3M

3M India Limited
Annual Report 2010-11



Partnering Innovating Growing in India







Our Values

- Act with uncompromising honesty and integrity in everything we do.
- Satisfy our customers with innovative technology and superior quality, value and service.
- Provide our investors an attractive return through sustainable, global growth.
- Respect our social and physical environment around the world.
- Value and develop our employees' diverse talents, initiative and leadership.
- Earn the admiration of all those associated with 3M worldwide.



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Message from the Chairman



The year-ended March 31, 2010, has seen a strong India achieve a robust growth rate of 8.6% for 2010-2011. I'm very happy to report that 3M India has been able to deliver an excellent topline growth of 31% as well as a profit growth of 23%. Your Company has been able to contribute to the growth path that India has been riding on.

We can expect an expansion in our economy in the year ahead as India is expected to record a 9% growth rate during the next fiscal year. Agriculture has seen a rebound while the manufacturing and services sectors have recorded impressive gains. Savings and investments are looking up and exports are rising. All these developments indicate that the economic environment is ideal for your Company to truly accelerate towards its goal of becoming a billion dollar Company by 2015.

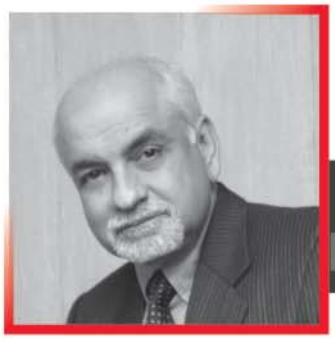
3M India is ready for a transformation and it is working with full vigour to take its "In India for India" strategy to reach the US $ 1 billion goal. Your Company has taken its innovation to where its customers are by increasing its geographic coverage, investing in new R&D centers and introducing new marketing and people initiatives to prepare the organization for the strategic growth path ahead.

The year under review saw the opening up of new branch offices, new R&D centers shaping up in Bengaluru and Gurgaon, a big boost in local product development with the new tape production line at the Ranjangaon plant and new product launches specifically for the Indian market. India, being a consumer driven economy with a specialized manufacturing base, offers an environment that provides tremendous opportunity for your Company to expand its portfolio of solutions for India's key growth engines - Auto, Health Care, Infrastructure, Construction and Retail. The stage is set for greater performance in the coming future and I'm confident that with the new initiatives in developing marketing excellence and leadership capabilities, the 3M India team will rein in the challenges posed by the market and outperform on its objectives, to make progress possible.

Your Company is on the right path for great transformation and its performance in the last few years including 2010 has raised its status as one of the fastest growing subsidiaries in the 3M world. Your Company is also contributing to global 3M earnings and this is a great sign of things to come. We must never forget that it will always be our core strengths and values that will help us emerge competitive and stay focused on our vision to be the most innovative Company. I congratulate the employees and management of 3M India for delivering an all-round performance and look forward to continued excellence in the coming year.

D. J. Balaji Rao
Chairman





Message from the Managing Director

I am delighted to report that your Company has delivered a net sales increase of 31% and a profit after tax increase of 23% for the year-ended March 31, 2011. What has been particularly encouraging is the fact that this growth was broad-based across most of our businesses, reinforcing the strength of our diverse product portfolio.

This performance also demonstrates that the 4-pronged strategy we articulated 2 years ago is working, while simultaneously laying down the foundation for the future.

Geographic Expansion

- During the year-ended March 31, 2011, your Company added three new branch offices at Kolkata, Chennai and Pune with a view to expand our reach to our customers and build our regional presence in India.
- I am also delighted to share that we have a new R&D center at Gurgaon which will be 3M India's Center for Innovation in the Northern region.
- To support our growth requirements over the next 5 years, your Company has upgraded its distribution infrastructure with a new state-of-the-art warehouse near Electronics City, Bengaluru.

Localization Acceleration

- Our "In India for India" theme gained further momentum with the commissioning of our new tape production line at our Pune (Ranjangaon) plant. Expansion of our corrosion protection line at our Ahmedabad plant is underway and commercial production on our new line for OH&ES products has begun. Construction has also commenced on a new abrasives line.

- Our state-of-the-art R&D facility at Electronics City, Bengaluru is tracking on-time and on budget and we will commence operations later this year. This infrastructure will accelerate our ability to drive 3M's renowned innovation engine. As an example, in 2010 your Company filed 14 patents and nearly 1/3rd of our sales came from new products that have included innovations in the health care, infrastructure, safety and consumer markets.

