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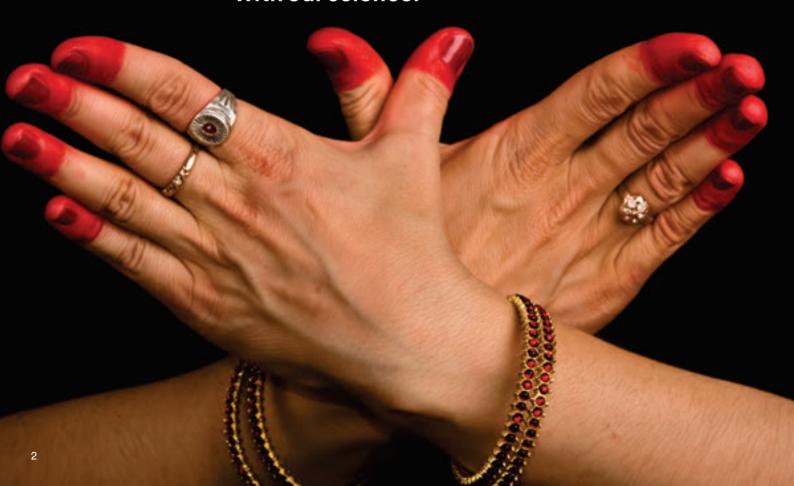
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Go forth.

Equipping 3M India to serve today's dynamic Indian market means building rapid responsiveness and flexibility into our core processes, product innovation design and development of our people, so we are right there when it matters –

to deliver solutions and to delight the lives we touch with our science.





Go forth.
Customers First. Always.

The real power of our innovation is when we apply science to improve lives. Our growth story has seen several instances where we have responded to unique market challenges and ensured that we have kept pace with our customers' growing aspirations.

Customer inspired innovation has fueled our hunger to help our customers succeed. It is about understanding their business models, what they promise to their customers and what their role is in the value chain. With a mutual goal of improving lives, our partnerships involve deep collaboration, leveraging on our science to create shared value.



Go forth. From within.

As the challenges of the future beckon, we are energising and equipping 3Mers to succeed in a dynamic environment.

Developing a growth mindset geared towards digital, engaging employees at plants, impetus on grooming women leaders and driving a strong ethical and compliance culture are some of the strategic growth initiatives that 3Mers have been pro-actively pursuing to add value to the company and to our customers.



Go forth. Innovation for India.

3M's strong technical expertise augmented by deep local market insight continues to create product innovation that is helping improve lives as we expand our geographic presence across India.

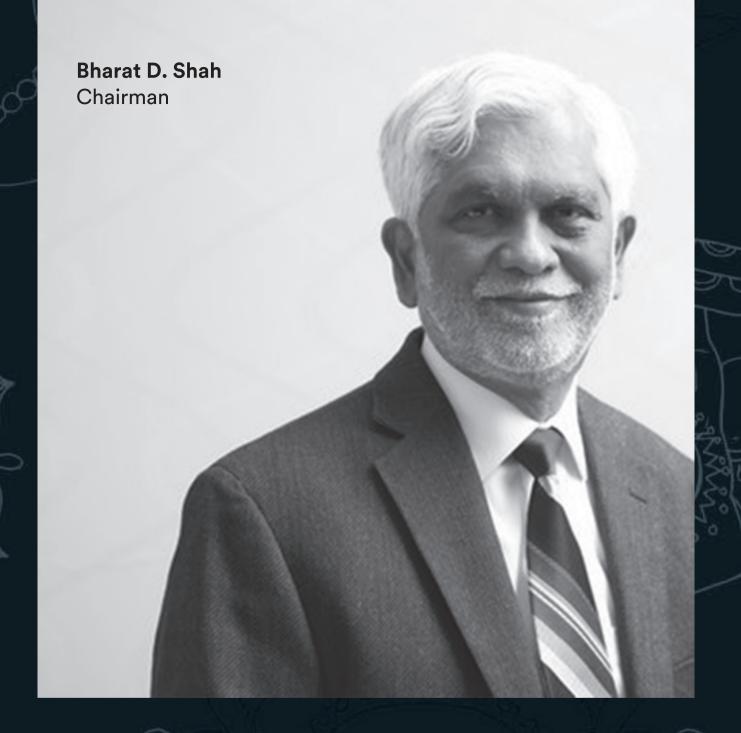
Our 30+ state-of-the-art laboratories with over 100 engineers, have technical capabilities across design, acoustics, software/electronics and material development. From connecting our science to the real needs of people, like their right to breathe, to helping our customers imagine new-to-the-world solutions for their customers, our diverse portfolio is driving growth that is anchored to the growth engines of the country.



