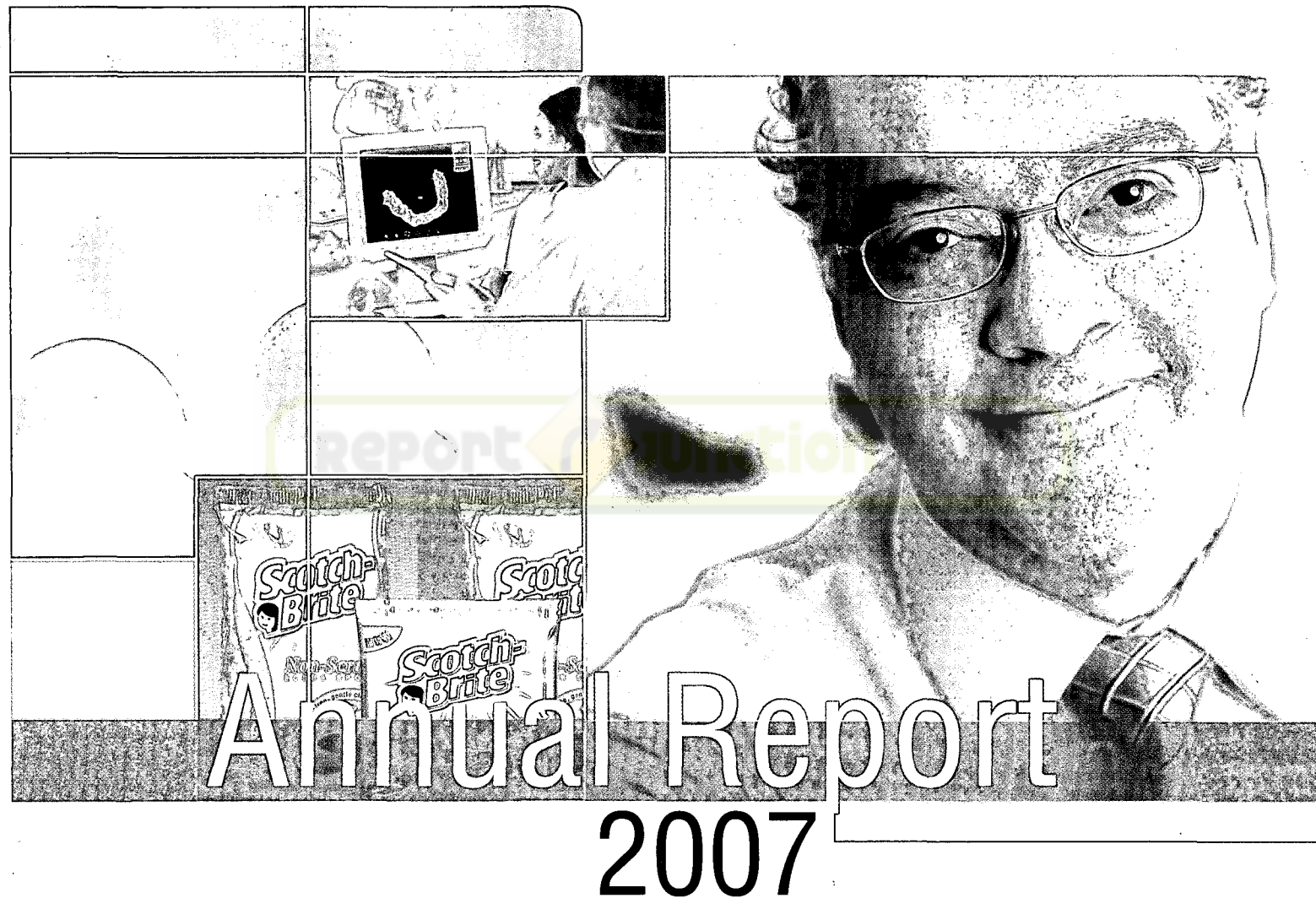


3M India Limited



3M INDIA LIMITED

REGD OFFICE : 48 - 51, ELECTRONICS CITY, HOSUR ROAD BANGALORE - 560 100

NOTICE

The 21st Annual General Meeting of the Members of the Company will be held on Monday, the April 28, 2008 at Hotel The Chancery Pavilion, 135 Residency Road, Bangalore 560 025, at 10.00 a.m. to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Audited Accounts for the year ended December 31, 2007, together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Mr.D.J.Balaji Rao., who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr.Thomas P.Spencer., who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorise the Board of Directors to fix their remuneration. The retiring Auditors M/s. Lovelock & Lewes, Chartered Accountants are eligible for re-appointment and have confirmed their willingness to accept office, if re-appointed.