- We have received tremendous support from our parent organization at St. Paul towards these projects.

Leadership Development

- Developing leaders to drive our future, rapid growth is a key corporate imperative. This is particularly challenging in the fast growing Indian market. Your Company has been investing in building our human capital pipeline and we are now more than 1600 employees' strong.

- We invested about 24,760 man-hours of mandatory training for our people and also had the first ever Accelerated Leadership Development Programme (ALDP) for our high-potential employees.

- In addition, many of our employees have been provided developmental opportunities in other global roles within 3M.

Brand Building

- We accelerated our investments in enhancing the awareness and visibility of the 3M brand. We significantly leveraged our PR efforts across newspapers, magazines & television channels, while also aggressively participating in many customer meets, trade shows and exhibitions to communicate our entire portfolio.
- In 2010, your Company launched India's first Car Care center as a part of its unique go-to-market strategy to take our innovations to our customers. This is a uniquely Indian effort that has not been attempted anywhere in the 3M world.
- Most importantly, we were recognized by our customers and received a number of awards for being the "best supplier". Your Company also received a number of global technical, marketing and safety awards from our parent Company.
- To drive marketing innovation within the organization, your Company initiated a year-long Marketing Competency Development programme.

All these developments are clearly an affirmation of your Company's steadfast focus on accelerating growth in 3M India.

I want to particularly recognize the commitment and contributions of our people whose efforts have made this possible while adhering to 3M's values and ethical business practices.

On a heartwarming note, I'm also happy to share with you that in 2010, we intensified our Corporate Social Responsibility efforts with a view to support and give back to our community. We extended our support to NGOs working in the area of education and health of underserved children including young adults with disabilities. Our employees across locations have been engaging in socially responsible activities and I'm hoping that, through these small steps, we gradually make an impact on the community we do business in.

I'd like to conclude by thanking our Chairman, Mr. D. J. Balaji Rao for his vision and constant encouragement. I would also like to thank our Board of Directors for their consistent support and direction which has greatly contributed to 3M India's path to success.

Ajay Nanavati
Managing Director

Over 2 decades ago we initiated our relationship with the potential called India. This land renewed our quest to innovate and nurture partnerships that make progress possible, locally. These partnerships have grown with us and continue to create ingenious solutions that have made life and work in India productive, easier and happier.

Today, we are privileged to partner India's progress as she grows in stature on the world stage.

We are 3M

Auto



Transporting a nation on the move means being able to deliver exacting finishes from crankshafts to keeping vehicles clean everyday. 3M superfine abrasives make components perfect and our range of solutions for vehicle washing keeps them spotlessly clean.

Health Care

Whether it is critical care or taking care of a child's bruise, 3M innovations touch every life with gentle, reassuring care. Our surgical drapes keep operating theatre environments sterile, while our Nexcare™ bandages provide quick healing for everyday nicks and cuts.



Local needs drive our passion to create solutions that touch a multitude of lives every day - whether it is making flying safer or cleaning in the kitchen faster.

This is made possible by 3M's pioneering culture of innovation where we often connect ideas from unrelated fields to create solutions for a problem in a totally different segment. This collaborative approach has helped us come up with path breaking ideas by leveraging our 45+ technology platforms, finding new connections for markets as diverse as retail, infrastructure, energy, consumer, industrial, health care, mining and transportation.

As 3M's partnership with India's growth engines like Auto, Health Care, Infrastructure, Construction and Retail forges ahead, we are proud to showcase some of our contributions - both locally developed and from the 3M global solutions stable.

Retail



From grabbing eyeballs on the street to busting dirt at home, our solutions encompass the entire retail spectrum. While 3M's promotional flex media delivers maximum impact for commercial messages, the innovative Scotch-Brite® floor wipe's 'scrubby' edge ensures cleaner floor corners in homes.

Construction



Using 3M non-woven technology for absolutely unconnected areas helps India maximize productivity while remaining safe. 3M non-woven abrasives aid a multitude of operations and the same technology in 3M respirators helps personnel breathe clean air.

Infrastructure



Whether it is moving resources for an energy-hungry nation or warning motorists about obstacles on the road, 3M's innovations ensure that life moves 24x7. 3M's secure internal epoxy coatings for pipelines ensure faster and efficient movement of oil and gas, while our reflective sheeting works hard under tough conditions to keep India's roads safer.