Go forth. Embrace.

3Mers actively embraced many more lives this year across our Corporate Social Responsibility (CSR) programs. Our efforts in Education, Women Empowerment, Social Innovation and the newly included focus area, Sustainability, continue to empower the communities whose lives we touch.

We are proud that 3M India's CSR has embraced more marginalised lives in rural areas, with a thrust on regional expansion in Maharashtra and the East. Our efforts continue to contribute to India's future by embracing all and inspiring inclusive growth.



"Today's uncertain & economic geopolitical environment calls for greater agility and flexibility."

In 2016-17, we witnessed a paradigm change around the world – rapid technology advancement, tumultuous international developments in advanced economies or closer home, radical domestic policy actions like the passing of the GST bill and demonetisation.

Demonetisation has had short-term costs but holds the potential for long-term benefits. As I write this message, India is getting geared up for GST implementation which is expected to create a common tax platform, improve compliance and governance and boost investment and growth. Amidst these developments, India continued to maintain a stable macroeconomy posting a GDP growth of over 6% with declining inflation and improved fiscal and external balances. With a GDP forecast of +7% level through 2019, India continues to find its place among the world's fastest growing major economies.

3M India has carefully managed the environmental challenges and stayed the course on its growth path with a consistent performance during the FY 2016-17. It has posted an annual turnover growth of 10.53% accompanied by an increase in profitability of 22.74% over the previous year. The operating margin for the current year was at 16.68% compared to 15.80% for the last year.

Our key strategy for growth in India is to expand relevance to our customers and widen our geographic presence, which is in line with the parent company's strategy. Your company has responded to several trends in the market which have contributed to growth. Pick up in private consumption, increased government expenditure on infrastructure projects along with sectoral growth in healthcare, renewable energy, roads and commercial equipment have helped deploy your company's manufacturing and R&D strengths with products for automotive, healthcare, construction and infrastructure. Private consumption and increased industrial activity and urbanisation have led to the rise in sustainability challenges such as deteriorated air and water quality. Your company's portfolio prioritisation is well aligned to such megatrends where it has applied its expertise in science to address these topical challenges. Your company continues to expand its portfolio of consumer facing products through ecommerce to grow its reach across the country. Geographic expansion was another key theme of your company's growth story with new leadership and focused business execution plans in the Eastern region of the country.

Today's uncertain and volatile economic and geopolitical environment calls for greater agility and flexibility to adapt fast and stay resilient. I'm pleased to share that your company has made several investments in building the capability of not only of its employees but also of its extended team of partners and suppliers through focused people development programs, digital initiatives and greater collaboration to solve problems for end customers. Your company has also substantially increased its community investments to include marginal sections of society as well as expanded its engagement with communities in other regions. With an eye on maintaining a healthy balance sheet and thinking big on new opportunities and market segments, your company is poised to grow the trajectory over the next few years.

I would like to congratulate the 3M India team for continuing to show progress in performance as well as in building a strong brand in the country. Under the able leadership of Ms. Debarati Sen, who took office during FY 2016-17, your company has demonstrated a hunger to succeed and harness the environmental developments and challenges with an agile mindset oriented towards growth.

I'm grateful for the opportunity to execute my responsibilities as Chairman of your company and thank the Board of Directors for their collaboration and you, dear shareholders for your unstinted support. I wish the 3M India team the very best to put in a solid growth performance in FY 2017-18 and in the years ahead.

Thank you.



With over a year in my role as Managing Director of 3M India Limited, I would like to first, thank our shareholders and the Board of Directors for your support as we excelled in a year that was characterized by volatility in the external environment internationally as well as in India.

3M India has been on a path of transformation to win in a fast changing economic environment and world order. Agility and flexibility is a must to ensure a profitable and sustainable future. In India, we are fortunate to be operating in a macro-economic environment that is showing strong GDP forecast and increasing fiscal discipline and transparency with Government initiatives to stimulate growth, digitise the economy and simplify the tax administration in the country.

We have entered a new regime with policy initiatives such as demonetisation and GST. I'm pleased to share that 3M India maintained a strong and consistent top and bottom line performance during the FY 2016-17, demonstrating market differentiated growth. The growth rate during FY 2016-17 of 10.53% was achieved despite a nearly flat IPI and managing the impact of demonetisation. Our 2016-17 growth story was marked by key initiatives that demonstrated agility with a focus on our customers by leveraging our science and diverse technological platforms.