SPECIAL BUSINESS :

5. To consider and, if thought fit, to pass with or without modification(s) the following as an Special Resolution:

RESOLVED THAT pursuant to Section 31 and all other applicable provisions of the Companies Act,1956, the Articles of Association of the Company be amended as follows :

- i. In Article 2, the interpretation of " Shearson" be deleted
- ii. Article 111B be deleted
- iii. Article 140.A.(ii) be deleted and in place thereof, the following Article 140.A.(ii) be substituted.

"Notwithstanding sub-clause (i) of the Article 140.A, so long as 3M either singly or in the aggregate hold 26% or more of the paid-up equity Share capital of the Company, 3M shall be entitled to designate one of the Directors of the Company as the Chairman of the Board and to withdraw any such nomination and to designate any other Director in such place."

- iv. Article 140B be deleted.

NOTES :

1. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 in respect of the Special Business is annexed.
2. A member entitled to attend the meeting and vote is entitled to appoint a proxy and vote instead of himself and the proxy need not be a member of the Company. Proxies should reach the registered office of the Company on or before 10.00 a.m. on April 28, 2008.
3. The Register of Members and the Share Transfer books of the Company will remain closed from April 22, 2008 to April 28, 2008 (both days inclusive).
4. Any change in the address of the members, including those held in dematerialized form may please be intimated to the Company's Share Transfer Agents, Karvy Computershare Private Limited.

By Order of the Board

Date : February 27, 2008
Place : Bangalore

K. Ramesh Chandra
Company Secretary

Explanatory statement u/s 173 (2) of the Companies Act, 1956**FOR RESOLUTION NO. 5**

Shearson Investment & Trading Company Private Limited and Godavari Corporation Private Limited represented by Mr.Yashovardhan Birla divested major part of their equity holding in your Company in the open market during the year 2007. Pursuant to this, some of the provisions incorporated in the Articles of Association of the Company is no longer required.

The Board, therefore, recommends to appropriately amend the Articles of Association of the Company by passing a Special Resolution under the provisions of Section 31 of the Companies Act,1956.

None, of the Directors is interested in this resolution.

Additional information on Directors seeking re-appointment at the Annual General Meeting

Name of Director	Mr.D.J.Balaji Rao	Mr.Thomas P.Spencer
Age	68 Years	61 Years
Qualifications	Engineer	Solicitor
Expertise	Expertise in mechanical, engineering, commercial, financial and banking industries.	Expertise in legal and taxation.
Directorships held in other Public Companies (Excl. foreign and Private Companies)	Ashok Leyland Ltd Bajaj Auto Ltd Ennore Foundries Ltd Grahite India Ltd ICICI Prudential Trust Ltd JSW Energy Ltd Bajaj Holdings and Investments Ltd Bajaj Financial Services Ltd	Nil
Memberships/Chairmanships of committees across Public Companies	Audit Committee Ashok Leyland Ltd Bajaj Auto Ltd 3M India Ltd Ennore Foundries Ltd ICICI Prudential Trust Ltd JSW Energy Ltd Bajaj Financial Services Ltd Shareholders Grievance Committee Ashok Leyland Ltd Bajaj Auto Ltd 3M India Ltd Remuneration Committee Ashok Leyland Ltd Bajaj Auto Ltd JSW Energy Ltd Bajaj Holdings and Investments Ltd Bajaj Financial Services Ltd	Nil
Shareholding of Directors	Nil	Nil

By Order of the Board

Date : February 27, 2008
Place : Bangalore

K. Ramesh Chandra
Company Secretary

MESSAGE FROM THE CHAIRMAN



The year ended December 31, 2007 was a year of solid achievement for 3M India. The company recorded strong earnings growth on both the top and bottom line. We grew the top line 21% in local currency, and net profits were up 34% over 2006.