Building bonds for faster growth and progress

As we tie our growth to India's development with our vision of "In India for India", 3M's people, presence, partnerships and products are right where India needs them. Geographic expansion, accelerated localization, leadership development and the strength of the 3M brand are the bonds with which 3M India empowers and builds the communities we are present in.

Expanding Our Reach to Customers

3M's new branch offices at Chennai, Kolkata and Pune, augment our reach to markets in the South, East and West of India, in addition to our established presence in Mumbai and Gurgaon. Our sales presence is expanding to Tier B and Tier C cities with a view to connect our innovations to our customers across India.











Boosting Local Development

Research, infrastructure and reach lay the foundation for 3M's localization thrust. With 14 patents in 2010 and nearly 1/3rd of sales generated by new products that included innovations in the health care; infrastructure; safety and consumer areas, our impetus to employ local ingenuity is paying back. Investing in infrastructure to bolster our R&D and manufacturing capabilities as well as upgrade our warehouse capacities aids local development and meets our goals to make solutions readily available to our customers.



Bangalore Distribution Center



R&D Facility, Gurgaon



R&D Facility, Bengaluru (Under Construction)



Manufacturing Facility at Ranjangaon, Pune



Developing Future Leaders

Delivering 3M to where we matter requires ability - 3M India has initiated various programmes to develop future leaders for this region; from grooming employees to meet the challenges of a high growth environment to developing employees for key leadership positions in the Company.



Accelerated Leadership Development Programme (ALDP) to develop future leaders.



Leaders Teach Leaders initiative to hone leadership skills.



Faster, Higher, Stronger training programme to manage speed and scale.

Building the 3M Brand

The strength of the 3M brand is being unleashed gradually but with telling effect in India. Our employees are creating various touch points for our customers to experience the 3M brand, whether it is taking our innovation to our customers with our newly launched 3M Car Care centers; building the visibility of the brand across media; winning recognition from our customers with a number of 'best supplier' awards or touching the lives of underserved children and differently abled young adults through our CSR initiatives.



Connecting to our customers with 3M Car Care Centers.



Increasing visibility of the 3M brand.



Touching lives with our CSR initiatives.

Ten Year Financial Highlights

(₹ in Lakhs)

	12 months ended (January to December)								15 months ended (January to March)	12 months ended (April to March)
	2001	2002	2003	2004	2005	2006	2007	2008	2009-2010	2010-2011
Profit & Loss Account										
Gross Sales*	22978	22088	23914	27123	40295	54049	64670	77989	111740	121904
Total Income	22153	21072	22899	25974	38306	51040	61905	75307	110679	120241
Profit Before Tax	2319	2985	3818	4104	6058	7797	10663	9102	14087	14806
Profit After tax	1380	1754	2497	2554	3842	5042	6768	5745	9284	9881
EPS	12.25	15.57	21.43	22.67	34.10	44.76	60.08	51.00	82.41	87.71
Balance Sheet										
Net Fixed Assets	3449	3026	2610	3213	2933	4432	9742	14332	18102	26646
Investment	0.16	0.16	0.16	0.16	-	-	-	-	-	-
Net Deferred Tax	-	(198)	(113)	(29)	125	304	433	512	827	640
Net Current Asset	6976	5973	8448	10315	14283	17647	18855	19931	25131	27867
Capital Employed	10425	8801	10945	13499	17341	22383	29030	34776	44059	55153
Share Capital	1126.51	1126.51	1126.51	1126.51	1126.51	1126.51	1126.51	1126.51	1126.51	1126.51
Reserves & Surplus	5833	7322	9819	12372	16214	21256	27904	33649	42933	52813
Loan Funds	3465	352	-	-	-	-	-	-	-	1213
Net worth	6959	8448	10945	13499	17341	22383	29030	34776	44059	53940
Return on Networth (RONW)	19.83	20.76	22.81	18.92	22.16	22.53	23.31	16.52	21.07	18.32
Return on Capital Employed (ROCE)	22.24	33.92	34.88	30.40	34.93	34.83	36.73	26.17	31.97	26.85
CAPEX	278	242	213	1131	393	2145	5957	5416	5473	10293

* Sales before Excise duty charged.
Note: Previous year/period's figures have been regrouped/ reclassified wherever necessary to ensure uniformity.

