

3M | 25 years
of 3M in India
1988-2013



Inspired past
Enabling today

Leading tomorrow

Our journey is yours

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25 years

of 3M in India
1988-2013

25 years of ingenuity
Steadfast values
One soaring spirit

- 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.





Chairman's Message

In the wake of the global economic recession which plagued most countries in 2012, India bravely faced the slowdown by introducing various proposals to further reforms and reduce fiscal deficit as well as inflation. These measures along with a revival of consumption and gains in the manufacturing and services sectors have helped India stay on course to register a growth rate of 5% during the period 2012-13 and an estimated growth rate of 5.75% in the next fiscal year.

Your Company has reported a performance of 12% topline growth under such challenging macro-economic conditions having built good momentum to innovate and move forward in 2013. However, the operating margin for the current year was lower at 7.6% compared to 8.96% for the last year as a result of the depreciation of the rupee, higher fixed charges and lower utilisation of capital investments made by your Company in strategic manufacturing processes (like non-woven, tape coater & medical factory) with a view to boost local innovation.

Your Company has taken various steps to improve fuller utilisation of expanded capacity, increase productivity, localise manufacturing of various products (in some cases even outsource) and introduce a phased reduction of dependence on the parent Company and other subsidiaries. With these steps, your Company expects the current financial year to show improved operating margins as compared to the last financial year. Thus, I look forward to 2013-2014 being a year of consolidation for 3M India's manufacturing facilities.

I'm also pleased to share with you that your Company has completed 25 years of operations in India, a significant milestone in the history of the Company. Your Company's 25 year progress has seen a steady growth of manufacturing and innovating capability, strong relationships with customers across diverse industries resulting in the 3M brand becoming a well known and respected brand today.

In the year under review, your Company continued to expand its regional presence with a new office in Hyderabad, build the brand with its retail venture in Car Care and strengthen the innovation pipeline by introducing new products into the market to address the needs of the automotive, infrastructure, construction, health care and consumer markets. Your Company also received recognition from national as well as global 3M for excellence in domain expertise, customer service, marketing, technical, packaging, manufacturing excellence and quality. In order to build a strong leadership pipeline for future growth, your Company is also investing in a world class Leadership Learning Center at the Corporate Headquarters in Bengaluru. The Bengaluru Innovation Center (set up during 2011-2012) has also got national recognition from the Government of India as an eligible entity for tax incentives from 2012-2013.

As your Company crosses a significant milestone, I would like to point out that it will continue to ride on the strength of its unique ability to create new product categories and build exceptional customer relationships. It is also in the process of developing a team of energetic and experienced professionals leading your Company to the next milestone. I congratulate the entire 3M India team on delivering a consistent performance despite the prevailing macro-economic situation and for bringing the Company to this important juncture. I look forward to continued excellence as your Company enters the next phase of growth.

D. J. Balaji Rao
Chairman

2013 is a memorable year for your Company as it is 3M India's 25th Silver Jubilee year. I'm happy to share that your Company has registered a sales growth of 12 % for the year ended March 31, 2013. However, higher input costs, combined with accelerated investments and the depreciation of the rupee adversely impacted our profit after tax.

I would like to summarize our key initiatives for the year under review in relation to our 6 growth strategies.

Expand relevance to our customers & our presence in the marketplace

- Your Company continued to expand its presence in India with the opening of its 6th branch office at Hyderabad.
- Our Car Care Center retail initiative continued to expand across major cities in India becoming the most visible customer touch-point for the 3M brand.
- Your Company also entered the Consumer Health Care market with the launch of the Nexcare™ range of products.

Gain profitable market share & accelerate market penetration everywhere

- To accelerate market penetration and enhance customer intimacy, your Company has made significant strides in expanding our turnkey service solutions while also entering new geographies especially in Tier B & C cities and towns.

Invest in innovation

- Leveraging our new R&D center and building on our "in India for India" strategy, your Company approved 17 patents for filing, recorded a healthy new product vitality index of 37% and launched more than 20 new products catering to diverse industries like retail, health care, automotive and infrastructure.

Intensify capabilities to achieve regional self sufficiency

- Our new manufacturing processes at our Ranjangaon plant, namely, the new non-woven maker and medical factory are gearing up to manufacture indigenous products for Indian markets.

