industry



The manufacturing sector is poised to enhance its contribution to GDP with Small & Medium Enterprises (SMEs) leading the growth momentum. 3M's Personal Safety Division with its new aligned business unit and range of personal protective equipment is geared to provide safety products and solutions to enhance workplace productivity and output. Affordable and accessible solutions are being made readily available across industrial clusters.



Infrastructure
Government mandates given visibility.



Staying abreast of government policies and being a key part of the AOEM supply chain meant 3M's conspicuity tapes readily enabling regulation of India's dismal road safety as and when the laws kicked-in.

3M is making this mammoth mandate a reality by education of all stakeholders, active participation with AOEMs and market driven programs that drive deeper penetration.

Growing by local innovation.

Harnessing the power of local acumen and collaborative expertise to deliver solutions where none exist is another path 3M adopted to grow.

Leveraging nature's abundance, re-imagining existing technology and even redefining acoustic science are part of a day's job for curious 3Mers at our Innovation Center, so that the world is a better place.

New challenges. Smart insights. Inspired innovation.

Fusion Bonded Epoxy Coating. Turning desert into fertile land.



The Gujarat government's 'Sauni Yojana' posed a challenge of epic proportions to our coatings team. How do you re-imagine a technology to coat piping that's over 3 feet in diameter and is consistent over a 1,100 kilometer stretch?

3M got down to the basics to invent an all new product with significantly longer gel time that enabled this specialty application.

Today, 3M's coating technology enables safe transport and delivery of destructive flood water. Water so precious, that communities who stood in queues to parch thirst, now have surplus.