Despite a period of volatility in the global financial markets, the Indian economy grew very strongly and recorded 9.4% economic growth in 2006-07. As an emerging market with a robust economic growth, India provides an ideal environment for 3M India to continue its current strong growth momentum.

The opportunities to do so are numerous. New markets are emerging and 3M India is well positioned with its broad product range and great capabilities in the area of transforming ideas into innovative products that meet our customer's needs. These have been the hallmarks of our success in the past, and will continue to be so in the coming years.

2007 is a significant year in 3M India's history as the company crosses a major milestone. This year is our 20th year of operations in India. I would like to pay credit to the current leadership and staff of 3M India. Their dedication, enthusiasm and innovative capabilities were the cornerstone of the excellent results this year.

However 2008 also brings with it challenges with the slowdown in the US economy and the growing weakening of the U.S. dollar against the Indian rupee. While 3M is strong enough to withstand these developments, nevertheless, the company will have to work hard to ensure that it overcomes these problems. Technology will be the key to attaining leadership positions for our products in key markets. More than ever fast commercialisation of new products will be a key success factor as we look forward. 3M India has a strong technical organization and looks forward to making a significant contribution in the area of new products.

I have assumed responsibility of this position after Mr. Yashovardhan Birla stepped down from the Board, and I am honoured to assist the company in the Chairman's role. I would like to take this opportunity to sincerely appreciate and to thank Mr. Birla for his contributions and support over the years.

In conclusion I'd like to note that 3M India met and exceeded our goals in 2007. We will continue to do so as long we stay focussed on contributing to the 3M vision of being the most innovative enterprise globally. 3M India is committed to continuing the existing culture of innovation and to underpinning everything we do with a culture of doing business in an ethical fashion. This is the way we work, and the way we look at the world.

We are looking forward to the challenges of 2008 and another successful year.

Thomas P. Spencer



MESSAGE FROM THE MANAGING DIRECTOR



Scaling new heights, strengthening competencies and delivering on our promise of innovation. These have been your company's driving guidelines for continued profitable performance. In 2007, we delivered an excellent results with a net sales increase of 21% and an overall earnings growth of 34%. These were achieved in spite of the slowdown in the 2-wheeler Automotive sector, one of our largest markets, but we were able to achieve significant top line growth due to your company's diversified product portfolio and excellent results from all of the other market segments. Our cost reduction programmes, lean six sigma initiatives and the appreciation of the rupee against the dollar also played a significant role in achieving these results.

2007 was a year where we invested in R&D across various business segments to cater to local market needs. Our products may be amongst the best in the world but unless we localize them to cater to the Indian consumer, we would not be able to achieve the growth and profitability in the Indian market. I'm delighted to inform you that our new manufacturing facility in Pune is shaping up very well, and we are looking at its completion along with the expansion of our facility at Ahmedabad during the last quarter of 2008. These developments will be key to our growth in the years ahead and we hope to build on these with ongoing further significant investments in Research & Development and Manufacturing.

We are currently in a significant chapter of 3M India's history. Your company has entered its 20th year of successful existence in India in 2007. Since the foundation stone was laid for our first manufacturing facility in Electronic City, Bangalore, we have witnessed many milestones in our journey of 20 years. 3M India's growth has always been steady and upward and today we are one of the most admired companies in India. Our commitment to excellence in innovation and transforming great ideas into greater solutions has enabled us to sustain our growth and profitability for the last 20 years and helped us to contribute to the success of our customers.

Reputation does not depend on financial performance alone but also on the way we run our business. Our ongoing commitment towards ethical business is the cornerstone of everything that we do. We add to this our commitment to sustainable development through a proactive approach to environmental protection, social responsibility and strong economic progress. In each of the investments that we make we use the highest level of environmental protection available, regardless of whether we are required to under Indian law or not. Our Pollution Prevention Pays programme has been successful at bringing about significant changes in the way we carry out our manufacturing processes and our employees who participate in activities that help promote environmental safety are recognised amongst the 3M family globally. Workforce safety especially in the manufacturing plants is another area of concern where we have taken considerable strides in ensuring that our sites are safe for all of our employees and visitors.

I applaud & congratulate 3M employees who have raised their bar of excellence and continued to support 3M in this wonderful journey of 20 years. Your company has been also continuously focusing on people and processes to encourage and realize their full potential. Employee Satisfaction and Customer Loyalty are two sides of the same coin. I'm glad that we have been successful in our efforts to achieve both.