Build high performing & diverse global talent

- We have also invested in setting up a world class Learning Center to provide sustained leadership development to our people to prepare them for future growth.

Drive consistent superior levels of operational excellence

- Your Company continued to enhance our competitiveness and productivity through deployment of Lean Six Sigma, portfolio management and rationalizing some of our back office operations.

Your Company received numerous awards and accolades in the year under review including recognition for our Health Care practices, Asia level packaging awards for some of our products, Best in Class Supplier recognition from our automotive customers and Global Certification for our manufacturing quality and excellence to name a few.

All these initiatives and developments are a clear affirmation of your Company's consistent focus on building capability across infrastructure, processes and people to achieve growth.

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 the Board of Directors for their consistent support and direction which has greatly contributed to 3M India's success.

Ajay Nanavati
Managing Director



Managing Director's
Message

25 years ago...

A global innovation giant ventured into one of the world's oldest markets
The remarkable journey of 3M in India was on

The Foundation Years

1988 - 1993

3M's India operations begin.
The seeds of innovation sown.

The

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- First product **UY Connector**, addresses the newly opened up telecom sector
- **MS2 Connector** (Modular Splicing System) is 3M India's first local innovation
 - Solutions targeting **Home Care, Telecom, Automotive & Industrial** markets given manufacturing impetus

- Birla 3M becomes **3M India**
- **The Graphic Production Center for Automotive Graphics** - a key business growth driver established
 - 3M's **first Innovation Center** in India, set up at Bengaluru to focus on local product development



- 3M joins hands with the **Birla Group** to set up **JV**
- Manufacturing operations established at **Electronics City, Bengaluru**



- Goes **public** in 1991, the only public listed 3M subsidiary



- **Ahmedabad plant** begins manufacturing anti-corrosive coatings targeting infrastructure growth

Established in 1988, Birla 3M, a joint venture with one of India's iconic business houses, firmly planted our Indian footprint. From introducing new-to-the-world products to a nascent market that embraced globalization, 3M has grown along with this aspiring nation to nurture innovations that have touched companies, homes and lives.

3M's technology diversity found synergy with India's diverse markets, inspiring us to innovate to address her emerging needs. The challenges India continues to pose make us tap deeper into our expertise and helps us show the world what ingenious minds can achieve. Our R&D centers at Bengaluru and Gurgaon are today amongst 3M's cutting edge innovation facilities.

Our pan-Indian presence empowered by over 1,800 dedicated 3Mers, a support base of 6 regional offices and 3 state-of-the-art manufacturing units help in meeting the needs of such a geographically and culturally vast region.

Growth Years

1993 - 2008

Growth begins with added
turing & innovating capabilities

- Strategic business **acquisitions** done to augment Automotive, Electrical, Telecom and Display & Graphics segments



- Manufacturing facility at **Ranjangaon, Pune** commissioned to cater to Adhesive, Abrasive & Health Care businesses

The Transformative Years

2008 - 2013

'In India for India', customer centric
approach drives 'Go to market'

- '**In India for India**' - localized product innovations target Road Safety, Health Care, Industrial, Automotive & Home Care markets

- Newly launched retail foray, **3M Car Care Centers**, become lynchpin of 'go to market' model



- New R&D Centers at **Bengaluru & Gurgaon** to drive local innovation

- Growth plans afoot to become a **Billion Dollar Company**
- **Mumbai, Gurgaon, Chennai, Kolkata, Pune & Hyderabad** become hubs to channel regional reach

Growing responsibly meant giving back to this land that nurtures us - 3M India's manufacturing operations are guided by strong sustainability practices. Infusing holistic societal growth is 3M's proactive engagement with NGOs towards educational, differently-abled and environmental causes. Volunteering by 3Mers furthers these initiatives tremendously.

Today, as we rejoice 25 years of our presence in India we are proud of our success and privileged that you are a part of our journey.

From meeting needs to innovating

Empowering the market that drives us



3M India's transformation from a products seller in 1988 to a full-fledged R&D organization by 2013 showcases the way 3M and India have embraced each other. Coming from a culture rooted in innovation, our proactive engagement with local markets and deep cultural understanding has spurred innovations that have today touched lives across this diverse land.

2012 & beyond

gearing up to serve the future...