Driving agility by keeping our customers first

- 3M India's rapid response to the air pollution crisis in the National Capital Region (NCR) last year, ensured timely availability of our best in-class respirators to help citizens and administration, while spreading awareness on air particulate matter and the right kind of device for protection.
- Our products and solutions are helping standardize infection prevention protocols in Tier A and Tier B hospitals across India. 3M India Healthcare Academy helped several hospitals through education and training on different healthcare domains, aiding medical professionals to respond with better and more efficient patient care.
- A focus on strategic partnerships rather than transactional relationships with our top automotive customers led to solutions that helped in the faster roll out of vehicles to consumers in a year that saw a significant rise in passenger vehicle production

Investing in innovation

R&D remains the heartbeat of our enterprise. With our scientific edge and focus on practical value, 3M India R&D Labs contributed with new solutions in the areas of infrastructure, safety and healthcare. Some examples include:

- A sustainable solution for road safety the solar powered raised pavement markers
- High quality, weather- proof graphic materials which enhance passenger experiences in railway coaches
- Protective coatings for water pipelines that are ensuring potable water for human consumption
- Smart variable messaging systems that are dotting highways enabling better traffic management
- Practical, time-saving healthcare solutions that are helping doctors and nurses provide effective patient care in hospitals

Managing our health of business and cash flow

Throughout the year under review, the company's focus on driving performance was around key enterprise critical parameters (profitability, sales productivity and cash flow) which were aligned with the priorities of 3M Corporation's drive towards efficient growth. As we enter the new GST regime, the company is well prepared to meet the timelines for the roll out and compliant with the new GST regulations.

Entering new geographies to expand our relevance

3M India is aligned with the Government of India's focus on developing the East & North East regions of the country. During the FY 2016-17, we expanded our presence and reach into these states with focused business execution plans for deeper penetration across our businesses as well as community outreach through our corporate social responsibility efforts.

Building a diverse and high performance team

Several capability building initiatives were introduced to encourage and reward a growth mindset in our workforce:

- Leadership development programs
- Plant employee engagement
- Company-wide compliance initiatives
- Community volunteerism
- Strengthening our channel partner community

Committed to improving our business, our planet and every life

We understand and take our responsibility as a leading global diversified company when it comes to business and society, helping drive sustainable solutions that aim for large and meaningful impact. The year also saw enhanced corporate social responsibility efforts with more investments in diverse programs and expanded reach to more communities. From an operational excellence standpoint, we also strive to deliver excellence in our operations and across our supply chain to advance our sustainability goals and help our customers reach theirs.

Going forward, growing aspirations of the middle class coupled with the Government's investments in infrastructure initiatives and domestic growth focus have prompted us to be very bullish on sectors such as consumer, healthcare and safety where we see huge opportunities for 3M India to contribute. We are excited to harness the passion of our employees and our stakeholders to build and support a vibrant India.

I would like to appreciate our employees across all functions who have helped achieve our results and who continue to be driven by a purpose to build a brand that is more relevant to our customers in India. Our employees' achievements are also widely acknowledged through accolades and recognition by our customers, peers and our parent company. I'm grateful for the opportunity to lead this highly motivated and inspired workforce.

I would like to thank the Chairman of the Board, Mr. Bharat Shah as well as the Board of Directors for their support and guidance to take 3M India to the next stage of our growth journey.

Thank you.



We use science to empower day-to-day living with solutions that enable a better quality of life and work.

Bridging people and protection

The smog crisis in the National Capital Region (NCR) last November had dangerous concentrations of microscopic PM2.5. These potentially lethal particulate matter can lead to asthma and can even cause cancer. Filtering PM2.5 needs respirators and not masks, as public perception suggested.

3M's scientific expertise helped negate the effect of PM2.5 – our N95 respirators with 'Advanced Electret Filter Media' provided the ideal solution to protect affected citizens. The N95 respirator's electrostatically charged open construction fibres help trap over 95% of particulate matter while aiding easy breathing.

A simultaneous public awareness campaign on the differences between a mask and a respirator garnered 3M India visibility as an expert on the air quality issue, across the media spectrum from TV to press. The hugely successful campaign saw our respirators become the 'go to' brand, ensuring that we made the lives of citizens safer.