At the end, I'd like to thank our Board of Directors for their support. I would like to thank Mr. Yashovardhan Birla, who retired as our Chairman of the Board in 2007, for his support and encouragement of all our efforts in India. Mr. Thomas P. Spencer joins us as our new Chairman of the Board and we look forward to his inspired leadership and continued support for the challenges we have ahead. To all of the Board Members, I thank you sincerely for your wisdom and guidance. Finally, I would also like to remember Ms. Mary B. McCormick, a recent Director who passed away at a young age late last year. Mary was a proactive Board member of your Company and a wonderful supporter of India and our Indian team.

Bert O' Donoghue



CORPORATE SOCIAL RESPONSIBILITY



3M's strategies for sustainability encompass the pursuit of customer satisfaction and commercial success within a framework of environmental, social and economic values.

3M India has 4 Manufacturing Plants in operation in India. All these plants are certified ISO 14001: 2004 for its Environmental Management System. The initiative of obtaining this certification is purely based on 3M's Environmental Policy.

At 3M, prior to launching any new product, the product is taken through a process called Life Cycle Management (LCM) which addresses the Safety, Hazard & Environmental aspects of products from concept stage upto the disposal of the product after its usage by the end consumer. LCM is a commitment on our part to protect our environment for the benefit of the communities we live and operate in. Further, each of our plants has in place a Stake Holder Engagement Plan to ensure that concerns / views of interested parties like employees, society, customers are taken care of from the point of view of environmental protection.

As part of our normal due diligence during the purchase or sale of any piece of Land / Plant in India, we engage a third party environmental consultancy service to conduct Phase 1 & Phase 2 environmental due diligence, wherein soil samples are tested to meet ASTM Standards (Global Standard for Soil Testing). We are one of the few companies in India which follows ASTM Standards for Environmental Due Diligence.

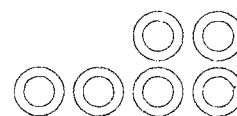
Each year, on World Environment Day, we contribute to this global effort with activities such as planting of tree saplings and promoting environmental protection awareness amongst our plant employees through an exhibition van sent by the State Pollution Control Board. To observe National Safety Day, we celebrate the entire month as Safety Health Environment Month at all our manufacturing facilities. Our main objective is to promote safety, health and environment protection to our employees, their families and our local communities.

3P (Pollution Prevention Pays) is our way to engage employees to work for Green Projects like Recycling, Reuse, Reduce Recover. Employees who come up with innovative 3P Projects, aimed at protecting the environment, are recognized by the 3M India Leadership on a quarterly basis. 3M, globally, has in place a robust Environmental Health Safety (EHS) policy which has objectives related to environmental protection and to providing safer work places at all our plant locations.

At our upcoming manufacturing facility at Pune, a substantial investment has been made towards installing a Thermal Oxidizer to burn organic vapors at the highest standard thereby ensuring that there is no pollution to the ambient environment. As part of our commitment to resource conservation, we have our own Sewage Treatment Plant and follow the pollution control board norms to reuse water for gardening purposes and other miscellaneous needs. In 2007, we invested substantial funds to revamp the Sewage Treatment Plant at our Bangalore plant.

Under the 3M Restriction of Hazardous Substance Policy (3M-RoHS), a global environmental initiative on Environmental and Health Protection, we recently made investments to purchase lead free soldering equipment to support a lead free working environment which protects both our employee and the environment.

In addition, we have a number of employee welfare activities for plant employees like educational scholarships for children, emergency loans and the like. On an annual basis, office-based employees collect books, clothes, blankets and such other items and donate them to charities. In addition, 3M Clubs (a company sponsored, employee run club to promote social interaction amongst employees) present in all the major cities in India often take on projects that are of service to the under-served in our community.



REPORT OF THE DIRECTORS

Your Directors have pleasure in presenting to you their 21st Annual Report and Audited Accounts for the year ended December 31, 2007.