Augmented manufacturing capabilities at Ranjangaon Plant



Medical Focus Factory



Non-Woven Maker Factory

Enhanced regional reach



6th Branch Office at Hyderabad

Taking health care to homes



New offering in Consumer Health Care - Nexcare™ Brand Launched

Building the leadership pipeline



3M Leadership Academy in planning

Excellence rewarded...

Health Care



Wound Management Company of the Year Award - Frost & Sullivan (2012)



QCI - D.L. Shah National Award for Health Care Services - Quality Council of India (Q1 2013)

Automotive



Excellence in Quality for Best in Class Supplier - General Motors (2012)



Global Recognition for High Quality Standards - Ford (Q1 2013)

Manufacturing & Quality Excellence



FICCI Quality Systems Excellence Gold Award (2013)

Packaging Excellence



Asia Star Award for 3M products (2012)

From insight to innovation...

Products developed to address uniquely Indian needs

Addressing an India on the move



Keeping the nation mobile are 3M's solutions for the auto industry ranging from components that enhance performance to products that ensure vehicles look good and new. Taking our innovations to car owners are our next-generation **Car Care Centers**. Recent innovations include car cleaning solutions like the **Germkleen Anti-Bacterial Interior Treatment** that keeps car interiors 99% microbe-free and the **3-in-1 Dresser** that helps in cleaning the vehicle's interior and exterior.

Empowering a healthier nation



3M partners with health care institutions to address the huge disparity in Indian healthcare by providing hospitals and medical facilities a range of infection prevention solutions. Part of this range is the recently developed **CHG Ethanol Hand Sanitizer** whose innovative and multipurpose dispenser design helps deliver instant hand sanitization and long-term antiseptic protection.

Driving an energy efficient and safer future



3M's focus on green energy and safety have led to a range of solutions like the 100% green **Sunlight Delivery Systems** that bring nature into play by transporting the sun's light to brighten interior spaces. 3M's **Molded Shank Raised Pavement Markers** - that guide traffic and increase lane visibility are the result of understanding our unique road and driving conditions.

Protecting vital infrastructure



From the foundation to the superstructure and from protection to aesthetics, 3M solutions enhance the infrastructure industry. Smooth and corrosion-free water supply is ensured with the help of 3M coatings like the **Scotchkote™** pipe protection solution while industrial units benefit from 3M's novel **polyurethane based concrete asset protection coatings**.

Making life easier at homes



From kitchens to happier healing, 3M innovations make modern living easier. The **Scotch-Brite™** range of cleaning solutions empower homemakers with convenience cleaning, while our **Nexcare™** consumer health care products provide innovative skin care and first aid at home.



Inclusive Growth

Empowering People through Education, Training and Opportunity



True development comes when we are able to touch all levels of the society we live and work in. To this end, 3M India's CSR initiatives aim at the betterment of the community we serve by respecting individual values and enabling sustainable growth.

3M has partnered with various social organizations to provide education, reliable healthcare, inclusion of the differently-abled and a greener future.

United Way of Bengaluru Foundation



Our partnership with the United Way of Bengaluru Foundation has helped impart education to the underprivileged and contributed to the inclusion of challenged individuals into the mainstream. This has directly led to educating over 50 children from slums in Bengaluru and the rehabilitation of more than 165 differently-abled children. 3Mers have contributed time and material in the form of science and innovation sessions for children, books to the project school's library and learning material for the differently-abled children.

Diya Foundation



3M's support to the Diya Foundation Sheltered Training Workshop project has helped provide hands-on vocational training and employment opportunities to more than 60 differently-abled young adults in the areas of candle making, chocolate making and gift packaging.

Healing Hearts Foundation



Helping a young India to its feet is the congenital heart care partnership 3M has initiated for under served children. A recent initiative, this program has already supported the surgeries of children with congenital heart diseases enabling them to embrace a healthier future.

Impact of CSR (2010 – 2012)



Education

- 50 children educated at a Bengaluru based school for slum children
- 350 children benefit indirectly from contributions to the library and science lab



Healthcare

- 6 congenital heart defect surgeries supported



Disability

- 165 children enabled by Early Child Education Programme
- Diya Foundation trains and employs more than 60 young adults



Employee Engagement

- Over 7,000 man hours volunteered
- 270 volunteer participation (across locations)
- 14% of workforce volunteers