FINANCIAL RESULTS

Particulars	(Rs. in lakhs)	
	For the year ended December 31, 2007	For the year ended December 31, 2006
Total Income	61,888.37	51,057.59
Less : Total Expenditure	50,636.30	42,615.01
Profit before Depreciation	11,252.07	8,442.58
Less : Depreciation	589.22	645.54
Profit before Taxation	10,662.85	7,797.04
Less : Provision for Taxation	3,894.57	2,754.99
Profit after Taxation	6,768.28	5,042.05

COMPANY PERFORMANCE

The Company has recorded good performance during the year under review. The total income was at Rs.61,888.37 lakhs for the year ended December 31, 2007 as against Rs.51,057.59 lakhs for the same period during the previous year. This represents an increase of 21%.

Despite the slowdown in the Automotive sector, we were able to achieve growth on the top line on account of the Company's diversified product portfolio and scintillating results from the Traffic and Safety Markets segments.

Profit after taxation was at Rs.6,768.28 lakhs for the year ended December 31, 2007 as against Rs.5,042.05 lakhs for the same period during the previous year representing an increase of 34%. Cost reduction programs, six sigma and appreciation of the rupee against the dollar contributed to the increase in our profits during the year under review.

DIVIDEND

In view of our execution of the investment plan of Rs.11,400 lakhs at our new manufacturing facility at Ranjangaon, Pune and the investment plan of Rs.2,500 lakhs towards further expansion at the manufacturing facility at Ahmedabad, it was decided to retain the earnings.

The buildout of our manufacturing facility at Ranjangaon and the expansion of our facility at Ahmedabad is expected to be completed during the last quarter of 2008. Manufacturing efforts at both these facilities will cater to the Industrial, Automotive and Speciality Materials and Traffic & Safety Markets.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments that occurred affecting the financial position of the Company between December 31, 2007 and the date on which this report has been signed.

DIRECTORS

Mr.Yashovardhan Birla resigned as Chairman and Director of the Company on June 6, 2007. In his place Mr.Thomas P.Spencer has been appointed as Chairman of the Company.

Ms. Mary B. McCormick resigned from directorship of the Company on June 18, 2007 and Mr. Richard L. Becker was appointed as a Director of the Company on June 18, 07 to fill the casual vacancy caused by the resignation of Ms.Mary B.McCormick. Dr.Carlisle S.Boyce resigned from the directorship of the Company on October 31, 2007

The Board places on record their sincere appreciation for the services rendered by Mr.Yashovardhan Birla; Dr.Carlisle S. Boyce and Late Ms. Mary B.McCormick. The Directors also welcome Mr.Richard L.Becker to the Board.

Mr.D.J.Balaji Rao and Mr.Thomas P. Spencer are retiring by rotation at the ensuing Annual General Meeting and being eligible, they have offered themselves for re-appointment.

With deep regret, we wish to inform you of the untimely passing away of Ms. Mary B. McCormick in 2007. We would like to take this opportunity to wish her family strength and fortitude in dealing with her irreplaceable loss.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956 with respect to the Directors Responsibility Statement, your Directors state:

- i) That in the preparation of annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii) That they have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and of its profits for the year ended December 31, 2007;
- iii) That they have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act, to safeguard the assets of the Company and to prevent and to detect fraud and other irregularities;
- iv) That they have prepared the financial statements for the year ended December 31, 2007 on a going concern basis;

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with stock exchanges, a separate section titled "Corporate Governance" has been included in this year's annual report, along with the report of Management Discussion and Analysis and additional shareholder information.

FIXED DEPOSITS

During the year under review, the Company has not accepted any deposits under Section 58A and 58AA of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975.

AUDITORS

M/s. Lovelock & Lewes, Chartered Accountants, Bangalore Auditors of the Company will retire at the conclusion of the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. The Company has received a certificate from the Auditors to the effect that their re-appointment, if made, would be in accordance with Section 224(1B) of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information required under Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 have been enclosed as Additional Information and forms an integral part of this Report.

LISTING

The shares of your Company are presently listed on the Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE). The delisting application has been filed with the Calcutta Stock Exchange Association Limited and the formal approval is awaited.

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.

PARTICULARS OF EMPLOYEES

The Annual 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 read with Particulars of Employees Rules, 1975. Members who are interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

ACKNOWLEDGEMENT

Your Directors wish to place on record their sincere appreciation for the continued support and valuable co-operation extended by all the stakeholders of 3M India Limited. The Directors also wish to express their gratitude to all the shareholders for the faith that they continue to repose in the Company.

On behalf of the Board of Directors

Place : Bangalore
Date : February 27, 2008

Bert O'Donoghue
Managing Director

B.V.Shankaranarayana Rao
Whole-time Director

ADDITIONAL INFORMATION AS REQUIRED UNDER SECTION 217(1)(e) OF THE COMPANIES ACT, 1956 READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988**A. CONSERVATION OF ENERGY**

The Company plant engineering team periodically reviews and monitors energy consumption and significant savings made during the previous year under review. No additional investments were made or implemented, for reduction of energy consumption during the previous year.

B. TECHNOLOGY ABSORPTION AND RESEARCH & DEVELOPMENT

1. Specific areas in which Research & Development carried out by the Company	<ul style="list-style-type: none"> - Industrial Business: Adhesives, Abrasives, Polymer Processing Aides, Fluoroelastomers, Tapes - Corrosion Protection Products: Coatings for corrosion protection - Consumer Business: Utensil & Bathroom Cleaning solutions - Transportation Business: Automotive graphics and automotive aftermarket formulations - Localized manufacturing of products
2. Benefits derived as a result of the above Research & Development	<ul style="list-style-type: none"> - New applications developed to serve Indian market needs - Reduced cost solutions for our customers and end users - Business growth
3. Future plan of action	<ul style="list-style-type: none"> - Continue Localized manufacturing of products - Development of products for India in the areas of Corrosion Protection, Automotive, Industrial, Medical and Consumer Markets
4. Expenditure on Research & Development	(Rs.in Lakhs)
a) Capital	132.41
b) Recurring	39.28
c) Total	171.69
d) Total Research & Development expenditure as a percentage of total turnover	0.28%

3. FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the Foreign Exchange earnings were Rs.408.94 lakhs and Foreign Exchange Outgo was Rs.925.98 lakhs.

On behalf of the Board of Directors

Place : Bangalore
Date : February 27, 2008

Bert O'Donoghue
Managing Director

B.V.Shankaranarayana Rao
Whole-time Director

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will & expect and other similar expressions are intended to identify such forward looking statements. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent developments, information or events. Besides, the Company cannot guarantee that these assumptions and expectations are accurate or will be realized and actual results, performance or achievements could thus differ materially from those projected in any such forward looking statements.

MANAGEMENT DISCUSSION AND ANALYSIS

3M India Limited is a diversified manufacturer, technology innovator and marketer of a wide variety of products. 3M continues to manage its operations in five business segments: Industrial Markets; Automotive & Specialty Materials Markets; Health Care Markets; Traffic and Safety Markets; Consumer & Office Markets, Construction Markets. 3M'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. The Management of the Company presents the financial information and other disclosures relating to 3M's business segments.

a) INDUSTRY STRUCTURE AND DEVELOPMENTS

The Indian Economy is on an increasing growth path with positive indicators from capital markets, rising foreign exchange reserves, increase in FDI inflows in all sectors of the economy. Total income of the Company grew by 21%. Increase in the economic growth continues to present several attractive opportunities. The Company continues its focus on Industrial Segments due to its technological advantage of products.

b) OPPORTUNITIES AND THREATS

Company faces normal market competition in all its businesses, from Indian as well as international companies. 3M's globally competitive cost positions and well crafted business strategies have enabled it to retain its leading market positions. 3M strongly believes in its brand equity.

c) SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE

INDUSTRIAL MARKETS

Industrial business segment has a wide range of products for the automotive, aerospace and automotive after-markets. The Industrial business segment products include paper tapes, coated and non-woven abrasives, and specialty adhesives. Major industrial product applications range from grinding, surface conditioning and super abrasives to packaging systems.

		Rs. in lakhs	
		31.12.07	31.12.06
Financial Highlights	Segment Revenue	11,314.26	9,434.86
	Profit before Interest & Tax	1,927.40	1,797.04
	Capital Employed	2,259.90	2,167.72
Highlights	<p>The Industrial markets grew by 20% in 2007 and this was driven by:</p> <ul style="list-style-type: none"> - Continuous development and implementation of specific programs aimed at focus markets like construction components, automotive, auto-parts, metal fabrication, stainless steel, energy and industrial utility. - Entry in the high volume retail segment with specific product line. 		